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Foreign Relations of the United States

1950

Volume VI

EAST ASIA AND THE PACIFIC

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PREFACE

This volume was prepared under the general supervision of the late S. Everett Gleason, Chief of the Foreign Relations Division.

The compilers of the volume were Neal H. Petersen (Multilateral Relations and Indochina), William Z. Slany (Australia and the Philippines), Charles S. Sampson (Burma, Indonesia, and Thailand), John P. Glennon (China), and David W. Mabon (Japan).

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including the Joint Chiefs of Staff. They are also grateful for the cooperation of the National Security Council, the Department of Defense, the Department of Commerce, the Department of the Treasury, and the Central Intelligence Agency, all of which concurred in the declassification of various papers for release herein. Thanks are also due to those foreign governments that kindly granted permission for the publication of certain of their documents in this volume.

The technical editing was done by the Publishing and Reproduction Division, headed by Willard M. McLaughlin. The index was prepared by Francis C. Prescott.

FREDRICK AANDAHL
Acting Director, Historical Office
Bureau of Public Affairs

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's respon-

sibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
b. To condense the record and avoid repetition of needless details.
c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
d. To avoid giving needless offense to other nationalities or individuals.
e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

ACJ, Allied Council for Japan

ANETA, *Algemeen Nieuws en Telegraaf Agentschap* (semi-official Dutch News Agency)

ANZAC, Australia-New Zealand

AP, Associated Press

APRI(S), *Angkatan Perang Republik Indonesia Serikat* (Army of the Republic of the United States of Indonesia)

AS, Associated States

Belto, series indicator for telegrams from the United States Economic Survey Mission to the Philippines (the Bell Mission)

BFO, *Bijeenkomst voor Federal Overleg* (Federal Consultative Council of Indonesia)

BNA, Office of British Commonwealth and Northern European Affairs, Department of State

BSM, British Services Mission

BOSEY, Board of Supplies, Executive Yuan (Republic of China)

Delga, series indicator for telegrams from the United States Delegation to the United Nations General Assembly

Depcirtel, Department of State circular telegram

DepHiCom, Deputy High Commissioner

Depins, Department of State instruction

Deptel, Department of State telegram

Depto, series indicator for telegrams from the United States Deputy Representative to the NATO Council

DI, *Darul Islam* (the Islamic State)

E, Office of the Assistant Secretary of State for Economic Affairs

ECA, Economic Cooperation Administration

ECA/W, Headquarters of the Economic Cooperation Administration at Washington

Ecato, series indicator for telegrams from the Economic Cooperation Administration in Washington to its missions abroad

ECOSOC, Economic and Social Council of the United Nations

EE, Office of Eastern European Affairs, Department of State

Embtel, Embassy telegram

ER, Economic Resources and Security Staff, Department of State

EUR, Bureau of European Affairs, Department of State

Excon, designation for telegrams dealing with the export control program

Ex-Im, Export-Import Bank of Washington

FAO, Food and Agriculture Organization

FCED, friendship, commerce, and economic development

FCN, friendship, commerce, and navigation (treaty)

FE, Bureau of Far Eastern Affairs, Department of State

FEAF, Far East Air Forces

FEC, Far Eastern Commission; or Far East Command

FECom, Far East Command

FLR, Formosan League for Re-emancipation

FMACC, Foreign Military Assistance Coordinating Committee

FonMin, Foreign Minister

FonMinConf, Foreign Ministers' Conference

FonOff, Foreign Office
FP, Division of Foreign Service Personnel, Department of State
FSO, Foreign Service Officer
FYI, for your information
G, Office of the Deputy Under Secretary of State
GA, General Assembly of the United Nations
Gadel, series indicator for telegrams to the United States Delegation to the United Nations General Assembly
GARIOA, Government and Relief in Occupied Areas
GATT, General Agreement on Tariffs and Trade
GEA, Office of German Economic Affairs, Department of State
GER, Bureau of German Affairs, Department of State
GHQ, General Headquarters
Gimo, Generalissimo Chiang Kai-shek
GOC, Committee of Good Offices for Indonesia of the United Nations Security Council
GOI, Government of India
HC, High Commission(er)
HICOG, United States High Commissioner for Germany
HICOM, High Commission(er) for Germany
HMB, *Hukbong Mapagpalaya ng Bayan* (People's Liberation Army), the military arm of the Communist Party of the Philippines
HMG, His Majesty's Government (United Kingdom)
HRTC, Hague Round Table Conference
Huk, *Hukbong Mapagpalaya ng Bayan* (People's Liberation Army), the military arm of the Communist Party of the Philippines
IBRD, International Bank for Reconstruction and Development
IC, Indochina
IMF, International Monetary Fund
intel, circular information telegram
IO, Bureau of International Organization Affairs, Department of State (after August 25, 1954)
ITO, International Trade Organization
JCRR, Joint (United States-Chinese) Commission on Rural Reconstruction (Taiwan)
JCS, Joint Chiefs of Staff
JMP, *jenminpiao* (Chinese Communist currency)
JSM, Joint Survey Mission
JUSMAG, Joint United States Military Advisory Group
KL, *Koninklijke Leger* (Royal Netherlands Army)
KMT, Kuomintang (Nationalist Party), Republic of China
KNIL, *Koninklijke Nederlandsche Indische Leger* (Royal Netherlands Indonesian Army)
KPM, *Koninklyke Paketvoart Maatschappy* (Dutch Merchant Marine)
L, Office of the Legal Adviser, Department of State
LCI, landing craft, infantry
LCVP, landing craft, vehicle, and personnel
Legtel, Legation telegram
LSSL, landing ship, support (large)
LST, landing ship, tank
MA, Military Attaché
MAAG, Military Assistance Advisory Group
MAP, Military Assistance Program
Masjumi, *Madjelis Sjuro Muslimin Indonesia* (Council of the Indonesian Moslem Association)
MDAA, Mutual Defense Assistance Act
MDAP, Mutual Defense Assistance Program
MEA, Ministry of External Affairs
MFN, most favored nation
MilEx, Military Executive Board
MilOb, Military Observer
MinExtAff, Ministry of External Affairs
mytel, my telegram
NA, Naval Attaché; or Office of Northeast Asian Affairs, Department of State
NAC, National Advisory Council on International Monetary and Financial Problems
NATO, North Atlantic Treaty Organization

NCO, noncommissioned officer
NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
negara, administrative unit (state) in Indonesia
NEI, Netherlands East Indies
NG, New Guinea
niact, night action, communications indicator requiring attention by the recipient at any hour of the day or night
NKVD, Soviet secret police
NME, National Military Establishment
NNG, Netherlands New Guinea
Nr, number
NRC, Nationalist Republic of China
Nrd, numbered
NSC, National Security Council
OFLC, Office of the Foreign Liquidation Commissioner, Department of State
OIR, Office of Intelligence Research, Department of State
OIT, Office of International Trade, Department of Commerce
OJEIRF, Occupied Japan Export-Import Revolving Fund
OMP, Office of International Materials Policy, Department of State
OOF, Office of Operating Facilities, Department of State
OSD, Office of the Secretary of Defense
OUSEU, Office of the Under Secretary of the Army (United States)
P, Office of the Assistant Secretary of State for Public Affairs
PC's, participating countries
PLA, People's Liberation Army (of the People's Republic of China)
PM, Prime Minister
PNI, *Partai Nasional Indonesia* (Indonesian Nationalist Party)
POC, Peace Observation Commission
POL, petroleum, oil, and lubricants
PolAd, Political Adviser
PSA, Office of Philippine and Southeast Asian Affairs
R procedure, requirement for Department of Commerce licenses for export of certain items
RA, Office of European Regional Affairs, Department of State
reDepintel, regarding Department of State circular information telegram
reDeptel, regarding Department of State telegram
refEmbtel, reference Embassy telegram
reurtel, regarding your telegram
RFC, Reconstruction Finance Corporation
RI, Republic of Indonesia
RIS, *Republik Indonesia Serikat* (Republic of the United States of Indonesia)
RNIA, Royal Netherlands Indies Army
RTC, Round Table Conference
RUSI, Republic of the United States of Indonesia
S, Office of the Secretary of State
S/A, Office of the Ambassador at Large (Jessup)
S/MDA, Office of the Director of the Mutual Defense Assistance Program, Department of State
S/P, Policy Planning Staff, Department of State
S/S, Executive Secretariat, Department of State
SAOUS, Office of the Secretary of the Army (United States)
SC, Security Council of the United Nations
SCAP, Supreme Commander for the Allied Power in Japan
SEA, Southeast Asia
SEAC, Southeast Asia Aid Committee
SEAU, Southeast Asian Union
SOA, Office of South Asian Affairs, Department of State
SOBSI, *Sentral Organisasi Buruh Seluruh Indonesia* (Central Organization of all Indonesian Labor, the largest trade union federation in Indonesia)
SRO, Shanghai Regional Office of the Economic Cooperation Administration
Stanvac, Standard-Vacuum Oil Company
STEM, United States Special Technical and Economic Mission
SYG, Secretary-General

Telcan, series indicator for telegrams to branch of the United States Embassy in China at Canton

TIAS, Treaties and Other International Acts Series

TNI, *Tentara Nasional Indonesia* (Indonesian National Army)

Tobel, series indicator for telegrams to the United States Economic Survey Mission to the Philippines (the Bell Mission)

Todep, series indicator for telegrams to the United States Deputy Representative to the NATO Council

TO&E, Table of Organization and Equipment

Toeca, series indicator for telegrams to the Economic Cooperation Administration in Washington from its missions abroad

Tomap, designation for telegrams concerned with the Mutual Defense Assistance Program

TopSec, Top Secret

Tosec, series indicator for messages to the Secretary of State when he is absent from the Department; or series indicator for messages to the United States Delegation at the May and September Foreign Ministers meetings

Totib, series indicator for telegrams concerning Tibet

TOW, termination of war

U, Office of the Under Secretary of State

UKHC, United Kingdom High Commissioner

UKG, United Kingdom Government

UNA, Bureau of United Nations Affairs, Department of State

UNCI (UNCFI), United Nations Commission for Indonesia

UNESCO, United Nations Educational, Scientific and Cultural Organization

UNO, United Nations Organization

UP, United Press

urtel, your telegram

USDel, United States Delegation

USGOC, United States Delegation to the Committee of Good Offices for Indonesia of the United Nations Security Council; or series indicator for telegrams to the Delegation

USI, United States of Indonesia (Republic of)

USIE, United States Information and Educational Exchange Program

USIS, United States Information Service

UST, *United States Treaties and Other International Agreements*

VM, *Viet Minh,* abbreviation for *Viet-Nam-Doc-Lap-Dong-Minh-Hoi* (League for the Independence of Viet-Nam)

VN, Viet-Nam

VOA, Voice of America

WE, Office of Western European Affairs, Department of State

Weeka, weekly, inter-agency, summary analysis from United States diplomatic missions

WFTU, World Federation of Trade Unions

WHO, World Health Organization

ZI, Zone of the Interior

GENERAL POLICIES OF THE UNITED STATES WITH RESPECT TO THE EAST ASIAN-PACIFIC AREA; THE EXTENSION OF MILITARY AND ECONOMIC ASSISTANCE TO THE NATIONS OF SOUTHEAST ASIA; THE QUESTION OF REGIONAL SECURITY ARRANGEMENTS [1]

790.00/1–1650

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Butterworth) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] January 16, 1950.

Subject: Visit of General Romulo [2] to discuss a Southeast Asian Association.[3]

Discussion:

General Romulo first indicated an interest in some kind of Southeast Asian Regional Association after President Quirino's [4] ill-advised meeting at Baguio with Generalissimo Chiang Kai-shek [5] and the latter's meeting with President Rhee [6] in Seoul. He discussed this unfortunate approach to the problems with various officers of the Department and subsequently returned to Manila to see what he could do about broadening any Pacific association projects, if possible without participation of Nationalist China. As a result of his conversations with Quirino he received written instructions, later made public, from President Quirino in which he was instructed to explore the possibilities of an overall Pacific and Southeast Asian understanding, based on the self-determination and welfare of the peoples concerned. No mention was made of the Generalissimo.

On his return to the United States General Romulo did in fact undertake exploratory conversations with various diplomatic repre-

[1] For previous documentation, see *Foreign Relations*, 1949, vol. VII, Part 2, pp. 1115 ff. For additional documentation on the question of regional arrangements during 1950, see pp. 1109 ff.

[2] Carlos P. Romulo, Permanent Representative of the Philippines at the United Nations; President of the Fourth Session of the General Assembly, 1949.

[3] For documentation on Philippine interest in a regional association, see *Foreign Relations*, 1949, vol. VII, Part 2, pp. 1115 ff.

[4] Elpidio Quirino, President and Secretary of Foreign Affairs of the Philippines. For documentation on U.S. relations with the Philippines, see pp. 1399 ff.

[5] Former President of the Republic of China. Chiang resumed the Presidency in March 1950. For documentation on the China area, see pp. 256 ff.

[6] Dr. Syngman Rhee, President of the Republic of Korea. For documentation on the Korean War and United States policy toward Korea, see volume VII.

sentatives of the Powers concerned. Because of his new responsibilities as President of the General Assembly of the United Nations however, he was unable to complete the conversations; but the overall reaction has been only lukewarm and cautious. Several of the Powers concerned let it be known that their attitudes would in a large measure be guided by that of the United States. India, on several occasions, has indicated that it has no intention of participating in any meeting which might be called by the Philippine Government. At one stage the picture was further confused by an announcement of the Siamese Government that it intended to call a meeting, unless the Philippines did so. President Quirino has since stated his intention of calling a meeting to be held possibly in February, and nothing more has been heard of the Siamese declaration. Whether President Quirino has in fact already issued formal invitations, and if so, what the response has been, is unknown here.

In the meantime, General Romulo has made several attempts to secure a commitment from the United States that it would support and participate in a Southeast Asian meeting. The position of the Department has been that although it would look with sympathy on the principle of a Southeast Asian association, based on the independence and welfare of the peoples concerned, any such association to be successful would have to be generated spontaneously within the area, and that therefore the United States would reserve judgment pending developments.

It seems altogether possible that both President Quirino and General Romulo find themselves seriously embarrassed by their present predicament and the impetuous action of President Quirino. The Philippines is publicly committed to a position from which it will be difficult to withdraw. On the other hand, it is by no means certain how a Southeast Asian meeting would work out. If Nationalist China is invited to participate it is improbable that India, Burma, and Australia would participate. It is doubtful if India would participate in any event, an omission which would seriously weaken the strength of the association. It is also doubtful what the attitude of Indonesia would be. If Nationalist China is not invited, Siam, Korea, or Indochina might not participate. In brief, President Quirino finds himself committed to a proposal on which he can secure no general agreement; and without general agreement it becomes rather meaningless, a public indication of a lack of community interest within the area concerned. It should be noted, parenthetically, that President Quirino's outlook and understanding are sufficiently limited so that he may well derive some pleasure from the discomfiture of his Ambassador

and attempt to lay the blame on him. President Quirino has never relished any competition for the limelight. In these circumstances General Romulo may well ask for advice as to what he should do.

Recommendations:

In view of the foregoing, and of the probable difficulties of securing general agreement among the Southeast Asian countries, it is recommended that the position of the United States remain what it has been, namely, that it looks with sympathy on the general principle of any spontaneously generated Southeast Asian association, based on the independence and welfare of the peoples concerned, and that it reserves further judgment pending developments. If General Romulo persists it might be added that the United States understands the predicament in which President Quirino finds himself but that it has no suggestions as to how he might extricate himself. At the same time Romulo might be complimented on his cooperative efforts to get the *démarche* on a more realistic basis, and the hope expressed that no blame would be attached to him because the situation was beyond repair before he became concerned with it. If an opportunity presents itself it might also be intimated casually that the state of President Quirino's health might suggest possibilities for evasion.[7]

[7] The files of the Department of State provide no evidence of an Acheson–Romulo meeting prior to March 10. On that date, in Washington, they considered the question of a "Pacific Pact" during a discussion which dealt in large part with Indochina. For the memorandum of that conversation, see p. 752. The subject also arose during a meeting at the White House on February 4 between President Truman, Secretary Acheson, and President Quirino. The record of that meeting appears on p. 1412.

851G.00 TA/1–2750 : Telegram

The Secretary of State to the Consulate General at Saigon [1]

SECRET WASHINGTON, January 27, 1950—6 p. m.

42. 1. Dept does not anticipate passage Pt IV enabling legis and appropriations in time to make available funds prior to start next fiscal year and amt funds not yet known.[2] Dept anxious, however accelerate feasible econ activities in SEA earliest possible to achieve favorable econ and polit effects, having in mind objectives stated

[1] This telegram was transmitted *mutatis mutandis* to other posts in Southeast Asia.

[2] Documentation on the evolution of the "Point IV Program" for economic and technical aid to underdeveloped nations is scheduled for publication in volume I.

Secy's speech Jan 12.[3] This may be possible thru availability funds under Sec 303–P.L. 329 [4] if particular projects adequately supported.

2. For urinfo Dept considering this connection sending small mission SEA countries to determine by spot surveys and discussions US missions type projects most immedy needed and feasible for which such funds might be used in countries of area immed.[5] Also concerned lay groundwork for Pt IV operations, for using Pt IV to abet soundly conceived development plans, for later high level negots toward these ends and to consider relationship US Pt IV plans with UN and Commonwealth programs. Mission wld attempt maximum coordination with anticipated Dept agri mission and other specialized surveys in the area.

3. In view foregoing Dept also desires urgent telegraphic summary ur prelim estimate most useful projects for possible early implementation. For example: Wld technical assistance in food production; technical advice on transportation; technical advice on coal mining or other valuable mineral deposits; and medical supplies needed demonstrate impact of assistance program as envisaged Para I. In addition to technical assistance, funds might be available limited scale for essential capital projects. Foregoing shld be compiled from info now available and no inquiries arising from this tel shld be made of govt to which you accredited. Dept recognizes this perhaps largely recapitulation projects previously recommended by you and does not intend it as substitute more extensive report called for by Depins 7, Jan 24.[6]

4. Any specific projects you can propose shld if possible be supported with basic justification, rough estimates re dol contribution entailed, personnel, status local govt planning, relevant time factors for completion, etc.[7] Ur summary shld be useful discussions this gen subj with Butterworth and Jessup at Bangkok.[8]

ACHESON

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[3] For the text of Secretary Acheson's speech on United States policy in Asia, delivered before the National Press Club in Washington on January 12, see Department of State *Bulletin*, January 23, 1950, pp. 111–118.

[4] Reference is to Section 303 of the Mutual Defense Assistance Act of 1949 (63 Stat. 714) which authorized the expenditure of $75 million for military aid in the "general area" of China. Documentation on overall aspects of the Mutual Defense Assistance Program is scheduled for publication in volume I.

[5] Assistant Secretary of State Butterworth suggested an economic survey mission to Southeast Asia in a memorandum to the Secretary of State dated January 19, not printed (890.00TA/1–1950).

[6] Not printed.

[7] For the response of the Consulate General at Saigon, see telegram 73, February 1, p. 715.

[8] Reference is to the Bangkok Regional Conference of United States Chiefs of Mission in the Far East, February 13–15. For information on the conference, see telegram 155 from Bangkok, February 17, and footnote 1, p. 18.

793.56/2–150

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 1 February 1950.

MY DEAR MR. SECRETARY: I am enclosing a copy of the recommendations which the Joint Chiefs of Staff on 20 January 1950, submitted to me, at my request, regarding the emergency fund of $75,000,000 for the general area of China. My request to the Joint Chiefs was made pursuant to paragraph 3. *m.* of NSC 48/2 [1] and following consultations between representatives of the Defense and State Departments at which general agreement was reached concerning the assumptions on which planning should proceed.

Without taking a position on these recommendations at this time, I am submitting them to you now in order that the military point of view may be considered in the joint planning of this fund. From this planning there will presumably be developed a joint recommendation which you and I may make to the President on the program called for in NSC 48/2.

Sincerely yours, LOUIS JOHNSON

[Enclosure]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, 20 January 1950.

Subject: Program of Assistance for the General Area of China.

The Joint Chiefs of Staff have considered your memorandum, dated 10 January 1950,[2] wherein you request that they submit a statement of recommendations concerning the position which the Department of Defense should take with respect to programming assistance in the general area of China to carry out the provisions of Section 303, Mutual Defense Assistance Act of 1949.[3]

The problem has been examined and there has been prepared, from the military point of view, a statement of recommendations for your

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[1] For NSC 48/2, "The Position of the United States with Respect to Asia," a report to the President by the National Security Council, December 30, 1949, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215. Paragraph 3.*m* reads as follows: "The sum of $75,000,000 for assistance to the general area of China, which was made available under Section 303 of the Mutual Defense Assistance Act of 1949, should be programmed as a matter of urgency." President Truman approved NSC 48/2 on December 30, 1949, subject to the following statement with respect to paragraph 3.*m*: "A program will be all right, but whether we implement it depends on circumstances."

[2] Not printed.

[3] 63 Stat. 714.

consideration and such action as you deem appropriate. In this connection, the Joint Chiefs of Staff are becoming concerned as to the increased military liability which apparently is developing in the Far East. Future allied military requirements in that area, which must of necessity be underwritten if not furnished directly by the United States, will surely increase if the Communist advance continues its penetration into Southeast Asia. Section 303 of the Act is an immediately available vehicle which could be used advantageously to alleviate this situation.

In the preparation of the statement of recommendations in paragraph 6 below the Joint Chiefs of Staff have recognized that overt assistance from the United States in the political field, and perhaps in the economic and psychological fields, to certain countries or regional leaders who are resisting Soviet-led Communism, may be pre-eminent in furthering the objectives established for the United States in Public Law 329—81st Congress (Mutual Defense Assistance Act of 1949). However, since such matters are beyond the purview of the Joint Chiefs of Staff, it is intended only to take cognizance of the importance of the nonmilitary factors and how they may ultimately affect the military position of the United States in the Far East. The attainment of minimum U.S. objectives in that area will require of the United States and all like-minded peoples, the integration of those political, economic, psychological as well as purely military means which are essential to prevent the domination of the Far East by Soviet-led Communism.

The statement of recommendations herein is consistent with and is believed to fall within the scope of NSC 48/2 and the Presidential statement in connection with his approval of that paper. However, because of the terms of the legislation authorizing the $75,000,000 and the President's statement, it has yet to be determined whether any or all of the funds will be available for the implementation of a program.

The Joint Chiefs of Staff further wish to point out that the preparation of recommendations for the utilization of the $75,000,000 is rendered extremely difficult by the lack of official political guidance as to where in Asia the United States will direct its efforts toward preventing the spread of communism. NSC 48/2 explicitly establishes as one of the basic U.S. security objectives with respect to Asia the "development of sufficient military power in selected non-Communist nations of Asia to maintain internal security and to prevent further encroachment by Communism." It would appear that military aid must be directed toward these selected nations. The selection will presumably be materially affected by political considerations. Firm guid-

ance on this subject will allow for definitive recommendations from a military standpoint as to the ultimate utilization of the $75,000,000 fund.

Meanwhile, the Joint Chiefs of Staff, from a military point of view, believe that a program utilizing the $75,000,000 appropriation for the general area of China is desirable, is entirely feasible, and, although limited when considering the problems of this huge area, can be most effective as an initial investment for a long-range program to deter or prevent the further encroachment of Communism in the Far East. Accordingly, the Joint Chiefs of Staff recommend that:

a. A program of overt assistance and . . . operations in the general area of China be initiated as early as possible.

b. The program of assistance be conducted concurrently in the countries below with emphasis in the order listed:

Indo-China,[4] Indonesia,[5] Thailand[6] and Malaya.

Although Burma is in a critical position, political chaos in that country might well preclude realization of any effective results from an aid program. However, the possibilities of ameliorating the situation in Burma should be investigated, and if considered to contain possibilities, Burma could be allotted funds from the reserve fund.[7]

c. Concurrently with the program of assistance, the possibility of initiating covert operations directed towards China including Taiwan (Formosa) and Tibet be studied.[8]

d. Cognizance be taken of the discretionary powers accorded by the legislation to the President to execute a program for the general area of China without adherence to the administrative procedures established for the other portions of the Mutual Defense Assistance Program.

e. Tentatively, the allocation of funds be approximately in the amounts shown below, but subject to change as actual programs are developed:

(1) For direct and immediate usage in accordance with the above:

Indo-China	$15,000,000
Indonesia	5,000,000
Thailand	10,000,000
	$30,000,000

[4] For documentation on military assistance to Indochina, see pp. 690 ff.

[5] Documentation on United States relations with Indonesia includes material on military assistance; see pp. 964 ff.

[6] For the Policy Statement on Thailand, October 15, 1950, which contains information on military assistance to that country, see p. 1529.

[7] For documentation on United States relations with Burma, including material on military assistance to that country, see pp. 229 ff.

[8] For documentation on United States policy toward China, including material on military assistance to the Republic of China, see pp. 256 ff.

(2) As a contingency reserve of $45,000,000 the exact use of which will be determined later, but which might be allocated in the following amounts in accordance with the above:

Malay States	$5,000,000
Burma	10,000,000
[9] China (including Taiwan and Tibet)	30,000,000
	$45,000,000

f. A director be appointed who, with a small staff, will be responsible for the detailed development of the program for the general area of China and the supervision of the implementation of the program by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State.

g. Final determination as to the programs and the exact nature and magnitude of projects for specific countries or locales be made as early as practicable after the preparation by the director of a tentative detailed program.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

[9] Footnote in the source text deleted.

790.5 MAP/2–350

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Secretary of State and the Under Secretary of State (Webb)[1]

TOP SECRET [WASHINGTON,] February 3, 1950.

Subject: Status of Activities Under Section 303 of the Mutual Defense Assistance Act

1. *General*

On February 1, 1950 the Department received a letter from Mr. Johnson of the Department of Defense transmitting a copy of recommendations which the Joint Chiefs of Staff submitted to him on January 20 regarding the emergency fund of $75 million for the general area of China. Mr. Johnson stated that he was submitting these recommendations, without taking a position on them, in order that the military point of view may be considered in the joint planning of this fund. In summary the JCS believes that, from a military point of view, a program utilizing the $75 million is desirable and is entirely

[1] Transmitted through Dean Rusk, Deputy Under Secretary of State for Political Affairs.

feasible. They recommend that a program of overt assistance and covert operations in the general area of China should be initiated as early as possible, such program to be conducted concurrently in the following countries with emphasis in the order listed: Indo-China, $15 million; Indonesia, $5 million; and Thailand, $10 million. They further recommend a contingency reserve of $45 million with a suggested tentative allocation of $5 million for Malaya, $10 million for Burma, and $30 million for . . . operations in China (including Taiwan and Tibet). The Department's comments are now being prepared.

In collaboration with Mr. Humelsine[2] (A), procedures and relationships to carry out the State Department's responsibilities are being clarified. In accordance with Mr. Rusk's suggestion, steps are being taken to obtain one officer to act full time on following up the details of projects under Section 303.

2. *Police Equipment for Indonesian Constabulary*

The President approved on January 9, 1950 a proposal to reserve $5 million to equip the Indonesian constabulary as agreed to between the Departments of State and Defense to maintain the internal security of that country against Communist encroachment. A definitive program of aid is now being developed by the Department of Defense based on the specific request which was received from the Indonesian Government on January 27, 1950.[3]

3. *Military Assistance to Thailand*

A request was received from the Thai Government on January 5, 1950 for arms assistance, under the MDA Act, to meet the requirements of the Royal Thai Armed Forces. This note, which was transmitted by S/MDA on January 20 to Defense, withdrew the earlier request of November 18, 1948 for the loan of arms and equipment for five battalions of Thai troops stationed along the Thai-Malayan frontier.[4] A proposal has also been received from Ambassador Stanton[5] that military aid of approximately $15 million be provided to Thailand. This document was also transmitted at the same time to the Department of Defense for their information in preparing plans for military aid to Thailand and to obtain their technical advice on the proposals in the light of the security interests of the United States.

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[2] Carlisle H. Humelsine, Deputy Assistant Secretary of State for Administration.

[3] The specific request is not printed, but, for documentation on this subject, see pp. 964 ff.

[4] None of the documents mentioned in this paragraph is printed.

[5] Edwin F. Stanton, Ambassador in Thailand.

4. *Military Assistance to Indo-China*

An agreed memorandum setting forth the political considerations underlying the extension of military assistance to Bao Dai and the French in Indo-China was completed in anticipation of French ratification of the March 8 Agreements according autonomous status to Vietnam, Laos and Cambodia. The President of France signed the ratification instruments on February 2.[6] Arrangements were made with Mr. Bohlen [7] for discussion with the French authorities at Paris of the character and timing of military assistance to Nationalist and French forces in Indo-China.

5. *River Patrol Equipment for Burma*

Preliminary informal discussions are in process with the Department of Defense on the technical aspects of a proposal for the provision of river patrol equipment for Burma under Section 303 for the purpose of strengthening the Government in Burma to make it capable of putting down internal revolt and of resisting external Communist pressures. A paper on the political considerations was transmitted to the Department of Defense on January 17.[8]

6. *Technical Assistance Projects*

An agricultural technical assistance project to materially improve the food situation with respect to the growing, storage, and transportation of rice in the Far East which has been developed in preliminary form by the Department of Agriculture is under consideration by the economic and political offices at the present time. The estimated cost is between $5 million and $9 million, the larger figure depending on whether India, Pakistan, and Afghanistan are included. The inclusion of these latter three countries was proposed by Mr. McGhee [9] on January 17.

7. *FE Mission to Southeast Asia on Technical Assistance and Economic Activities*

Pursuant to the approval by Mr. Webb on January 31, plans are proceeding to send out a small mission to Southeast Asian countries to determine by spot surveys and discussions with the U.S. Missions the types of projects most immediately needed and feasible for which

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[6] The "agreed memorandum" has not been identified in the files of the Department of State. However, for documentation on French ratification of the March 8, 1949 Agreements, United States recognition of the Associated States, and the beginnings of the United States military assistance program in Indochina, see pp. 690 ff.

[7] Charles E. Bohlen, Minister in the Embassy in France.

[8] Not printed.

[9] George C. McGhee, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

Section 303 funds might be used. Mr. Robert Allen Griffin [10] has been suggested to head up the mission. He will be in today for discussion and decision on his acceptance.

[10] Publisher; Deputy Chief of the China Mission of the Economic Cooperation Administration, 1948–1949.

611.97/2–450

Memorandum of Conversation, by the Ambassador at Large (Jessup) [1]

SECRET [KUALA LUMPUR,] February 6, 1950.

NOTES ON CONFERENCE AT COMMISSIONER GENERAL'S AT BUKIT SERENE, JOHORE BAHRU—5:00 AND DINNER, FEBRUARY 6, 1950

Mr. Langdon,[2] Mr. Gibson [3] and I drove out to Sir Malcolm MacDonald's [4] house at Bukit Serene. The attached list [5] of British officials were also there. We sat around on the veranda where McD has periodic conferences with representatives of the various groups in Malaya. After tea, McD began the conversation with a general survey of the problems of the area as they see them. It seemed to me there was a great deal of concentration upon Malaya as the focal point, all of the analysis of the other countries ending up with its bearing on the possibility of the British holding out in Malaya. As indicated by the British reports which we had already seen, McD stressed their view that Indochina was the key area in so far as the communist movements are concerned. He described its strategic position in regard to the other countries in the usual way. He spoke of the favorable impression which he had received during his visit.[6] He then went on to analyze the problem confronting the French and the possibility of their withdrawal along the lines of the *British Defense Co-ordination Committee, Far East Joint Intelligence Committee, Far East Forecast of Possible Military and Political Activities of the Chinese Communists in South East Asia, 1950–1952* of November 10, 1949.[7] He mentioned

[1] From December 15, 1949, to March 15, 1950, Ambassador at Large Philip C. Jessup conducted a 14-nation fact-finding tour of the Far East. For Ambassador Jessup's oral report to the Secretary of State and other officials of the Department, March 23, see p. 68. The Jessup party was in Malaya from February 4 to February 7.

[2] William R. Langdon, Consul General at Singapore.

[3] William M. Gibson, Special Assistant to Ambassador Jessup during the trip. Gibson, Consul at Hanoi until January 1, 1950, was assigned to the Office of Philippine and Southeast Asian Affairs at the conclusion of the mission.

[4] Commissioner General for the United Kingdom in Southeast Asia.

[5] Not printed.

[6] Sir Malcolm MacDonald had visited Indochina in November 1949, conferring with French and Vietnamese officials.

[7] Not found in Department of State files.

the contacts which they had established with the French. (We had already learned that a British officer serving with the French in Indochina had just been brought back wounded in an ambush and that some French officers are serving with the British here.) He suggested that the British might be able to help the French with some small arms and that perhaps the US could help with transportation equipment. The second area of greatest danger is Burma. At the Commonwealth Conference [8] they had reached agreement on Commonwealth financial assistance to Burma and the response had been very gratifying. Australia, Pakistan and India had agreed to chip in. New Zealand had subsequently found it impossible to do so. Their latest reports indicated that the Burmese might be willing to accept the financial aid but only if there were absolutely no strings attached to it. McD painted a rather gloomy picture based largely on the unwillingness of the Burmese to accept any advice or assistance. He thought that it was essential that someone should persuade Thakin Nu [9] to mediate the troubles with the Karens. However, they seemed to feel there was no particular need for restoring peace and kept putting off mediation in the expectation that they would soon win a great military victory and then be able to arrange the terms as victors. They were already committed to the principle of autonomy for the Karens and agreement should not be too difficult if the parties could be brought together. He was inclined to believe they were reaching a point to which the UK would really have to step in and take a very firm line on this point. If these troubles were not settled there would be increasingly acute failure of rice production and the economic condition created would make Burma fall easily to the communists. Mr. Benham and Mr. Sterndale-Bennett [10] interposed to explain that, while some rice had been coming out because it was not involved in the civil war area, the saw mills were closed, timber was not moving and there was the barest trickle of petroleum products coming out. In regard to Siam, McD did not take quite so gloomy a view but felt that if Indochina or Burma fell to the communists, it would be very easy for them to sweep over the Thais who were most unlikely to resist. At the present time, the Prime Minister [11] has been showing more courage and determination. The report in the newspaper to the effect that they might close the Russian Embassy in Bangkok, while not confirmed, was in line with his new policy. This is an action which the British had been

[8] Reference is to the Conference of the Foreign Ministers of the British Commonwealth of Nations, at Colombo, Ceylon, January 9–14, 1950. Documentation on the Conference is in Department of State file 741.022.

[9] Prime Minister of Burma.

[10] Economic Adviser to the Commissioner General and Deputy Commissioner General for Foreign Affairs, respectively.

[11] Field Marshal Pibulsonggram.

suggesting to the Siamese Government for quite a while. McD did not have much to say about Indonesia commenting merely on their economic difficulties which require considerable outside assistance. Coming back to Malaya, McD pointed to their vulnerability in case Indochina and Siam fell but said that both politically and militarily they believed they could hold even under those circumstances. However, their difficulties would be enormously increased if their present cooperation with the Siamese police on the border were terminated and agents were freely smuggled across from Indochina.

Rounding out the whole picture, McD suggested the necessity of UK and US laying down a line which we would be prepared to hold. His general thinking was the line along the southern Chinese frontier, but he was not very specific as to how far they would be prepared to go to hold that line and admitted the danger of making a broad declaration if we were not prepared to back it up.

I asked him whether their thinking was really confined to SE Asia or whether they would agree that one should broaden out the area for purposes of planning to include the possibility of the over-running of southern Korea, the actual situation in China, the difficulties in the Philippines, and the situation in India and Pakistan.[12] I also asked whether he did not think that much more extensive and efficient cooperation could be established between our two governments and with the French. I mentioned that while there had been various examples of cooperation, e.g., in Singapore,[13] on the whole our governments had not considered the situation apparently serious enough to warrant the kind of close coordination which existed in war time. In regard to the extent of the area, McD agreed but he and his associates shied away from any real consideration of the Chinese question. He remarked that it would be foolish to bank on the development of Titoism and that we must be prepared to face a communist China for many years. When I called his attention to the fact that he had discussed only economic, political and military methods and had not mentioned the whole field of propaganda in which the communists were so successful, he agreed and thought that our present line about the Soviet encroachments in Manchuria, etc.,[14] was particularly useful. So far as India is concerned, he feels convinced that Nehru [15] is wholly on our side and that if real trouble came would join us much more rapidly than many people expected. He said that it was not at all clear what would happen if Nehru were out of the picture.

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[12] Documentation is scheduled for publication in volume v.

[13] Consul General Langdon regularly attended meetings of the British Defence Coordinating Committee, Far East, and reported to Washington on the proceedings.

[14] For information on this subject, see pp. 256 ff.

[15] Jawaharlal Nehru, Prime Minister of India.

In regard to further cooperation between the governments, he enthusiastically agreed and suggested there might be a beginning with a joint conference of British and Americans perhaps in Singapore or perhaps elsewhere. He suggested that it need not be at any very high level but that some sort of joint meeting for exchange of information and planning would be very useful. Mr. Langdon suggested that especially if we also included the French in such a conference but even if we did not, there was great danger that the Asian states would feel that the Western powers were ganging up on them. He inquired if it would not be better to have a meeting to which the Asian states would also be invited. McD admitted that this was a danger which would have to be met and suggested that it would certainly be better to limit the meeting to the UK and US since the inclusion of France and The Netherlands would have bad repercussions. He thought that carefully planned advance statements as to the nature and extent of the conference would not arouse Asian susceptibilities. He did not commit himself on the desirability of a meeting with the Asian states.

On the economic side, Mr. Benham gave a very clear exposition of the rubber problem as it involves the relation between raw rubber and synthetic, and stressed the usual point that unless the price of rubber were sustained at a reasonable figure in free competition with synthetic rubber it would have a devastating effect on the economy of Malaya. McD stressed the grave danger which would arise if the communists controlled the rice producing areas and tried to put on economic pressure by controlling rice exports. In this connection they have been studying the question of drawing on American rice. He has taken up with London for discussion with Washington reports that American rice producers are planning to shift into other products. He talked also about the desirability of trade relations with SCAP and said that this also had been taken up with London for discussion via Washington. He had not raised these issues when he met the West group [16] since it was too large and social a gathering at which he met them.

McD suggested that it might be very useful if the US would appoint some single official such as a High Commissioner to deal with the area as a whole. He mentioned this as well as the proposed UK–US conference as a means of giving assurance to the Asian states that the UK and US were prepared to back them up. He emphasized several

[16] Reference is to the mission headed by Robert W. West, Deputy to the Under Secretary of the Army, and Stanley Andrews, Director of the Office of Foreign Agricultural Relations, Department of Agriculture. The mission visited the Far East in February and March 1950 to investigate the possibility of Japanese participation in the economic development of Southeast Asia.

times the absolute necessity in this area of showing strength. He believes that this is the only way in which the Siamese particularly but also the other SE Asian states can be stimulated to resist communism. Discussing the question of the Chinese communists in all of these countries he described the very strong measures they are taking in Malaya to restrict communist activities. For example, in connection with the sale of Chinese victory bonds they issued an announcement that their purchase was illegal and violators would be prosecuted. He said this was an immense relief to the local Chinese who could point to this as an excuse for not buying. The regulations invoked for this purpose are those having to do with foreign exchange but under questioning they admitted they could probably do nothing to stop local sales if the proceeds were kept in Singapore to finance CCP activities in Malaya. I asked about their views on the recognition of the Peking Govt [17] and he admitted that in terms of the effects in SEA they had underestimated the difficulties. They are obviously looking forward with a good deal of apprehension to the establishment of communist consular officers in Malaya and elsewhere. McD indicated that they expected to stall off these arrangements for some time and even indicated he hoped it might be postponed indefinitely. He agreed that in many of the countries it was a great problem to reach these Chinese and persuade them but it was less difficult in Malaya since so many of them had been here for generations and did not have such close family ties with China. Again he emphasized his view that the thing that mattered was a showing of strength on the part of the Western powers. If the Chinese were sure that these various countries would be held and would not fall into the hands of the communists, they would cooperate. Their present attitude of wavering or of conversion to the communist cause is based principally on their fear that the UK and the US will not stand firm.

In a discussion of the situation in Malaya itself, McD began by stating rather broadly that their policy was approved by the Malayans who felt that they were moving along satisfactorily. I told him that from my conversation with Dato Onn [18] I felt that he did not take this position and McD agreed and somewhat modified his statements. He stated with vigor that they were way behind on what they should be doing in education and agreed that they had not yet moved nearly far or fast enough in training local administrators who could take

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[17] The United Kingdom recognized the People's Republic of China on January 6, 1950. For documentation on the United States position on the recognition question, see pp. 256 ff.

[18] The memorandum of Jessup's conversation with Dato Onn bin Ja'afar, Secretary General of the United Malays National Organization, February 5, is not printed (611.97/2–450).

over when the time came. In regard to the time of a turn over McD spoke rather generally in alternatives of 5, 10, 15 or 20 years. He of course pointed to the special problem created here by the mixture of the racial communities.

At dinner there were 26 people (see attached list) [19] present including the high British officials, the Regent of Johore, Dato Onn and a scattering of representative Chinese and Indians, and the Commissioners of Australia, India and Ceylon.

At dinner I asked McD about his talks with Pearson [20] on the Kashmir question.[21] He said that Pearson had been impressed with the strength of the Pakistan case which he had not previously appreciated probably because he had heard more from the Indian side. Pearson does not believe that the McNaughton Plan or any other such suggestion will bring about a solution. He thinks the only possible solution would be through a personal meeting of Nehru and Liaquat Ali Kahn.[22] I understood that no particular effort had been made to bring about such a meeting. McD himself was unable to comment on the nature of the personal relations between the two men.

After dinner McD announced that we would have a general discussion around the table during which anyone could ask me questions or I might ask questions in return. Since the questions did not come forward readily, I asked a question which I had put to McD during dinner with an inquiry whether it would embarrass him for me to raise the point. I said that in making statements against imperialism in some other countries I had been asked by the press whether I considered British action in Malaya today as an example of imperialism, and I said "No." I inquired whether every one around the table would agree that I was correct in this answer. Although McD had told me privately and had told the group that the discussion was to be utterly frank and that no one should mind having his toes stepped on, he seemed a little apprehensive as this discussion opened and the faces of the Governor and the British military chiefs were interesting. Dato Onn took the lead in opening the discussion saying that he did not consider that the situation here was satisfactory. He went back and reviewed the history of British acquisition of Malaya and their policy of importing cheap Chinese and Indian labor. He argued that if they had brought in instead Indonesians they would have created a homogeneous population. On this point, Adm. Sir Patrick Brind [23] undertook to argue with him in a restrained way but Dato Onn with some bitterness argued that the whole British policy had been inspired by their desire to exploit the natural resources for their own advantage.

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[19] Not printed.
[20] Lester B. Pearson, Canadian Secretary of State for External Affairs.
[21] Documentation on the Kashmir question is scheduled for publication in volume v.
[22] Prime Minister and Minister of Defense of Pakistan.
[23] Commander in Chief, Far Eastern Station, British Royal Navy.

One of the Indians from Singapore asked me rather belligerently whether there was any difference between capitalism and imperialism to which I replied that there was a very considerable difference since capitalism includes a completely domestic system of economic activity not involving necessarily any international aspects in the sense of control of other countries. The Ceylon Commissioner [24] spoke rather strongly about the history of his country and the changes brought about by independence. His main point was that under British rule they had been forced to give up rice production in favor of rubber and had thus become dependent on imports of food. This was one of the first things to which the independent government addressed itself. He nevertheless expressed their gratitude to the UK which they said was evidenced by their electing to stay in the Commonwealth. Later in the discussion when the UK was being attacked, he interposed in their defense. K. C. Lee [25] joined in the discussion by asking me about Russian action in Manchuria. Two or three other Chinese participated in the discussion, generally in terms of support of the British against the position of Dato Onn. When one of these Chinese had made a statement, Dato Onn burst out with the exclamation, "That is utter rot." He and the Chinese after dinner were having it out rather strenuously with the Chinese trying to explain away his statements. The same Indian mentioned above said he wanted to put to me the point-blank question whether the US was going to help SE Asia and what help it was going to give. This led Gen. Harding [26] to say aside to Mr. Langdon that, if that was the attitude, he was going to pull out all of the British troops tomorrow. In reply to this question I spoke of the general problem of the emergence of independent states not only in this area but elsewhere in the world pointing it up with a description of the problems arising in the UN discussion of the disposal of the Italian Colonies.[27] I attempted to soften the attacks on the British as they apparently did not wish to join in the argument but attempted to avoid getting into the position of defending their cause against the Malayan viewpoint.

During dinner at which I was sitting between McD and Dato Onn, I had a considerable discussion with the Dato on various development programs particularly in agriculture. I mentioned the examples of the improvement of the sweet potato in our JCRR work in China and the successful introduction of hybrid corn in Mexico. He apparently had not been familiar with this type of development and drew McD into the discussion to ask whether more of that agricultural experimentation could not be done in Malaya. McD also did not seem to

[24] Mr. M. Saravamuttu.
[25] Presumably Lee Kong Chian, a leading Chinese merchant in Singapore and head of the Lee Rubber Company.
[26] General Sir John Harding, Commander in Chief, Far East Land Forces.
[27] Documentation on this subject is scheduled for publication in volume v.

be familiar with this type of idea but agreed it should be done. Dato Onn suggested that experiments should be carried on with the use of tapioca which he felt could be introduced more widely as a rice substitute. He felt that in spite of the difficulties, it should be possible to train the tastes of the people in terms of a broadening of the diet. He asked whether there were any methods which had been tried for this purpose, and I mentioned feeding programs in schools and state institutions as possibilities. I also asked Dato Onn whether he thought birth control offered any solution of the population problem. He said that the Mohammedan religious objection to it was very strong. At my request he inquired of one of the Indians down the table what the Hindu reaction was. The Indian reply was that they had no religious objection to it. Dato Onn pointed out that Malaya is underpopulated but in general even aside from the religious question doubted whether such a program could be carried out.

PHILIP C. JESSUP

120.43/2–1750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

TOP SECRET BANGKOK, February 17, 1950—11 a. m.

155. For Rusk from Jessup. Consider conference [1] has been genuinely useful both to participants and to Department. No spectacular

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[1] Reference is to the Bangkok Conference of United States Chiefs of Mission in the Far East, February 13–15. Ambassador at Large Jessup acted as chairman, while Assistant Secretary Butterworth represented the Department of State. Those present included the following: Ambassador Stanton; John J. Muccio, Ambassador to Korea; Myron M. Cowen, Ambassador to the Philippines; Loy W. Henderson, Ambassador to India; David McK. Key, Minister and Counselor of the Embassy in Burma; Joseph C. Satterthwaite, Ambassador to Ceylon; H. Merle Cochran, Ambassador to Indonesia; Pete Jarman, Ambassador to Australia; Robert M. Scotten, Ambassador to New Zealand; Karl L. Rankin, Consul General at Hong Kong; Edmund A. Gullion, Consul General-designate at Saigon; George M. Abbott, Consul General at Saigon; William R. Langdon, Consul General at Singapore; William J. Sebald, Acting U.S. Political Adviser in Japan; Hooker A. Doolittle, Chargé d'Affaires to Pakistan; Robert C. Strong, Chargé d'Affaires to the Nationalist Government of China; William M. Gibson, Special Assistant to Ambassador Jessup; Raymond B. Moyer, U.S. Commissioner, Joint Commission on Rural Reconstruction, ECA, China; and Captain Albert Murdaugh, observer for the Department of Defense.

The conference discussions were based on the following agenda:

1. Discussion of the Communist problem in the Far East and the USIE program.
2. Discussion of the general economic problems of the area with relation to United States political objectives.
3. Discussion of the Japanese situation.
4. Discussion of regional associations and British Commonwealth attitude toward them.
5. Discussion of the future balance of power in Asia in terms of Japan versus India.

For additional reports on conference proceedings, see the following telegrams from Bangkok: telegram 162, February 18, *infra;* and telegrams 178, 179, and 182, all February 27, p. 27, p. 28, and p. 29, respectively.

novel ideas developed but we did not expect them. Daily telegrams have informed you general nature discussions but wish emphasize several points.

1. Sentiment strongly against building up either India or Japan as a dominant power in the area.
2. Agreed IC, Burma and Siam constitute area of special and rather critical danger.
3. Need for consultation and coordination with British on both political and economic levels necessary.
4. In most respects subcontinent so different from rest of area as to make single grouping undesirable.
5. Problem of wise selection of personnel, for example on Point Four survey or operations, highly important. All agreed special missions should be confined to small number.
6. Very strong support for high level US declaration of policy by Secretary, President, in Congressional Joint Resolution or otherwise. Content such declaration not fully agreed. All agreed highly desirable Secretary call in Ambassadors all countries other than India, Pakistan and Ceylon for personal assurance of interest, desire to assist and hope negotiations on Point Four aid, et cetera, can be successfully concluded. Practically unanimously agreed Secretary's National Press Club speech did not receive attention or have influence in the area which we had hoped and expected. More formal statement apparently required.
7. Possible further action in UN discussed without definite conclusion.

Conferees agreed on liberal but somewhat restricted communication to governments to which accredited and to colleagues especially in certain cases from Commonwealth and France. Butterworth will talk with British in London and I will also talk with them in London and French in Paris.[2] [Jessup.]

[2] On February 24, 27, and 28 and March 1, Assistant Secretary Butterworth met informally with Sir Esler Dening, British Assistant Under Secretary of State for Foreign Affairs, in London. The following subjects received consideration: China, Indochina, Japan, Malaya, the rehabilitation of Southeast Asia, and Thailand. Despatch No. 1178 from London, February 28, not printed, transmitted notes on discussions on each of the above subjects. (790.00/3–650) Ambassador Jessup conducted discussions with representatives of the Foreign Office in London on March 11; for the memorandum of that conversation, see p. 46. For documentation on Jessup's meetings with French officials in Paris on March 13 and 14, see pp. 690 ff.

STANTON

120.43/2–1850 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

TOP SECRET BANGKOK, February 18, 1950—3 p. m.

162. Bangkok conference summary. February 14 afternoon discussed regional association with following general results:

There is unfortunate lack interest in regional association on part

many concerned states. Burma, Ceylon, India, Japan, and Pakistan very cool to idea though Ceylon might be interested if association showed prospect of allaying her fears of India. Nehru wants sponsor no association which might either derogate from his assumed position Asian leadership or be considered anti-Communist bloc. All Asiatic states opposed to open anti-Communist bloc or military alliance. USI prefers work alone time being. Australia unenthusiastic. New Zealand wants only Pacific pact with US, Australia and UK. Thailand interested. Korea highly favorable.

In view slight Asian interest US cannot push or sponsor association although such association would be in our interest. Nevertheless, US can and should encourage exchanges of views between countries and view with sympathetic interest any efforts made by Asian nations on their own initiative to form a regional association.

Transmission above message delayed due pressure code work.

STANTON

790.5/2–2150

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)[1]

CONFIDENTIAL [WASHINGTON,] February 21, 1950.

Subject: New Zealand Rejection of Philippine Invitation to Regional Association Meeting in March

Participants: Mr. F. H. Corner, First Secretary New Zealand Embassy
Mr. William S. B. Lacy PSA
Mr. J. Harold Shullaw BNA

Mr. Corner of the New Zealand Embassy called at my request today to discuss the proposed Philippine sponsored Asian Conference to be held at Baguio in March.

Mr. Corner summarized his conversation with Mr. Allison on February 10 concerning the Baguio Conference[2] and stated that a letter had been sent to General Romulo by Sir Carl Berendsen[3] on February 18. The letter, which Mr. Corner read to me, stated that New Zealand regretted that it was unable to accept the invitation extended by the Philippine Government. The reason given in the letter was that New Zealand was already participating to the limit of its ability

[1] Drafted by J. Harold Shullaw of the Office of British Commonwealth and Northern European Affairs.

[2] The memorandum by John M. Allison, Director of the Office of Northeast Asian Affairs, of his conversation with Mr. Corner on February 10, is not printed (790.5/2–1050).

[3] Ambassador of New Zealand in the United States.

in international organizations and undertakings and could not, therefore, attend the Baguio conference. The letter mentioned in this connection New Zealand participation in ECAFE and the recommendations concerning South and Southeast Asia produced by the recent Commonwealth Conference at Colombo. Mr. Corner added that among the New Zealand reasons not mentioned in the letter for declining the invitation was the feeling of his Government that such a meeting, or an organization along the lines contemplated, would be of no value unless it included the United States and the United Kingdom. He said that New Zealand was a small country and that perhaps it had already drawn too much attention to itself by the role which it had played in U.N. Mr. Corner added that participation in a regional organization of Asiatic states would inevitably call attention to such matters as New Zealand's domestic Asiatic exclusion policy.

Mr. Corner was told that we were rather sorry that New Zealand had not seen its way clear to accept the Romulo invitation. He was informed that General Romulo had stated that he did not wish to hold a conference without Australia and New Zealand because the result would be a conference solely of colored nations. For our part, we had considered that attendance of Australia and New Zealand would provide useful guidance to the Conferees. While, as Mr. Allison had stated in his conversation with Mr. Corner, we had no desire to put any form of pressure on New Zealand to accept the Philippine invitation, nevertheless we were watching sympathetically the efforts of the Philippines and other interested countries to develop some means of working more closely together to achieve common purposes. Mr. Corner was told that our attitude toward the Baguio conference had become increasingly sympathetic in recent weeks.

Mr. Corner said that his Embassy had reported receipt of the invitation to the New Zealand Government without any suggestion that it should be accepted. He said that had he appreciated our position more fully, the Embassy might have made some positive recommendations. Mr. Corner said that he would inform his Government of this conversation.

Editorial Note

The Chief Public Affairs Officers of 11 United States Missions in Asia met in Singapore from February 22 to February 26, 1950. Posts in the following countries were represented: Burma, Ceylon, Republic of China, India, Indonesia, Republic of Korea, Malaya, Pakistan, Philippines, Thailand, and Viet-Nam. This conference convened to consider implementation of the recommendations of the Bangkok Con-

ference of Chiefs of Mission, evaluate the United States Information and Educational Exchange Program, determine ways to create a favorable climate for United States foreign policy in Asia, and devise means to combat the spread of communism. Certain British officials, including Malcolm MacDonald, Commissioner General for the United Kingdom in Southeast Asia, participated in the conference discussions on Southeast Asia.

In despatch No. 82, March 9, William R. Langdon, Consul General at Singapore, reported that the Conference had adopted unanimously the following general policy recommendations:

"1. Because of the extremely critical situation which exists today, and will probably continue to exist in the next few years, the entire USIE program should be stepped-up markedly at the earliest possible moment if the United States is to preserve and support free institutions still existing in Asia. Experience in China has shown that USIE must fight an aggressive war if it is to counteract Communism. Efforts to temporize in China were completely unsuccessful. The U.S. Congress should be requested to appropriate substantially increased funds for intensified USIE activities.

2. If it is to achieve success in its counter-offensive against Communism, USIE must use a "double-barreled" strategy: the *positive approach* which vigorously and dramatically sets forth the benefits and blessings of human freedom and the democratic way of life; and the *negative approach*, which exposes the inhumanity, duplicity and other evils of the Communist way of life, as it now exists in China and other parts of the world. Recent developments in China prove conclusively that appeasement and attempts at *rapprochement* have no effect on the inexorable march of the Communists toward their ultimate goal of world domination. The United States has nothing to lose and everything to gain, therefore, in adopting a more vigorous, positive, forthright counter-offensive against an enemy who threatens the progress, welfare and freedom of mankind.

3. The stepped-up program, unanimously and urgently recommended by this Conference, involves the following:

a. Reaching a higher percentage of the total population of each country than has been possible in the past. Experience in China and elsewhere emphasizes the primary importance of reaching youth of all ages and its teachers, the overseas Chinese, labor groups and the masses generally. While millions in China have passed behind the "iron curtain," there are still vast additional millions in the Far East who have not yet succumbed to the blandishments of the Communist way of life or been forced against their will, as yet, to submit to Communist domination.

While it is obviously impossible for USIE to reach *directly* the hundreds of millions who comprise the great undecided Asian masses, this conference believes that it is both feasible and imperative to extend its program downward to reach as high a

percentage as possible of the low-level literates. This can be done *indirectly* through their own natural leaders. The importance of reaching the literate masses of all levels is revealed in a survey made among the PAOs at the Conference. In most cases, they rated the literate masses as their number one target, followed by a secondary audience of government officials and professional classes. See Enclosure No. 5. [Not printed.]

b. If the USIE program is to become increasingly effective in its influence on the peoples of Asia, carefully tailoring its materials (books, pamphlets, posters, moving pictures, etc.) to local interests and conditions, languages, mental maturity and degrees of literacy of the different countries and of the different groups within each country. With this in mind, every operating section of INP, IBD, IMP and ILI should regionalize its output to the fullest extent possible, and extra funds should be allotted to provide suitable material for individual countries of the Far East now menaced by encroaching Communism. In this connection, PAOs will submit to the Department specific data and recommendations on the most important targets within their area and the most effective media for reaching them.

4. Giving recognition to the importance of using all available intelligence and political data as an aid to developing an effective program in each area. Major effort should be made to take advantage of the knowledge acquired by other sections of the diplomatic or consular offices, including those of military attachés. Despite the extra burden and the extra hazard incidental to any identification with intelligence activities, the Conference emphasized the necessity of knowing as much about the area and its peoples as possible, which can be gained by deliberate and systematic efforts on the part of USIE officers to collect and report information relevant to the USIE program.

5. Because the overseas Chinese in Southeast Asia are a potential "fifth column," devoting special attention to them. In order to avoid antagonizing all Chinese by accusations against the present Chinese Communist government, the theme of Soviet imperialistic intervention in China should be emphasized rather than the theme of Chinese Communist betrayal of the Chinese people.

6. Giving increased attention in the future to systematic, scientific evaluation and measurement of program results in all media and in all countries. Only in this way can the program be progessively strengthened and expanded and its ultimate goals successfully attained.

Full time USIE evaluation officers should be added to the USIE staffs wherever possible. Such an officer must be thoroughly familiar with techniques of market research and public opinion analysis in order to train local employees who will do the actual survey work in the country. Korea, Thailand, Malaya and Burma request the provision of such an officer at once. If only one can be provided at this time, a pilot project should be initiated with the assignment of one such officer to Manila." (120.43/3–950)

507–851—76——3

In a circular instruction of May 26, the Department of State notified the posts which had been represented at the conference that it agreed with the views expressed in recommendations 1–6. (120.43/5–2650)

890.00/2–2450 : Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, February 24, 1950—2 p. m.

A mission headed by R. Allen Griffin, Calif publisher, distinguished mil career both wars including DSC and former Deputy Chi ECA Chief, will arrive points Sou and SE Asia approx as per fol sched: Saigon Mar 5; Singapore Mar 14, Rangoon Mar 19; Bangkok Mar 25; Jakarta Apr 3. He will be accompanied by his wife and by Samuel Hayes, Special Asst to Asst Secy for Econ Affairs, William McAfee, Country Specialist, Bureau of FE Affairs, Henry Tarring, Jr., an engineer in J. G. White Co., Taipeh, and two secys, Miss Elinor Koontz, a court reporter, and Miss Mary Randolph. US Treas Attaché Lipsman of Manila expected accompany Mission Saigon and Jakarta. In effort achieve maximum coordination other missions, has been arranged that Ross Moore, Chief Technical Collaborations Branch, Dept of Agri, and Howard Kline, US Public Health Serv repr, will accompany Griffin Mission to Rangoon, Bangkok and Jakarta. In addition Ray Moyer, Chief, ECA Formosa and Stanley Andrews, Dir Fon Agri Relations, expected accompany Mission to Saigon. A representative of the mil estab will travel throughout the area and keep in close touch with Griffin Mission.[2]

The basic purpose of Mission is to ascertain most urgently if there are justifiable projects suitable possible Sec 303 financing which will have immed polit significance and demonstrate US interest in area such as projects for rice demonstration and extension work and anti-malaria campaign now prepared for submission Secy. In addition Mission expected to lay groundwork anticipated Pt IV program unknown dimensions with special attn giving it proper perspective to avoid disillusionment; counsel local auths on preparation for it; brief our representatives current Dept's technical assistance thinking; and

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[1] Sent to Bangkok, Djakarta, Rangoon, and Saigon; repeated for information to Manila, Hong Kong, Paris, London, and The Hague.

[2] For an account of the Griffin Mission by a participant, see Samuel P. Hayes, *The Beginning of American Aid to Southeast Asia: The Griffin Mission of 1950* (Lexington, Mass.: D.C. Heath and Company, 1971). This work consists largely of the texts of the reports prepared by the Mission regarding Indochina, Malaya, Burma, Thailand, and Indonesia.

investigate regional aspects technical and econ assistance programs. Re Burma, recently developed policy (Deptel 62 of Feb 13)[3] applicable and Mission will direct attn to further development projects already outlined and additional ones within framework policy.

Griffin given Ministerial rank for trip and proceeding with support of Secy and Pres.[4] He will transmit prelim report to Dept from each country and final report which in addition listing immed projects will appraise local govt's attitude toward collaboration anticipated programs, advise re maximum coordination UN Pt IV and other assistance programs and appraise regional approach to implementation and possible needs regional coordinating orgs. Suggested Emb point out to local govts the desirability that, for econ or technical assistance projects they might plan discuss with Mission, they prepare detailed plans and supporting data, including natl org for admin and natl contribution in local currency and personnel needed for joint effort.

Dept recognizes limitations brief on-spot survey and slow nature achieving basic reforms countries this area yet wishes maximum effort demonstrate US intentions. Dept desires every effort be made assist Mission, e.g., making appropriate high level contacts Depts Fin, Commerce, Agri, For Affairs, Public Health and agricultural, industrial and financial leaders and arranging necessary field trips. Dept believes Emb shld appoint senior officer to serve on continuing basis as focal point technical and econ assistance activities who wld assist Mission in every way. Effort shld be made point up whatever Emb has done of nature related objectives of Mission pursuant earlier instrs and make all facilities of Emb available to Mission to extent feasible.

Publicity of Mission shld be avoided. To extent necessary explanation can be given along line Mission sent to prepare way most expeditious and efficient use whatever assistance funds available making clear presence Mission has no necessary relation to amt assistance but emphasizing effective use whatever magnitude may be. Amt Pt IV funds not known and will not be available prior start next fiscal year.

Over expectations must be avoided; this one reason Dept has attempted consolidate various surveys as described para 1. Emphasis can be given existing positive US assistance such as ECA and ExIm-Bank loans but do not mention possibility Pres authorizing use Sec 303 funds.

ACHESON

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[3] Telegram 62 to Rangoon, February 13, is not printed.

[4] A memorandum of conversation by the Secretary of State, February 20, read as follows: "The President approved the [Griffin] mission and said that he would look with favor upon the allocation of Section 303 funds if the mission should report the possibilities of immediate action." (Secretary's memoranda: Lot 53D444)

743.13/2–2450 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, February 24, 1950—5 p. m.

53. Burton[1] told us today that Lacy had recently discussed with Australian Embassy, Washington, the Romulo conference in March re Pacific Pact.[2] Added Australia has received invitation and that Spender[3] desires talk with me soonest (27th, if possible) about US viewpoint on Romulo conference, in particular, and Pacific pact in general. Spender wishes know our viewpoint as background not only in deciding whether accept Romulo invite but also in preparing his speech for the full dress review of Foreign Affairs in Parliament scheduled for next week. Burton added Australia favors in principle some kind of pact (Embtel 46 February 21)[4] but desires avoid taking opposite side from Nehru.

Romulo proposal certainly not kind of pact Spender has publicly advocated and would probably not prove acceptable Australia, unless there were evidence of strong, immediate or ultimate US backing.

Please instruct urgently.

JARMAN

[1] Dr. John W. Burton, Secretary of the Australian Department of External Affairs.

[2] The memorandum of the conversation between William S. B. Lacy, Director of the Office of Pacific and Southeast Asian Affairs, and Owen Davis, First Secretary of the Australian Embassy, February 22, is not printed (790.5/2–2250).

[3] Percy C. Spender, Australian Minister of External Affairs. For Spender's account of developments regarding East Asian-Pacific regional problems during 1950 and 1951, see Sir Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan* (New York: New York University Press, 1969).

[4] In telegram 46, February 21, the Embassy in Canberra reported that Spender had publicly urged the formation of a Pacific Pact to counter the Communist advance in Southeast Asia. The Minister of External Affairs had envisaged a pact built around Australia, New Zealand, and Britain, with the hope that the United States would ultimately join. (743.13/2–2150)

790.5/2–2550 : Telegram

The Secretary of State to the Embassy in Australia[1]

SECRET WASHINGTON, February 25, 1950—2 p. m.

34. Urtel 53 Feb 24. US position remains essentially unchanged, i.e., it will watch with greatest sympathy development of association of Asiatic and Pacific countries designed to increase cultural, economic, and general cooperation in the area but that to have any durable value such an assn must have firm roots and indigenous motivation.

[1] Repeated to Manila as telegram 325.

What ultimate relation US would have to any such organization would naturally be impossible to forecast.

US not in position to press Australian Govt in matter but it has no desire discourage Australian participation and suggests you point out that only by exploratory talks among powers concerned in a meeting such as Baguio will it be possible to ascertain possibilities inherent in Phil or analagous proposal. Moreover, participation in first or early meetings by Australia would enable it to influence course of development and of course carry right to withdrawal without commitment in event it were out of sympathy with trend.

Australians will undoubtedly wonder why US interest in the favorable disposition toward Phil proposal has increased in late weeks. (Lacy conversation with Australian Embassy.[2]) Forurinfo you shld know that Dept considers development of regional coalition SEA more important to its future plans than it has in the past. Approved NSC policy states US shld make known its sympathy with efforts of Asiatic states to form regional associations along lines envisioned by Romulo proposal.[3] Participation by such states as Australia and New Zealand wld have obvious advantage of ensuring pro-western orientations of any resulting associations.

ACHESON

[2] The memorandum of the Lacy–Davis conversation of February 22 is not printed.

[3] Reference is to paragraph 3*a*. of NSC 48/2, "The Position of the United States with Respect to Asia." December 30, 1949. For text, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.

120.43/2-2750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

TOP SECRET BANGKOK, February 27, 1950—11 a. m.

178. Summary remarks Ambassador Henderson on supporting Japan or India or balance between the two.[1]

1. Conference agreed not desirable build either Japan or India to supremacy in Asia and doubted possibility of balance of power while USSR and China under Communists.

2. With India unable settle own internal problems cannot exercise strong hand. Lack constructive leadership makes India irresponsible and not suitable as great power now. India cannot presently support necessary military forces as building up India would offend Pakistan and Ceylon.

[1] The remarks summarized here were delivered on February 15 by Loy W. Henderson, Ambassador to India, at the Bangkok Conference of United States Chiefs of Mission.

3. Our interest is make India an economically sound, friendly source of materials and manpower. US should consult regularly with India on Asian problems.

4. Japan's main contribution to Asian security should be industrial capacity and political stability. We should keep Japan disarmed, guarantee Japs security while disarmed and increase orientation to US.

5. We should foster Asian non-Communist cooperation, call on Commonwealth for assistance in developing genuine Asian community.

STANTON

120.43/2–2750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

TOP SECRET BANGKOK, February 27, 1950—11 a. m.

179. Summary Butterworth remarks on conference discussions point four and other aid.[1]

1. US should use UN agencies for economic projects when possible.

2. Coordination with other nations in area desirable order prevent overlap and undue burden US, e.g. Malaya, Burma, Indochina, primary responsibilities metropolitan governments. Coordination must not lean to establishment spheres influence.

3. Point four technicians should not be restricted to Americans; experience shows necessity select technicians with foreign experience who will not prejudice US reputation in work with foreign governments. Number technicians should be limited.

4. IBRD best instrument for loans because international and better able secure repayment. Suggested Department eliminate field confusion on purposes IBRD and Ex-Im Bank by appropriate instructions. Suggested small area agency of IBRD be established for advisory and consultative purposes.

5. Recommended choice of aid agency be based on long-range development or short run political purposes.

6. Serious note taken obvious lack understanding some area countries loan obligations or responsibility to repay except Indonesia, India, Thailand.

7. JCRR brief presented by Moyer. Understood Griffin mission will investigate JCRR possibilities.

8. No simple rule re loan requirements but we must insist some supervision.

9. Assumed Japan will regain pre-war trade position and no objections to this provided it not followed by military expansion. Noted restoration pre-war trade pattern Japan and SEA will affect US markets that area.

10. Discussions showed Asia Institute Technology welcomed.

STANTON

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[1] The remarks summarized here were delivered on February 15 by W. Walton Butterworth, Assistant Secretary of State for Far Eastern Affairs, at the Bangkok Conference of United States Chiefs of Mission.

790.001/2-2750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

TOP SECRET BANGKOK, February 27, 1950—7 p. m.

182. Summary report Jessup's remarks in his final summation conference discussions Communist problem Asia.[1]

1. Jessup convinced SEA vitally important to US although equally convinced necessity US special emphasis on Europe.
2. Discussions indicated definition of area in NSC/4[*48/2*] [2] not valid for all purposes as conditions India, Pakistan, Ceylon differentiate them from remainder area.
3. If USSR push into Asia diversionary or just seeking soft spot, then US problem to prove to USSR area not soft.
4. US committed demonstrate value American way life in Japan, Korea, Philippines republic, and lesser extent Indonesia and failure will greatly lower our prestige and effectiveness Asia.
5. Therefore generally agree[d] by conference US must support friendly Asian governments and cannot afford withhold such moral, economic, military aid in our power to give and which likely stiffen non-Communist governments, despite knowledge that some aid will be wasted.
6. We not alone but have friend[s] and must insist on UK, Commonwealth, France, Holland bearing fair share burden.
7. In this effort we justified regard our interests as generally coinciding those of area and as we have dispassionate as well as selfish interest in maintenance independence SEA countries.
8. Consensus opinion situation Burma and IC constitutes gravest and most immediate danger. Commie threat to Thailand no less grave but slightly less immediate. This is British view also. Thus most urgent US effort should be devoted these three countries.
9. In determining specific steps we limited by availability funds and political impossibility guaranteeing independence territorial integrity countries this area.
10. Nevertheless following measures possible:

(*a*) Military and economic aid within limits funds presently or in future made available.

(*b*) New declaration or statement by President, Secretary or Congress along lines of (1) US adherence principal [*principle*] territorial integrity and gravity with which we would view any violation thereof; (2) our desire and interest in maintenance freedom independence countries of area and (3) our willingness help countries help themselves in maintaining their freedom and to improve the well-being of their people within the limits of US capabilities and commitments elsewhere. Conference deemed statement vary desirable since Secretary's Press Club speech did not have hoped for effect SEA.

[1] The remarks summarized here were delivered on February 15 by Philip C. Jessup, Ambassador at Large, at the Bangkok Conference of United States Chiefs of Mission.

[2] In NSC 48/2, "The Position of the United States with Respect to Asia," December 30, 1949 (for text, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.), "Asia" is defined as "that part of the continent of Asia south of the USSR and east of Iran together with the major off-shore islands—Japan, Formosa, the Philippines, Indonesia and Ceylon."

(*c*) Secretary to call in diplomatic representatives SEA countries, except India, and reaffirm our sincere interest their freedom independence also give some indication plans help them.

11. Desirable hold joint discussions with UK plan political economic measures SEA but no conference in area due implication west powers ganging up maintain colonial privileges. Should be held privately in London, Washington.

12. Consensus opposed US attempt sponsor regional conference of area states at this time.

13. Consensus use of ECAFE undesirable in planning aid because of presence USSR and general ineptitude.

14. Discussion issuance policy statement revealed some thinking that although statement could not include specific guarantee countries SEA backed by US armed force nevertheless US should make own private determination that invasion IC by Chinese Communist armies resisted by French army should also be resisted by US using its armed forces if necessary. Seven members conference supported that view and others opposed, thus indicating substantial division views on vital question US policy.

15. Generally agreed USIE materials designed for world-wide or even area-wide distribution not satisfactory. Strong emphasis on material directed toward specific groups within specific countries written in simple language. Conference urged new media such as comic strips, posters, cartoons.

16. Conference opposed recognition China Communist regime until it gives undertaking respect treaty rights and international obligations.

17. We have made Asian Governments fully aware our reasons recognition Bao Dai.[3] Not advisable press these governments unduly.

18. Majority view we should press French hard immediately give Bao Dai further powers and full independence without much delay. This essential to increase prestige popularity Bao Dai and win recognition other Asian countries.

STANTON

[3] For documentation on United States recognition of the government of Bao Dai, Chief of State of Viet-Nam, February 7, 1950, see pp. 690 ff.

Department of State Executive Secretariat Files: Lot 63D351: NSC 48 Series

National Security Council Progress Report by the Under Secretary of State (Webb)

TOP SECRET [WASHINGTON,] February 27, 1950.

MEMORANDUM FOR MR. JAMES S. LAY, JR., EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL[1]

Subject: First Progress Report covering period until January 30, 1950, on implementation of NSC 48/2, "Position of the United States with Respect to Asia," dated December 30, 1949.[2]

[1] Drafted on February 24; circulated in the National Security Council on February 27.

[2] For text of NSC 48/2, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.

The nature of this paper is such that in many cases it brings together in one document statements of policies upon which the National Security Council has made separate recommendations and on which detailed progress reports are submitted. Other portions of NSC 48/2 deal with long-range matters and recommend general over-all policies which can only be implemented over the course of time and are not in all cases susceptible to periodic review. The following report, therefore, will deal in brief and general terms with those portions of NSC 48/2 which have been specifically implemented or with respect to which action has been begun during the first 30 days following the approval of NSC 48/2.

It should be pointed out that Ambassador Philip Jessup is now on a journey to Asia where he either has visited or will visit most of the areas discussed in the report. Upon his return and as a result of his findings it should be possible to make more detailed assessment of the recommendations in this paper and the possibilities of their implementation. It should also be noted that the Department of State is sponsoring a conference in Bangkok, beginning on February 13, of all the Chiefs of Mission in the area, at which time over-all United States policy for Asia will be discussed. As partial preparation for this meeting, all officers concerned were furnished with copies of NSC 48/2 so that the recommendations therein could be in the minds of all participants during the conference.

With regard to those portions of NSC 48/2 which lend themselves to specific comment, the following paragraphs summarize the action taken in each case:

1b, 2c, and 3m

In regard to 1*b*, 2*c*, and 3*m*, recommendations have been formulated for the provision of sufficient military power in Indonesia and Thailand from the $75 million under Section 303 of Public Law 329 to maintain internal security. The Thai Government has made a balanced and formal request which is being studied by the National Defense Establishment. A similar request has been received from the Republic of the United States of Indonesia. It is understood that the Joint Chiefs of Staff have tentatively agreed on allocation of $10 million for Thailand, and $5 million for Indonesia.

In connection with the foregoing, it is understood that the Joint Chiefs of Staff have also recommended the allocation of $15 million for Indochina. It is expected that as soon as the United States of America has given recognition to Vietnam, Laos and Cambodia steps will be taken to develop a program for using the $15 million.

The development of a Military Aid Program for the above-mentioned three countries is being handled in such a way as to appeal to the Asiatic nations as being compatible with their national interests.

3c(1)

Efforts are being made to send a mission to Southeast Asian countries to expedite action facilitating economic development. Recognizing that Point IV funds may not be available for several months it is hoped that Point IV type activities and perhaps some modest capital expenditure may be possible under Section 303 of Public Law 329. Country studies are also being made from material available in Washington and field officers have been instructed to make preliminary studies and recommendations.

3c(2)

The United States stockpiling program, of course, stimulates imports from the Far East since a substantial proportion of stockpile items come from this area. Proposed rubber legislation is in process which is designed to permit more liberal treatment of natural rubber imports.

3c(3)

The stockpiling program is currently acquiring substantial amounts of materials from the Far East. Negotiations with the Dutch and Indonesians are near completion which will materially increase the purchase of tin ore and metal.

3c(6)

Preparations are in process for tariff negotiations with Korea in the fall of 1950 anticipating Korea's adherence to the General Agreement on Tariffs and Trade. Efforts are being made to secure Most Favored Nation treatment for Japan on a bilateral basis through the means of the trade agreements which SCAP negotiates with numerous countries.[3]

3e(1)

In compliance with a United Nations General Assembly Resolution of October 21, 1949, co-sponsored by the United States, a reconstituted, seven-nation United Nations Commission on Korea has authority to observe and report any developments which might lead to or otherwise involve military conflict in Korea.[4]

3e(2)

Approval of a $60 million request to complete a $120 million FY 1950 ECA aid program for Korea is awaiting Congressional approval. The ECA has submitted to the Bureau of the Budget a FY 1951

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[3] Documentation is scheduled for publication in volume I.

[4] For documentation on the adoption and implementation of the General Assembly resolution, see *Foreign Relations*, 1949, vol. VII, Part 2, pp. 940 ff.

Korean program of $115 million. Approximately $10.2 million is presently earmarked for Korea from Title III MDAP funds. On January 26 a military agreement was signed with the Government of the Republic of Korea. Based on this agreement and the recommendations of an MDAP Survey Team report, a program covering the expenditure of Title III funds for Korea, which has Korean Government approval, is being reviewed by the Foreign Military Assistance Coordinating Committee. An agreement with the Government of the Republic of Korea covering the presence in Korea of a United States Military Advisory Group was signed on January 26.*

3f(1)

The United States continues to recognize the National Government of China and is giving no serious consideration to recognition of the Communist regime. The United States Government has made clear to other friendly governments its views respecting the Chinese Communist regime and its belief that hasty recognition should be avoided and that there should be full exchange of views prior to any action. It has recognized that final decision respecting recognition will have to be made by each country in the light of its own judgment and interests.

3f(2)

The Communist seizure of part of the American Consulate General at Peiping, following a series of serious incidents involving American official personnel in Communist areas and adumbrating, in the continued absence of diplomatic relations, further, perhaps more serious incidents, has led to a decision by the United States Government to withdraw all official personnel from Communist areas in China. This decision has been announced. When the withdrawal is completed, no official channels for contact with elements in Communist areas will remain. The problem of maintaining our cultural and informational program in China at the most active feasible level, which is made much more difficult owing to Communist restrictions, is receiving intensive consideration. (See also past Progress Reports on implementation of NSC 34/1 and 34/2).[5]

3f(3)

Nothing to be reported at this time.

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*Details on action regarding Korea are given in periodic reviews of NSC 8/2. [Footnote in the source text. For documentation on United States policy toward Korea, including information on the military assistance program, see volume VII. For NSC 8/2, "The Position of the U.S. with Respect to Korea," March 22, 1949, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 969.]

[5] NSC 34/1, "U.S. Policy Toward China," January 11, 1949, and NSC 34/2, same title, February 28, 1949, are printed in *ibid.*, vol. IX., pp. 474 and 491, respectively.

3f(4)

The Department of Commerce on November 4, 1949, brought all 1A and some IB exports from the United States to China under control by placing them on the "positive list" of items controlled to all destinations except Canada. The Department of the Army has advised SCAP of the criteria deriving from NSC 48/2 which should govern control of Japanese exports to China and adjacent areas. The Department of State is attempting to obtain final agreement by the United Kingdom Foreign Office to the contents of parallel memoranda to be submitted by the United States and United Kingdom Governments to the French, Dutch, and Belgian Governments requesting a common policy of control over 1A exports to China. The Department of State is also working out the details of an arrangement to be carried out in collaboration with the British and Dutch Governments for informal control through the major oil companies of petroleum sales and shipments to China.[6]

3g(1)

The United States Government is continuing to follow the policy set forth in NSC 37/2 and 37/5 [7] respecting Formosa. United States policy lines were further laid down by the President in his public statement of January 5.[8] Pursuant to NSC Action No. 254 † of October 20, 1949, Generalissimo Chiang Kai-shek was informed on November 3, 1949, of the position of the United States respecting Formosa. Legislation has been introduced in the Congress to permit continuance of the ECA program on Formosa from February 15, 1950, when the present authorization for the use of funds expires, until June 30, 1950.

3h

In regard to 3*h* the United States is attempting to resolve the colonial-nationalist conflict in Indochina in so far as it can do so and in view of the fact that a large part of the nationalist element is communist-led. In this connection the United States expects to recognize Vietnam, Laos and Cambodia at about the same time that Great

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[6] For documentation on the United States trade embargo against mainland China, see pp. 619 ff.

[7] For NSC 37/2, "The Current Position of the United States with Respect to Formosa," February 4, 1949, and NSC 37/5, "Supplementary Measures with Respect to Formosa," March 1, 1949, see *Foreign Relations*, 1949, vol. IX, pp. 281 and 290, respectively.

[8] For the text of the President's statement on Formosa, released by the White House on January 5, 1950, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington: Government Printing Office, 1965), pp. 11–12. or Department of State *Bulletin*, January 16, 1950, p. 79.

†NSC 37/8, as amended. [Footnote in the source text. For NSC 37/8, "The Position of the United States with Respect to Formosa," October 6, 1949, see *Foreign Relations*, 1949, vol. IX, p. 392.]

Britain and various Commonwealth governments extend recognition. It is hoped that such acts of recognition will help persuade the non-communist nationalists to support a non-communist Vietnam. It is further expected that subsequent to recognition ECA aid and Point IV technical assistance will be extended when possible.

3k

The speech of the Secretary of State at the National Press Club on January 12, 1950,[9] which reviewed United States Far Eastern policy, was the first step in implementing the recommendations of this paragraph in so far as gaining support in the United States for our Asiatic policies is concerned. With respect to our information program abroad, steps have been taken to increase the effectiveness of this program in Southeast Asia and an additional million dollars has been allotted for this purpose.

JAMES E. WEBB

[9] For text, see Department of State *Bulletin*, January 23, 1950, pp. 111–118.

790.5/3–250 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

CONFIDENTIAL NEW DELHI, March 2, 1950—3 p. m.

278. Reference Canberra's telegram 58 to Dept.[1]

We believe it most unlikely Nehru would seriously consider joining any regional association which might be expressly or implicitly directed against Communists or which implied any military commitment. In fact he might even seek use his influence particularly with Indonesians prevent creation such association. Among reasons for Nehru's attitude are:

(1) Desire avoid involvement with "power blocs";
(2) His hope of developing under Indian leadership neutral Asian Third Force;
(3) His interest in developing cordial working relationship with Chinese Communists and
(4) His refusal admit danger to South and Southeast Asia stems from aggressiveness of Moscow-dominated Communists and his consequent tendency emphasize suppression of nationalism in certain areas

[1] Telegram 58 from Canberra, February 28, reads as follows:

"Grateful for prompt reply in Deptel 34, February 25. I told Spender yesterday substance first two paragraphs. He said Government has not yet answered Baguio invitation which 'puts Australia in middle' in relation to Nehru and gives too little time for consideration latter's position. Added Australia has approached Nehru for purpose 'exploring' with him the possibility of some kind of regional association and has not yet had response." (790.5/2–2850)

and desperate poverty of under-developed nations as real causes of danger.

Although GOI willing cooperate closely with other Asian powers in cultural and to extent economic matters, it would probably be unwilling accept just now invitation to any conference called under auspices Philippines because it believes that in view Quirino's announcements last summer such conference would be considered as of anti-Communist character.

Sent Canberra unnumbered, repeated Department 278, Manila unnumbered.

HENDERSON

398.00BA/3–250

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)

SECRET [WASHINGTON,] March 2, 1950.

Subject: Australian Reply to the Invitation from the Philippine Government to Attend the Baguio Conference.

Participants: Mr. Owen Davis—First Secretary,
Australian Embassy
PSA—Mr. Lacy

Mr. Davis called today at his request to read me the text of the Australian reply to the invitation from the Philippine Government to attend the Baguio Conference in mid-March 1950. (This reply has been handed our Embassy at Canberra which is pouching text.[1])

The Australian Government has advised the Philippine Government that were it to participate in the conference they would consider it appropriate to send the highest officials; this is impossible because the Parliament will remain in session for some several months. The reply continues to say that the Australian Government is concerned to act upon the recommendations of the Commonwealth Conference at Ceylon and that a convocation of Commonwealth countries will take place at Canberra in the near future for the purpose of discussing Commonwealth interests in southern Asia. The Australian Government expresses the hope that these discussions will form a basis for a south Asian regional arrangement with which the Philippines might be associated. [I asked Mr. Davis when the Canberra meeting would take place and he replied that he thought within the next two months.] [2]

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[1] The Embassy in Australia transmitted the text of the reply in despatch No. 71, March 3, not printed (398.00BA/3–350).

[2] Brackets appear in the source text.

In view of the foregoing the Australian Government, while expressing great sympathy with the stated objectives of the Baguio Conference, advises that it is unable to participate therein.

511.90/3–650

Paper Prepared in the Bureau of Far Eastern Affairs [1]

CONFIDENTIAL [WASHINGTON, March 6, 1950.]

POSSIBILITIES FOR THE EFFECTIVE USE OF PRIVATE U.S. FUNDS TO SUPPORT AND SUPPLEMENT POINT–4 TYPE OF OPERATIONS IN THE FAR EAST

Until it is known how much money may be made available on an annual basis and the limitations which may be attached to the use of those funds by the private sources providing them, it is difficult to work out a comprehensive practical program for effective utilization of such funds in the Far East. The program should of course be drawn up in such a manner as to supplement and extend at points the existing Point–4 type of operations now underway or contemplated. Moreover to be psychologically most effective the governments and/or private individuals and institutions in each country should be consulted. There follows below a list of suggestive uses to which such funds might well be devoted.

Philippines

1. The Japanese during their occupation either destroyed or removed most of the libraries in the Philippines. Practically nothing has been done since the end of the war to restore these libraries. As a result, books are desperately needed and anything which can be done to assist in this process would be most useful.

2. If the proposed Far Eastern University goes through, its need for books and scientific equipment will be practically unlimited. From an educational standpoint this one is probably the most desirable of any which could be proposed.

3. General Smith of the Public Health Service has done a remarkable job in the Philippines. His principal interest has been to set up demonstration stations for problems in health and food which can be handled within the limited resources of the Philippines, and at the same time contribute to public welfare. For example, by inducing rice distributors to put one grain of enriched rice in every 200 grains

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[1] On March 6, Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs, transmitted this study to Dean Rusk, Deputy Under Secretary for Political Affairs, who had requested that it be prepared.

of non-treated rice, he has in certain areas completely eliminated beri beri. He has also demonstrated that by the use of elevated concrete tanks for ordinary oil drums in which water can be purified by simple means, that he could eliminate disease arising from polluted water. This one demonstration has made the construction of expensive water systems which the Philippines cannot afford unnecessary. It is probable that his projects have made greater contributions to Philippine welfare, with less money, than anything else which the United States has done in the Islands. There is no longer any money available for his projects, but a continuation of his experiments and demonstrations would be most useful.

Indonesia

1. Fellowships in public health, especially for senior doctors and sanitary engineers in such universities as Johns Hopkins.

2. Books in English for libraries of (*a*) faculties in Jogja in medicine, dentistry, pharmacy, and veterinary, (*b*) pediatrics and midwife centers.

3. Laboratory equipment including microscopes and other laboratory materials and sets.

4. Hospital equipment including X-ray apparatus and sets of surgical and gynecological instruments.

5. Phot. and film apparatus including autos and trucks as means communication, for service of medical-hygiene propaganda and rural hygiene.

Formosa

1. The Rockefeller Foundation withdrew its malaria control program in panic some months ago. It could and should be continued.

2. ECA is conducting an animal disease program. Much can be done further in the animal husbandry line— and would be welcome.

3. The Taiwan University would, I am sure, under the current president, welcome interest and aid in the expansion of its English Department. So would other schools throughout the island.

4. There is a great need for a small American Grammar School. Parents who are returned American students want their children prepared for U.S. universities. This requires an American style education. The Consulate General in Taipei has received many inquiries on this. It could best be related to the USIS Library there. Thus children could be taught to rely on American reference books at that early stage when they are first learning to use reference books. To delay education guidance until university level results in need to win over a scholar already formed in procedures.

5. In almost every technical field the Taiwan Provincial Govern-

ment is anxious to have U.S. technical advice and guidance. J. G. White, Inc. is supplying much of this at present time under ECA grants.

6. There is no American University Club despite the presence of hundreds of returned U.S. students. A grant and support for something along this line would be welcome.

Japan and Korea

The data for compiling a list of projects will have to be secured from the field in the case of Korea and through the Army in the case of Japan.

China

Insofar as the Chinese Communist regime permits private U.S. funds to enter China to support hospitals, schools, provide needed books, arrange for Chinese scholars to study here or for U.S. scholars to study or teach in China it would be advantageous from the long-range viewpoint for this Government to encourage such relationships to continue. Few Chinese as yet read Russian and the longer we can continue to keep English the medium of transmission of Western science and learning the better it will be.

In this connection the needs of many American educational institutions should especially be borne in mind at this time. These institutions have generally succeeded in maintaining a considerable measure of independence notwithstanding Communist pressure and financial stringencies. They have played an important role in fostering pro-American feeling among educated Chinese. Their continued functioning, as long as this is possible without substantially complete Communist regimentation and control, is increasingly important to U.S. long-range interests. It is believed that in some cases at least these institutions are encountering increasing financial difficulties and that their support during this difficult period would be desirable.

Research Projects

In order to increase our knowledge of the grass-roots socio-economic conditions in the Far East it would be extremely useful if private funds could finance competently trained U.S. personnel to undertake relatively long-term regional and local surveys within all of the Far Eastern countries to which such personnel can be sent. Likewise comprehensive politico-economic appraisal of each country undertaken by non-official personnel are of use as they can be published and have wide and beneficial circulation not only in this country but in the countries concerned. Any private funds used to support individuals or groups undertaking such surveys could be most helpful. The type

of information gathered would be of wide use within the Government in determining and appraising the utilization of Government funds for Point–4 and economic developmental projects.

792.5 MAP/3–950

Memorandum by the Secretary of State to the President [1]

TOP SECRET [WASHINGTON,] March 9, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Allocation of Funds to Provide Military Assistance to Thailand and Indochina under Section 303 of the Mutual Defense Assistance Act

The Department of State and the Department of Defense have agreed that a program of military assistance for Thailand and Indochina should be undertaken for the purpose of providing military equipment to assist in maintaining the security and independence of these countries against communist aggression from without and subversive activities from within. (Annexes A and B, attached, give supporting background prepared by the Department of State.) In reaching this conclusion, the two Departments are aware that the major responsibility for attaining the objectives of the program rests with the recipient governments, and not with the United States. However, it is clear that supplemental military matériel assistance from the United States is required. The duration of such assistance, and the total cost thereof, is not now known. The National Security Council is presently considering this question, with a view to estimating the probable overall magnitude and duration of United States assistance to Southeast Asia.

The staffs of the two Departments have estimated that funds in the amount of $25 million for Thailand and Indochina are needed as initial installments for this purpose, this sum to be divided approximately $10 million for Thailand and $15 million for Indochina. The two Departments believe that for urgent political considerations military equipment should be made available as quickly as possible and propose that the funds mentioned above be provided under the authority of Section 303 of the Mutual Defense Assistance Act of 1949.

While the general objectives of the proposed programs of military assistance have been jointly agreed upon between the two Departments, the exact details of the programs have not as yet been formulated by the staffs of the interested agencies. It is accordingly requested that

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[1] Concurred in by the Secretary of Defense on March 6.

the President at this time approve military assistance to Thailand and to Indochina, and that $25 million be reserved for this purpose under Section 303 of the Mutual Defense Assistance Act.[2] It is proposed that this assistance be administered by the Secretary of State under the provisions of Executive Order No. 10999 [*10099*] of January 27, 1950.[3]

In addition to the aforementioned programs for military assistance, the Secretary of Defense recommended to you on February 15, 1950, the allocation of $6,524,721 to accomplish the improvement of airfields in Japan.

The Departments of State and Defense are also considering under Section 303 of Public Law 329 a proposed program of supplementary military assistance to Korea in the approximate amount of $9,800,000 which is additional to the program authorized as a part of the regular Mutual Defense Assistance Program. This latter sum is needed to provide a further strengthening of the security of that republic against communist encroachment, both internal and external.

The Department of State is also developing the details of a program to provide assistance to Burma to hasten the development on the part of the Burmese of a national capability for maintaining their independence. Tentative plans for use of Section 303 funds in this connection include a project to furnish ten patrol vessels for use on the Irrawaddy River to enable the Burmese Government to keep that river clear of rebel forces which have hitherto prevented a free exchange of goods between the northern and southern parts of the country. The cost of this proposed project is estimated at $3.5 million. In addition, other tentative plans are under consideration to provide assistance to Burma. These are not yet developed to a point where it is possible to give an estimate of their total cost.

In summary, the aforementioned programs for Thailand and Indochina, for which authorization is requested herein, together with the initial allocation of $5 million which you have already approved to provide equipment for the Indonesian constabulary, will result in a total authorization, when approved, of $30 million. The above-

[2] On March 10, President Truman approved the request. His letter to Secretary Acheson read as follows:

"I have considered your memorandum of March 9, 1950, requesting that $25,000,000 be reserved to provide military assistance to Thailand and Indo-China from funds available under section 303 of the Mutual Defense Assistance Act of 1949.

"I approve the principle of furnishing military aid to these nations, and have initially reserved $25,000,000 for this purpose. It is my desire that when definite programs of assistance have been developed, the request for an allocation of funds be submitted to me through the Director of the Bureau of the Budget." (792.56/3–1050)

[3] Executive Order No. 10099 provided for the administration of the Mutual Defense Assistance Act of 1949 (15 *Fed. Reg.* 499).

mentioned projects for Japan, Korea and Burma will, if approved, be in excess of $20 million.

DEAN ACHESON

Annex A

Paper Prepared in the Department of State

SECRET [WASHINGTON, undated.]

MILITARY ASSISTANCE TO THAILAND

We are recommending immediate military aid to Thailand because of the serious internal communist threat to it brought about by communists within the nation who are being strengthened daily by events favorable to communism occurring on all of Thailand's borders.

The Thai Government has publicly declared itself in opposition to communism and has sought to align the Thai nation with those nations opposing the advances of communism. Military assistance is needed by Thailand to enable it to oppose communist advances.

Externally, Chinese and Vietnamese communist-led forces are in control of the areas to the north and east of Thailand. It is believed that the Vietnamese communist leader, Ho Chi Minh, is being materially strengthened by the Communist Chinese. Chinese communist forces have infiltrated northeastern Burma on the northern frontier of Thailand and are threatening the security of that area. Burma itself is kept in a turmoil by communist forces which are presently in action along the western border of Thailand. In Malaya on the south, there are strong Chinese communist-led guerrilla bands which are presently in revolt against the British authorities and whose principal sphere of action lies along the Malaya-Thailand border. As communist forces in neighboring parts of Asia are victorious, it seems certain that these forces surrounding Thailand will be able to bring greater pressure to bear, especially through the communists already in Thailand, to align Thailand with the communists.

Internally, Thailand is threatened by Chinese communists who are attempting to gain control of the more than three million Chinese there. The Chinese within the nation are strongly armed and are unfriendly to the declared intentions of the Thai Government. Some Thai political elements are showing evidence of preparing to swing over to the communist side if the pressure should become too great. It is clearly apparent that unless Thailand is given military assistance it cannot hold out against communist pressure. A sample of such pres-

sure is the strong protest reportedly made by the Chinese Communist Vice Foreign Minister, Li Ken Nung, to the Thai Government demanding the end of oppression of Chinese in Thailand and requiring the immediate release of Chinese in prison with guarantees of no further mistreatment.

If Thailand should be lost to the communists, then it would be unlikely that Malaya could be held. This would mean that from Korea to India, there would be no place on the Asian mainland where the United States would have an open friend and ally. Furthermore, there would be no place on the Asian mainland in that area where U.S. policy could be freely expressed as at present. In addition, the United States would lose its last independent listening post in the area. Aside from these political considerations, it is probable that the United States would be unable to secure such strategic materials as tungsten, tin, and rubber in their present quantities. It is clear, therefore, that it is of considerable political and economic importance to the United States to support Thailand with military aid in opposition to the forces of communism.

Annex B

Paper Prepared in the Department of State

TOP SECRET [WASHINGTON, undated.]

MILITARY ASSISTANCE FOR INDOCHINA

Immediate military assistance for Indochina is recommended because of the communist threat to the newly created States of Vietnam, Laos and Cambodia, resulting from the existence of an obviously Russian-sponsored communist anti-government force under Ho Chi Minh, which is in conflict with the legal government for control of Vietnam.

On February 7, 1950, the United States extended diplomatic recognition to Vietnam, Laos and Cambodia, This action followed British recognition and many other anti-communist nations of the world are expected to take similar action. Since USSR, Communist China and several other Soviet satellites have recognized the communist movement of Ho Chi Minh as the legal government of Vietnam, the issue becomes more clearly defined as an anti-communist versus communist effort.

The whole of Southeast Asia is in danger of falling under communist domination. The countries in the area of Southeast Asia are not at present in a position to form a regional organization for self-

defense, nor are they capable of defending themselves against military aggression without the aid of the great powers. Despite their lack of military strength, however, there is a will on the part of the legal governments of Indochina toward nationalism and a will to resist whatever aims at destroying that nationalism.

The French are irrevocably committed in Indochina and are supporting the three states as a move aimed at achieving non-communist political stability. The failure of the French-sponsored governments of the three states therefore would mean the communization of Indochina under Ho Chi Minh, a Moscow-trained communist. The choice confronting the United States is to support the legal governments in Indochina or to face the extension of communism over the remainder of the continental area of Southeast Asia and possibly farther westward. We would then be obligated to make staggering investments in that part of Southeast Asia remaining outside of communist domination or to withdraw to a much contracted Pacific line of defense.

France needs aid in its protection of the legally constituted anti-communist States in Indochina. We know from the complex circumstances involved that the French will make every possible effort to prevent the victory of communism in Indochina and consequently in Southeast Asia. We would, accordingly, be backing a determined protagonist. The French military leaders are soberly convinced that, in the absence of a mass invasion from Red China, the French could be successful in their support of the anti-communist government in Indochina. French, native and colonial troops are presently engaged in military operations in Indochina aimed at defying the southward expansion of communism from Red China and of destroying its power in Indochina. The military aid which it is proposed to furnish in support of the anti-communist governments of Indochina would be tailored to meet materiel deficiencies toward which the United States can make an effective contribution.

The urgency of the need for immediate military assistance is reflected by the ease with which communist-supplied arms and even troops may now pass across the China–Tonkin border. With this assistance, Ho Chi Minh's forces present a more immediate and dangerous threat to the existence of non-communist governments in Indochina. By taking advantage of an already existing guerrilla army within Indochina, the potential invader may avoid the consequences of border violations but still actively advance the communist cause. It is to help contain this pseudo-nationalist form of invasion that immediate aid is recommended under the provisions of Section 303 of the Mutual Defense Assistance Act of 1949.

790.5/3–1050 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, March 10, 1950—5 p. m.

71. Embtel 67 March 10.[1] In speech in Parliament last night Spender went all out in support of a Pacific pact stating he meant "a defensive military arrangement" based on firm agreement between countries with vital interest in stability of Asia and Pacific and "which are at same time capable undertaking military commitments. I would like to think that Australia, UK and I fervently hope other Commonwealth countries might form a nucleus and that such other countries as might wish to do so should be given opportunity associating themselves with it". "I have in mind, particularly, the US whose participation would give such a pact substance it would otherwise lack. Indeed it would be rather meaningless without her".

Burton told Foster[2] today that in view foregoing and of Acheson's statement yesterday before House Committee[3] (reported in Australian press) Spender plans ask me next Tuesday or Wednesday[4] following questions:

(1) What measures taken by Australia would US regard as constituting real initiative for creation of pact?

(2) Supposing Australia takes such measures and fails gain adequate response from other Pacific countries, what would US do then? Would US feel compelled leave Australia out on limb or would she take steps try save situation?

Having in mind Deptel 34 February 25, Foster asked Burton casually as "purely personal question" whether he had ever considered possibility US might feel initiative should come from a country such as Thailand or Indonesia, thereby depriving Communists of chance to claim British imperialism or European colonialism was motivation. Burton seemed clearly taken by surprise and said Australia had never considered this. On contrary she regarded herself as one of the countries from which the initiative for a pacific pact might reasonably come.

Please instruct soonest.

JARMAN

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[1] Not printed. For an extract from the address, see Spender, *Exercises in Diplomacy*, pp. 16–17.

[2] Andrew B. Foster, Counselor of the Embassy in Australia.

[3] Reference is to testimony by the Secretary of State before the House Foreign Affairs Committee on March 8.

[4] March 14–15.

790.00/4–1850

Record of the Conversation Between the Ambassador at Large (Jessup) and Representatives of the British Foreign Office, London, March 11, 1950 [1]

SECRET

Japan

Mr. Dening [2] opened the conversation by reviewing the discussions at Colombo dealing with a Japanese Peace Treaty.[3] He said that it had been hoped that there would be available an American Paper on a Peace Treaty which would serve as a basis for deliberation. Failure to receive this Paper had hampered any constructive work on this topic at Colombo. Nevertheless, it was decided to establish a working party in London comprising representatives of the various Commonwealth Governments. On March 10 the British Government had received an inquiry from Australia asking them when the working party was prepared to begin discussions, and likewise the Government was faced with questions in Parliament with regard to a Japanese Peace Treaty. Some useful work could be done in digesting a Paper prepared at the Colombo Conference, but the failure to receive an American Paper was causing increasing embarrassment.

Dr. Jessup said that he had discussed with Nehru certain questions of procedure. According to Nehru, India was quite prepared to negotiate a Treaty without the Soviet Union and the Chinese Government, once those nations refused to participate. Dr. Jessup said he had raised with Nehru the question of how we could get over the initial difficulty of inviting the Chinese Communist Government to a Peace Conference. Nehru indicated that he would consider in a very different light the stationing of American troops in Japan under an agreement freely entered into by Japan, from the continuation of American occupation forces on the present basis.

Mr. Holmes [4] inquired whether the position of Japan as a trading nation had been given adequate consideration. He said that if an attempt were made to close to Japan Southeast Asia as a market and

[1] This memorandum, drafted by Arthur R. Ringwalt, First Secretary of the Embassy in the United Kingdom, was transmitted to Washington in despatch No. 1935, April 18, not printed (790.00/4–1850). It constituted a revision of the memorandum transmitted to the Department of State in despatch No. 1218, March 14, not printed (790.00/3–1450), in light of comments by Ambassador Jessup transmitted to the Embassy in instruction No. 139, March 29, not printed (790.00/3–1450).

[2] Sir Esler Dening, British Assistant Under Secretary of State for Foreign Affairs.

[3] For documentation on the preparation of a peace treaty for Japan, see pp. 1109 ff.

[4] Julius C. Holmes, Minister in the Embassy in the United Kingdom.

a source of food supply, the Japanese would have no recourse but to look elsewhere for assistance. Mr. Dening replied that it was recognized that renewed Japanese industrial competition would have to be accepted provided, of course, competition were fair and unsubsidized. Dr. Jessup said that he found both India and Pakistan quite receptive to the revival of Japan as a trading nation. It was generally agreed that of the nations in Asia, only Malaya, Australia, New Zealand and the Philippines remained anti-Japanese. Dr. Jessup pointed out that notwithstanding anti-Japanese sentiment in the Philippines, Japanese trade with the Islands was developing rapidly. There was general concurrence in the thought that anti-Japanese feeling would remain a political football in Australia for some time to come.

A Pacific Pact

In reply to a question from Dr. Jessup, Mr. Dening stated that, in his opinion, Australia would feel secure without a Pacific Pact, modeled on the North Atlantic Pact, if it could be reassured that American authority would remain in the area. Mr. Dening expressed the opinion that India's well-known posture as a neutral in the cold war made her participation in an Asian Pacific Pact out of the question and that without India such a Pact would be valueless. However, he felt that India could likely be brought into the picture through the implementation of the Spender Plan.[5]

Indochina

Mr. Dening mentioned the conversations held in London on March 7 between the French and British Foreign Ministers at the time of the visit of the President of France. He said that responsive to an inquiry from Mr. Bevin,[6] Mr. Schuman [7] had reviewed developments since the recognition by Great Britain of the three new States of Indochina, as follows:

(*a*) It had been definitely decided progressively to increase Bao Dai's authority;

(*b*) It had been decided to authorize Bao Dai to send representatives to Washington and London;

(*c*) The administration of Indochina will be transferred in the near future to a new Ministry probably modeled after the Commonwealth Relations Office;

(*d*) Bao Dai should be considered the principal obstacle to the

[5] Reference is to the program for extending economic assistance to countries of South and Southeast Asia, submitted by Percy C. Spender, Australian Minister for External Affairs, at the Colombo Conference of British Commonwealth Foreign Ministers, January 9–14, 1950.

[6] Ernest Bevin, British Secretary of State for Foreign Affairs.

[7] Robert Schuman, French Minister of Foreign Affairs.

spread of Communism in Indochina. The French are finding it difficult to maintain their position in Indochina and are drawing heavily on European sources. The United States, as well as the United Kingdom, had been asked for military supplies. (Embassy's telegram 1326, March 9, repeated Paris 380.[8])

Ambassador Jessup expressed the view that in the long run the best results could be obtained in Indochina by winning over the followers of Ho Chi-minh rather than by shooting them. He said that he had asked DuGuardier [9] and General Alessandri [10] whether it would not be advisable for the French to allow the Vietnam forces their own Officers and that DuGuardier had replied that the French would like nothing better. DuGuardier could not state for sure, however, whether the Vietnam authorities were aware of this. Ambassador Jessup said that the Indian representatives in Vietnam had been sending prejudiced reports and that these had carried weight throughout Southeast Asia. The Southeast Asian countries had not had their own representatives there and had no first-hand knowledge. He felt it would be useful if some of these other countries sent their own observers. It was then noted that in conjunction with the Siamese recognition they had decided to send a mission.

Dr. Jessup stated that he was favorably impressed with Bao Dai and some of his personnel. He inquired as to the advisability of suggesting to the Vatican that it exert its influence in the Catholic areas of Indochina with a view to winning over the Catholics to Bao Dai. He said that his conversation with the Catholic priests there indicated that they took rather a gloomy view of the progress already made in winning over the Annamite Catholics to the side of Bao Dai.

It was the general impression that the French had handled very badly their publicity with regard to recent developments in Indochina and that thought should be given to this problem by the British and American Governments.

In reply to a question by Dr. Jessup as to the possibility of other Asiatic States recognizing Laos and Cambodia, Mr. Dening felt that as yet Asiatic States were hardly Laos- and Cambodia-conscious. Mr. Holmes suggested that if tension in Kashmir were to die down, perhaps Pakistan might be persuaded to recognize Bao Dai and that the Indians would be less inclined to be unfriendly.

India-Pakistan Quarrels

Dr. Jessup inquired whether, if the India and Pakistan Governments were jointly to accept the Security Council's resolution on

[8] Not printed.

[9] Roger Robert du Gardier, Diplomatic Counselor to the French High Commissioner in Indochina.

[10] Gen. Marcel Alessandri, Commander of French troops in northern Vietnam.

Kashmir,[11] it would be possible to move in on the economic issues. Mr. Dening said that at Colombo there was an attempt to discuss economic issues, but it seemed that the financial delegates from these two Governments were of too low rank adequately to represent the views of their respective Governments. He recalled that in conversations with Assistant Secretary of State McGhee in Washington, it was suggested that the question of water rights be placed on a technical basis and divorced from political issues. Sir William[12] expressed relief that the Indians had been less intractable on Kashmir than had been feared would be the case. Mr. Dening likewise seemed to feel there might be some ground for encouragement in that Nehru and Liaquat were finally in touch with each other, and said that for the first time in months there appeared to be a ray of hope. Dr. Jessup quoted Ambassador Henderson as stating that Liaquat's failure to accept Nehru's invitation to tour the troubled areas was based largely on a fear that Nehru would hold the center of the stage.

Burma

Dr. Jessup mentioned that while he was in Burma he had discussed the question of the Commonwealth loan. He remarked that the Burmese were very suspicious of British intentions toward Burma and that they had suggested that the United Kingdom might be trying to manoeuvre them into an agreement to lower the price of rice and to enter into negotiations with the Kirins [*sic*]. Mr. Dening complained that the Burmese habitually make unlimited demands for military supplies, but refuse to indicate the end use for these supplies. He said the United Kingdom had no desire to see arms supplied by it fall into the hands of the Kirins [*sic*]. He pointed out that it was inevitable for consumer countries to try to keep the price of Burmese rice within reason and that the ultimate aim of all such nations was a lowering of the price of rice through increased production. Dr. Jessup pointed out that production would increase as pacification of the country progressed.

Communist Penetration

Dr. Jessup mentioned the Burmese fear of Chinese Communist penetration via Tibet. He said that Chinese imperialism was probably more feared by the nations of Southeast Asia than Chinese Communism and that the traditional imperialistic tendencies of the Chinese, Nationalist or Communist, might be a useful subject for publicity. Mr. Dening suggested that Chinese Communists might overplay their

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[11] Documentation on the Kashmir dispute is scheduled for publication in volume v.

[12] Sir William Strang, British Permanent Under Secretary of State for Foreign Affairs.

hand in Southeast Asia, with resultant anti-Chinese feeling which would possibly develop into anti-Communism. He said that India and Pakistan were also worried about Tibet whose capture by the Chinese Communists would facilitate Communist penetration into the Indian Peninsula. The Indians were very much concerned over Communist penetration of Nepal. Dr. Jessup pointed out that the Indians felt that the Nepalese political refugees might turn to China for help in gaining control of the Government in Nepal because the Indian Government had refused to give them such assistance. This would not be because of any pro-Communist affiliation but merely to get some foreign support. Mr. Dening concurred, stating that the Nepalese Ambassador in London had indicated that what Nepal feared was an invasion from the South rather than from the North.

China

Mr. Dening expressed the opinion that the Chinese Communists were attempting to delay entry into diplomatic relations with the United Kingdom for as long as possible and said that the United Kingdom, for its part, does not wish to indicate over-eagerness on this point. He said that Hong Kong would not experience too much difficulty in holding out against a military attack and it could sustain indefinitely an economic blockade. He said there was evidence that some of the deported ring-leaders of the recent labor disturbance in Hong Kong were Communist agents.

With regard to the Sino-Soviet Treaty,[13] he pointed out that, if in 1952 Port Arthur and Dairen were handed back to the Chinese Government, this would serve as a precedent for a Chinese demand to return Hong Kong and Macao. He said that his Government had no concrete evidence of friction between the Chinese and Russian Governments. In his opinion, the Treaty was, on the one hand, a propaganda success for the Soviet Union and, on the other hand, a tactical success for the Chinese Communists. He suggested that there were possibilities for the development of friction between the two Governments and said that the date of 1952 could have been selected for no reason other than as the end of a waiting period to see how the Chinese Communists would behave.

Spender Plan

With regard to the plan developed at Colombo for the economic rehabilitation of South and Southeast Asia, Mr. Dening stated that the program adopted was based on an amalgamation of Ceylon's ten-year plan and the so-called Spender Plan. What was proposed was a

[13] Reference is to the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance, signed in Moscow on February 14, 1950; for text, see *United Nations Treaty Series*, vol. 226, pp. 3 ff. For information on the treaty and other documentation on Sino-Soviet relations, see pp. 256 ff.

joint examination of the economic problems of the area at a meeting in May at Canberra. The British proposal to participate in this meeting had been submitted to the Cabinet for decision. He expressed the fear that at Canberra the various participating Commonwealth nations would be divided into the Asiatic "have-nots" and the European "haves"—a tendency which, if unchecked, might lead to serious East-West conflict. He said that India, Pakistan and Ceylon would be asked to produce a paper showing their present economic situation, what they are doing about it, and what outside assistance they need to carry out their programs for reconstruction. Thereafter the Commonwealth Governments might consider what they could do in Southeast Asia as a whole and then what could be done to fill in the gaps. He said that closely associated with this problem was the problem of sterling balances which was now being discussed in Washington.

He said that short-term problems would have to be handled on an *ad hoc* basis. However, he pointed out that Communism is an immediate issue and reconstruction is a long-term problem. Nevertheless, even an integrated plan for economic improvement, adequately publicized, will tend to stabilize the Governments now in power.

Mr. Dening admitted the possibility that as a result of the Canberra Conference, the United States would be presented with a staggering bill. However, Mr. Dening said, the United Kingdom was approaching the problem realistically.

American Regional Head for Southeast Asia

Mr. Dening said that he had mentioned to Mr. Butterworth during the latter's recent visit to London [14] the possibility of appointing an American Regional Head for Southeast Asia who would be endowed with powers similar to those of Malcolm MacDonald who would work in close conjunction with him. He said it was realized that there might be practical difficulties in the way of such an appointment, such as the sensibilities of American officials in the area.

Afghanistan [15]

With reference to the Afghanistan–Pakistan dispute, Mr. Scott [16] mentioned that the Commonwealth Relations Office had just sent a telegram to its High Commissioner in Karachi asking him to inquire of Liaquat whether Pakistan considered that approaches to the Afghan Government by the British Government and perhaps by other Governments would serve a useful purpose. In the event of a favorable reply, the Foreign Office will be prepared to discuss any such approaches with the United States and other Governments concerned.

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[14] See footnote 2, p. 19.

[15] Documentation on Afghanistan is scheduled for publication in volume v.

[16] Robert H. Scott, Head of the Southeast Asia Department, British Foreign Office.

790.5 MAP/3–1150

Memorandum by the Deputy Director of the Mutual Defense Assistance Program (Ohly) to the Deputy Under Secretary of State for Political Affairs (Rusk)

TOP SECRET [WASHINGTON,] March 11, 1950.

MILITARY ASSISTANCE PROGRAMS FOR THE FAR EAST AND THEIR PRIORITY IN RELATION TO OTHER PROGRAMS

I am becoming increasingly concerned over the following developments which have occurred during recent weeks in connection with the Department's consideration of various military aid programs for the Far East:

(1) The apparent belief of many in the Department that the programs under consideration can be firmed up and physically implemented within any short period of time. This belief is also reflected in despatches from personnel in the field, particularly those from Paris, Saigon, and the members of the so-called Griffin Mission.

(2) The extent to which possible recipients of military aid are being led to believe that they will receive aid quickly and in large amounts.

(3) The apparent belief in the Department that the requirements of Far Eastern military aid programs can be met without serious effects on the rate of delivery of goods under programs for North Atlantic Treaty countries, Turkey, Greece, Iran, and the Philippines.

(4) The failure to face squarely the issue as to priorities from a delivery standpoint of the proposed Far Eastern programs in relation to other MDAP programs.

I think it is imperative to disabuse our own personnel, both here and abroad, of any belief that early deliveries can be anticipated under the programs now under consideration. Programs cannot be developed without a minimum of information, and in many instances reliable information is lacking. It takes time to get this information and it takes time to develop a program when this information has been received. Not the least time-consuming feature of programming is the necessity of determining, from an examination of service stocks, what equipment is available to meet a recipient nation's requirements. This is a complicated process and the time elements involved can best be illustrated by the fact that although MDAP legislation was enacted late in 1949, we are just now receiving firm programs from the Department of Defense. Even when a program has been approved and processed through the Bureau of the Budget, there follows the long process of actual supply. This may involve, successively, rehabilitation (and the letting of contracts for, or the employment of personnel in connection with, such rehabilitation), packing and crating, inland

transport and ocean transport. Shortcuts are possible up to a point, but usually only at the expense of regular Defense activities or other MDAP programs. Thus, contrary to the apparently widespread belief, the submission of a list of desired equipment by a nation, followed by a decision to assist that nation, does not ordinarily result in the delivery dockside in Saigon, or some other Asian port, of any or all of the equipment asked for in any period such as 30 to 60 days. We had best revise our calculations and plans to accord with these hard facts.

Because of the foregoing misconceptions, I have the impression that the actions of our representatives abroad have given rise to expectations on the part of other nations which are wholly unjustified by the facts. I believe this is a dangerous situation. We cannot fulfill these expectations, and I visualize serious political repercussions when this fact becomes apparent to them. I get the feeling that bad as the situation may be in Southeast Asia, we are generating unnecessary additional problems for ourselves by giving the impression that large amounts of military aid are practically on the way.

Although long delays will result, under any circumstances, before currently proposed Far Eastern programs result in actual deliveries, the length of these delays can be cut down if, but only if, we are prepared to sacrifice delivery rates for other current MDAP programs. Present matériel availabilities, as well as the existing limited capabilities of depots, modification centers, etc., to do work incident to military assistance programs, makes such a result inevitable. While I express no view as to the priority of the several Far Eastern programs in relation to other military assistance programs, I do want to point out that this issue must be faced quickly by the Department of State, and, subsequently, by the Department of State in conjunction with the Department of Defense. Satisfactory programming by Defense will be contingent on these priority determinations, since the ability to supply the goods required will often depend upon whether they are to be taken out of other competing programs.

I believe that you should give the problems set forth above your urgent personal consideration.

398.00 BA/3–1350 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, March 13, 1950—noon.

72. Burton discussed with Foster the meeting of Intergovernmental Committee of Commonwealth Countries arising out of Colombo Conference and scheduled for mid-May in Australia possibly at Jervis

Bay.[1] Said Australia desired keep US Government closely informed of committee's work and would appreciate learning whether US would be interested in assigning an officer to attend informally as observer. Stressed that this suggestion carried no intent to draw US into substance of conference.

Burton added that Australia considered it would be mistake invite non-Commonwealth SEA countries participate this stage since they would be on receiving end economic aid and their presence would hopelessly complicate discussions and plans governments represented at meeting. Fact they were not being invited, debarred Australia from extending formal invitation to US to attend even if US willing accept such formal invitation.

Foster asked whether Australia had yet had any reaction from Manila concerning proposal that Baguio Conference be transferred to Australia and tied in with Intergovernmental Committee meeting (Embtel 62, March 2).[2]

Burton said no, but Spender planned goodwill visit Manila end of March and hopes this would placate Filipinos. Added in strictest confidence that Australians present thinking is to suggest to other Commonwealth countries represented at Intergovernmental meeting that they "exchange views" on a possible Pacific pact. Since India might balk on this, suggestion would be withheld until meeting fully arranged and India's participation assured.

We consider it would be useful send Sturm[3] to meeting, it being clearly understood by Australian and other governments that he was there only as informal observer and that his presence would not in any sense involve US meeting. On assumption Department does not wish at this stage be drawn into these economic discussions and plans for SEA, Embassy recommends against sending an officer from Washington since this could not fail be construed as direct and substantial participation by US.

Please instruct.

Sent Department 72; pouched Wellington, New Delhi, Colombo, Karachi, Manila, Rangoon, Ottawa, Department pass London.

JARMAN

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[1] The Commonwealth Consultative Committee met in Sydney from May 15 to May 20, 1950. For information on efforts to promote the economic development of South and Southeast Asia originating with the Colombo Conference of Commonwealth Foreign Ministers in January 1950, see Great Britain, Chancellor of the Exchequer, *The Colombo Plan for Co-operative Economic Development in South and South-East Asia, Report by the Commonwealth Consultative Committee, London, September–October, 1950* (Cmd. 8080) (London: His Majesty's Stationery Office, 1950).

[2] Not printed.

[3] Paul J. Sturm, Second Secretary of the Embassy in Australia.

790.5 MAP/3–1450

Memorandum of Conversation, by the Politico-Military Adviser, Bureau of Near Eastern, South Asian, and African Affairs (Robertson)

SECRET [WASHINGTON,] March 14, 1950.

Subject: Section 303 Projects.

Participants: *State*

WEA—Mr. Elbert G. Mathews [1]
NEA—Mr. David A. Robertson
SOA—Mr. Donald D. Kennedy [2]
O—Mr. Nolting
SOA—Mr. William S. B. Lacy
S/MDA—Mr. John O. Bell
S/MDA—Mr. Willard Galbraith

Defense

OSD—Capt. A. C. Murdaugh [3]
OSD—Mr. K. T. Young [4]

Problem

To expedite action on military aid programs of Burma, Indochina, and Thailand under Section 303, Mutual Defense Assistance Act of 1949.

Action Required

a. Obtain concurrence of Defense and approval of the President for proposed Burma projects.

b. Obtain President's approval of specific programs for Indochina and Thailand.

c. Broaden the terms of reference of NSC 64.[5]

Action Assigned to

O, SOA, PSA.

Discussion

Captain Murdaugh and Mr. Young of the Department of Defense called at the State Department on March 14 at their request to discuss 303 programs with the above mentioned parties.

Captain Murdaugh, who attended the Bangkok conference as representative of the Department of Defense, reported that he was very

[1] Director of the Office of South Asian Affairs.
[2] Deputy Director of the Office of South Asian Affairs.
[3] Assistant Director of the Office of Military Affairs, Department of Defense.
[4] Adviser on the Far East, Office of Military Affairs, Department of Defense.
[5] For the text of NSC 64, "The Position of the United States With Respect to Indochina," a report to the National Security Council by the Department of State, February 27, 1950, see p. 744.

much impressed with the seriousness of the situations in Indochina and Burma and the urgent need for taking prompt action to save these countries. The cold war, in his opinion, was hot in both countries. Thailand was in a slightly better condition but its position would be seriously jeopardized if Indochina or Burma were lost to communism.

He mentioned that NSC 64, which had been prepared to cover Indochina, was being broadened on an area basis by the Office of the Secretary of Defense to also include Burma, Malaya and Thailand before being sent to the Joint Chiefs for consideration. Mr. Mathews expressed appreciation for receiving this information and suggested that Mr. Kennedy discuss with Mr. Lacy the possibility of taking parallel action in the State Department.

Mr. Lacy pointed out that in a very recent message, the French had attached first priority to obtaining five C–54's and a supply of 37-mm ammunition for Indochina.[6] He stated that the C–54's were particularly important as they were badly needed for the movement of matériel and manpower to strategic points in Indochina.

Mr. Nolting stated that programs of $15 million for Indochina and $10 million for Thailand had been approved in principle by the President subject to specific programs being submitted for these countries. When it was indicated that the French were asking for a much larger program for Indochina, he pointed out that these sums could be considered as initial installments. When the question was raised as to what action would be taken if items sought under these programs were in conflict with those needed for Europe or elsewhere he replied that Mr. Rusk would decide for the State Department where specific equipment should go and the fact that countries of Western Europe may have a higher priority would not necessarily mean that their entire requirements would be satisfied before shipments could be made to countries in South and Southeast Asia. The Department's position on such items short in supply would be coordinated with that of Defense and in the event of any difference of opinion the matter may have to be referred to the President.

Mr. Nolting raised the question as to whether conditions were sufficiently serious in South and Southeast Asia as to warrant token shipments. Captain Murdaugh and Mr. Young replied that it was a matter of urgency that token shipments of military equipment be sent to Indochina and Burma at the earliest possible date as the arrival of such equipment would be interpreted as concrete evidence of our support and interest in the existing governments of these countries. Messrs. Lacy, Mathews, Kennedy and Robertson concurred in this view and stressed the urgency time-wise in arranging for token shipments. Mr. Kennedy stated it may be more important to provide Burma with a $5

[6] For documentation on French requests for military aid, see pp. 690 ff.

million program now than a $50 million program one year hence. However, he cautioned that our role should continue to be one of complementing British efforts who traditionally have supplied arms to Burma; we should not lose sight of the fact that the British have the primary responsibility for Burmese requirements. Mr. Lacy said that we must similarly keep the French in a position of responsibility in Indochina and not let them pass the buck to us.

Mr. Kennedy outlined the existing situation in Burma. He stated that while the present government has many weaknesses it is the best that can be found. The government is confronted by a number of rebellious factions in two of which the communists play a leading role. It is believed that with the ten small craft included in the proposed river boat project the government will be able to clean up insurgent pockets along the river, instill confidence in the people so that workers will return to the fields thereby enabling an increase in production from the present rate of 800,000 tons to some 1,500,000 tons by next year. The government's efforts in this direction are limited both by the number of boats on hand and trained crews. The training of qualified personnel may be a limiting factor in furnishing the new equipment. The government is also actively dealing with other troubled areas. Its troops have taken the second best stronghold of the Karens and are within 25 miles of the Karen capital of Toungoo. Troops dispatched by air to Kengtung have given positive evidence of the desire of the government to control that area.[7]

Mr. Bell indicated that he was concerned over the piece-meal or *ad hoc* approach as evidenced by the proposed Section 303 projects submitted to date. He felt that it would be necessary to go into fairly detailed programming before it could be hoped to get funds allocated. Mr. Mathews replied that he understood the purpose of Section 303 was to make funds available for providing any form of aid considered necessary to meet rapidly developing emergency situations which could not be foreseen in sufficient time to permit programming in advance. Mr. Lacy most emphatically emphasized that his office had no alternative to pressing for the earliest possible approval of projects designed to strengthen the countries of Southeast Asia.

After the meeting Mr. Nolting gave Captain Murdaugh and Mr. Young a copy of the Burma program as prepared in SOA, indicating that the river patrol project had been presented before FMACC on Thursday, March 9, for clearance with Defense and that he would appreciate if they would clear in Defense the non-military items of the program. Mr. Young indicated that there may be some criticism in Defense and possibly in Congress of the rodent control program.

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[7] For documentation on United States policy toward Burma, see pp. 229 ff.

890.00R/3–1650

Memorandum by the Officer in Charge of Economic Affairs, Office of Philippine and Southeast Asian Affairs (Shohan), to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

SECRET [WASHINGTON,] March 16, 1950.

Subject: Economic Problems in South and Southeast Asia

Mr. John B. Nason [1] of the ECA has asked that I make available to him in memorandum form the substance of a discussion I had with him on March 6.[2] At that time I made the following comments on the economic position of countries in the "general area of China".

General Observations: Each of the countries is in quite different economic circumstances and stands in a separate and unique relation to possible United States economic aid. Therefore, it is best to summarize first the position of each country and to conclude with general observations on the entire area. Since British dependent territories are under ERP, they need not be discussed.

(1) *Philippines:* The Department believes that Philippine economic problems are primarily problems of internal management and development of their resources, involving particularly emphasis on agricultural development and possible agrarian reforms, and on fiscal policies and their administration. Without determined efforts by the Philippines to attack these problems, there is nothing United States financial aid can do without encouraging the dangerous illusion that they can become permanent pensioners of this country. Technical advice from the United States can be of assistance, although the major problems and major lines of attack upon them are reasonably well-known to many Filipinos. Economic assistance from the United States cannot replace or itself produce good management, nor is it needed in large sums for agricultural development. In any event, agricultural development in such peasant economy is necessarily a longish-run affair, and cannot be counted upon to produce substantial results in the short run.

However, we may find it desirable and necessary to assist the Philippines in order to make it politically possible for its Administration to undertake necessary measures of internal reform. This will, however, depend upon proper undertakings by the Philippine Government. Both governments have agreed to the despatch of a U.S. mission to the Philippines in the near future to survey the problem and make specific recommendations for governmental action. The Department proposes to avoid any indication of our preparedness or willingness to grant economic assistance of the sort familiar to the ECA until this mission has completed its survey and until we have exhausted every possibility of getting the Philippine Government to take action on its own. In fact, the outlines of a program of economic assistance have been blocked out, which on a maximum basis would not require the expenditure of more than $20 million during its first year of operation.

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[1] Director, Division of China Program, Economic Cooperation Administration.

[2] Shohan transmitted a copy of this memorandum to Nason on March 24.

Actually there is some doubt whether the economic position of the Philippines would require even this expenditure from any economic or political viewpoint except that of gaining adherence by the Philippine Government to a program of sound management.

(2) *Indonesia:* The Department believes that Indonesia can pay its own way, and can and should primarily rely on Dutch technicians (except probably on broad policy matters). Balance of payments estimates indicate that on the present austere level Indonesia can maintain a viable economy without dollar loans. In fact, small dollar surpluses are envisaged. Her desirable reconstruction needs, however, appear to require dollar loan assistance. Her payment problems are largely with soft currency areas, and particularly with the Netherlands. We expect the Dutch to make extensive offers of credit, if for no other reason than to protect her investments. Essentially, the Dutch would be doing little more than financing current out-payments to Dutch nationals. We would expect considerable revival of trade between Indonesia and the Japanese, particularly in textiles, and are now working on the establishment of credit to this end. There is little doubt in any quarter that given reasonable political stability Indonesia has a wealth of productive and profitable investment opportunities, and little doubt as to her capacity to repay loans. This is borne out not only by the Export-Import Bank and Dutch offers of credit, but by offers the Indonesians are understood to have entertained from Belgian, French and Swiss sources.

We will, of course, be prepared to offer Indonesia technical assistance under Point Four. However, we cannot as a practical matter replace the many technically qualified Dutch in Indonesia and substitute for their intimate knowledge of local conditions. Nor as a political matter would we wish to. Without abstracting ourselves completely or wishing to appear disinterested, or neglecting our own interests, we must act in the light of our desire that the Netherlands-Indonesian Union succeed if it is at all possible.

(3) *Indochina:* We view the missing component in Indochina as political. Only as the Annamese are convinced that present or future French concessions satisfy their nationalist aspirations can there be a satisfactory political and military solution. With such a solution, we would expect Indochina's foreign economic position to improve rapidly and, in the fairly short-run, with little added equipment or outside aid. This is simply because their major export, rice, is even now being produced in far larger quantities than can be safely transported, milled, and shipped abroad. Furthermore, under reasonably stable conditions, it can be very readily produced, transported, milled and shipped abroad in still larger quantities.

Indochina's dollar deficit is at present fairly small (it is incorrectly exaggerated by taking Indochinese piastre figures and converting at the official rate of exchange). We may find it necessary to assist her, particularly as additional dollar imports may stimulate useful economic activity. True, this may not so much directly help Indochina as partly relieve the French of the financial burden they are incurring. This is, of course, not an unworthy objective, but it is definitely necessary that our economic aid to Indochina be an obvious and direct sign of our support of the three States. (The drain on the French economy through the maintenance of an artificial piastre-franc rate

is a critical economic problem which may have to be examined separately.)

It should be noted that as in the case of Indonesia the return of relative stability would result in considerably increased private or semi-public investment by the French, occasioned by the necessity of protecting their private investments.

The requirements and programs so urgently advanced by Bao Dai require largely local currency funds and therefore present mainly a problem of fiscal management. Therefore, we must keep an open mind on the possible need and desirability of giving Vietnam some budgetary assistance.

Possibilities of far-reaching intensive work on agricultural technology, through extension and demonstration work of the JCRR type, remain uncertain both as to practicability and necessity. French agricultural work had been fairly advanced before the war and some of it has been reconstituted. The areas in which it would be safe and desirable for American agricultural personnel to operate is a matter on which judgment cannot be passed at this time.

(4) *Thailand:* Thailand is in the soundest economic position of any country in the area. It has experienced continuing prosperity of a character unknown for 20 years. It has substantial gold reserves and relatively little inflation since 1946. Its currency and foreign exchange position is so sound that the International Monetary Fund is recommending that import controls and multiple exchange rates be dropped and the baht stabilized in terms of dollars. Its substantial loan applications before the IBRD are regarded as economically sound, although there may be some question of Thai ability to repay in dollars. With the cessation of dollar purchases of rice for relief programs, her dollar receipts will be smaller. Thailand should increasingly have recourse to trade with Japan, which can supply much of the equipment needed for implementation of the projects submitted to the IBRD.

The Department would be loath to see unnecessary and extravagant grants made to Thailand and similarly to see her encouraged to make use of other than normal credit sources. However, if massive aid programs to Southeast Asia were to become the order of the day it would be impossible to discriminate against Thailand and simple enough to transfer her present sound projects to any such program.

(5) *Burma:* The movement of Burmese agricultural and mineral resources depend upon and support Burma's river, rail and road transport systems. Before the war, these activities were financed, managed and operated largely by British and Indians, with very little development of Burmese capabilities for these functions. Since the war Burma's economy has been run down because of widespread insurrectionary activity and because of the new Burmese Government's program of nationalizing mineral resources, agricultural land and extractive industries.

If the political situation could be stabilized and if the Burmese Government were willing to permit prewar investors to reactivate their enterprises in Burma, it seems likely that a significant part of the economy would very quickly revive. The Burmese, however, will not be willing to permit the reestablishment on prewar terms of British firms

and Indian landlords. As Burmese capital and technical skills are insufficient for effective rehabilitation, there might exist under stabilized political conditions a possibility for effective U.S., UN and Commonwealth technical aid on a larger scale than is now contemplated, and for development and rehabilitation loans to the Burma Government.

Despite superficial similarities, Burma is in a somewhat different position from Indochina. Her territory is even more chopped up by civil war. There is no Russian recognized Kremlin-dominated "government". Burma is about to receive a sterling loan from the Commonwealth.

The basic problem now is to build up Burmese willingness to make an aggressive effort to solve their own internal problems and to make use of technical and military advice from the U.K. and the Commonwealth, as well as from the U.S. and the UN. At the moment, we are not prepared to undertake the economic support and development of Burma as a major responsibility, which we believe should be borne by the British, but we have prepared a program embodying various types of limited assistance for application in a limited area. This program is expected to be implemented shortly from funds other than those appropriated to the ECA.

General Problems of the Area: Two major problems affecting the entire area are (1) trade with Japan and (2) agricultural development. Because of Japanese food deficits these are interrelated.

Japan needs primary products from Southeast Asia, and particularly rice, and is in a position to pay for these with her textiles and machinery, both of which are badly needed in the area. Many elaborate schemes have been developed inside and outside of the United States government and in UN organizations to assist in this problem. Actually the log-jam is beginning to break up with improved supply and trading conditions in Japan and in Southeast Asia.

However, all the various schemes and studies devised to meet this problem point to one major deficiency—a lack of normal intermediate credit facilities for financing Japanese exports. This is a major problem that is probably preferably attacked directly but it may have to be attacked as part of one or another of more elaborate schemes designed to increase Japanese trade with Southeast Asia.

Agricultural technology in the area is poor. It is agreed without question that a major line of endeavor by the U.S.—through Point Four or otherwise—must be to start the development of demonstration and extension work designed to improve agricultural yields. As important as this is, and it is basic to all economic problems of each of the countries both domestically and in its international economic relations—we must not be deluded by the notion that rapid results can be obtained in any peasant economy, and particularly in Asia. In addition to the technological problems of agriculture, we are concerned with institutional problems of agricultural reform, not only for their economic significance, but because of their import for political stability.

To these ends the Department of State has prepared what technically qualified authorities believe to be a limited program for the institution of agricultural extension and demonstration work in the rice producing areas of Southeast Asia. Its major limitation has been imposed by prospective lack of personnel. Including the cost of materials, this program would cost about $8 million in its first year of operation, and probably smaller sums in later years since some of the materials needed would not have to be imported each year. As for agrarian reform, in respect of leading problems such as land tenure and agricultural debt, fairly intensive investigation and discussion during the last six months suggests that this is only a critical problem in certain limited areas of the Philippines, in Tonkin (where the problem is debt and not tenure) and in parts of Cambodia (where there is a tenure problem) and possibly in the administration and working out of legislation already on the Burmese law books.

With respect to technological programs, Point Four legislation and appropriations would be a natural recourse although to be sure such programs could presumably be authorized and financed under other legislation similar to that under which the JCRR program has been conducted.

However, we must be cautious both as to the countries and the types of program with which we operate bilaterally, as contrasted with operations through the UN and its specialized agencies. In general, there is a strong disposition in all these countries, with the possible exception of the Philippines, to have Point Four activities conducted through the UN rather than bilaterally with the U.S. Without prejudgment as to particular countries and programs, we are clear that we must not bring pressure to have all this work done directly by the United States.

In this connection, it is a fairly sound if unpleasant generalization to state that the U.S. is feared throughout the whole area, and much of the fear is based upon the notion that our interest in the area originates in large part from conscious programs of economic imperialism. Neither British nor French nor Dutch imperialism is regarded by the sensitive and somewhat xenophobic native nationalism as a serious barrier to their ambitions. We, however, are regarded with considerable apprehension. Even our assistance in the mediation of disputes with metropolitan areas is viewed in part by native populations and always by Moscow as being based upon our desire to replace western European hegemony. For this reason, as badly as these countries need our technical assistance and however eager we may be to furnish it, we must be extremely careful not to overwhelm them with elaborate supervisory missions.

398.00BA/3–1350 : Telegram

The Acting Secretary of State to the Embassy in Australia

SECRET WASHINGTON, March 18, 1950—1 p. m

47. Reference Embassy's telegram 72, March 13. Suggested you tell Burton this Government appreciates Australian offer keep U.S. closely informed work Intergovernmental Committee Commonwealth countries scheduled meet Australia mid-May. While assignment officer from Embassy attend meetings informally as observer would be useful from informational point of view, such attendance not essential in view Australian offer keep U.S. informed committee work. Dept. moreover feels attendance by U.S. observer even on informal basis might be subject misintepretation by nonparticipants meeting and perhaps by members committee as well. You should add, however, that nonattendance U.S. observer in no way implies lack of interest in or sympathy on our part with the purposes and objectives of the Committee's work as indicated at the Colombo Conference.

WEBB

790.5/3–1050 : Telegram

The Secretary of State to the Embassy in Australia

SECRET WASHINGTON, March 21, 1950—2 p. m.

50. Davis[1] at his request called today on Asst Secy for FE and asked for Depts elaboration of Secys San Fran speech dealing with Pacific[2] which he said had aroused great interest in Austral. Asked re point 6, Butterworth said Secy intended to convey gen accord with objectives of six points made by Min External Aff which he very much welcomed but did not of course associate this Govt with Spender's specific elaboration of any one of them.[3] Butterworth stressed our belief initiative for any Pacific or Asiatic assn must be indigenous. Butterworth also said it seemed to us that if initiative for any such assn which might have econ and cultural aspects as well as polit came from an Asiatic country it might have more chance of success.

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[1] Owen Davis, First Secretary of the Australian Embassy.

[2] Reference is to Secretary Acheson's address on United States policy toward Asia, delivered before the Commonwealth Club of California in San Francisco on March 15; for text, see Department of State *Bulletin*, March 27, 1950, pp. 467–472.

[3] In his San Francisco speech, Secretary Acheson expressed approval of Spender's address before the Australian House of Representatives on March 9. Spender had concluded his remarks with the enumeration of six principles through which the democracies of the world could avoid war and preserve their way of life. In point 6, he urged that thought be given to the creation of more effective methods of cooperation in areas of common interest. For an extract from the speech, see Spender, *Exercises in Diplomacy*, pp. 16–17.

Butterworth told Davis Burton had indicated Spender was considering asking you questions reported urtel 71 Mar 10 and he felt sure Min External Aff already knew answers: for example that question 2 answered itself and bespoke of desirability of Asiatic initiative. Question 1 was hypothetical but of course it is not for US to evaluate initiative but for initiative to be efficacious and US position was that it had indicated on more than one occasion that it regarded with full sympathy development of regional assn of Asiatic and Pacific area but could not in advance of advent of such a movement offer any promise of US participation.

Butterworth took this occasion to ask Davis why Austral Govt had refused to accept Baguio invitation. Davis replied in effect that definite refusal had not been put forward altho Austral had no intention of going and confirmed that Spender was shortly paying a courtesy visit to Manila.

ACHESON

890.00TA/3–2150 : Telegram

The Consul at Kuala Lumpur (Poole) to the Secretary of State

CONFIDENTIAL KUALA LUMPUR, March 21, 1950—4 p. m.

22. For Merchant from Griffin.[1] Arrived Singapore afternoon March 16, briefed by Consulate General staff following morning, after which met with MacDonald who stated *inter alia* most important development affecting Southeast Asia recent months transpired Washington as evidenced decisions US participate more actively this area, commented special enthusiasm Secretary's speech. Re mission, stated regardless amount aid possibly forthcoming fact American participation prime importance. He stated any request could be considered only tentative as certain questions re acceptance US aid by Commonwealth Nations yet unresolved London, as Spender plan not yet developed, and view coming Canberra conference.[2] (Unresolved situation may possibly result from differences Foreign Office, Colonial Office, re use American adviser, technicians.) MacDonald proposed following general types urgent aid:

(1) Provision communication, transport equipment, including light armored vehicles all for civil police Federation of Malaya, road building equipment and technicians accompany above materiel.

(2) Assistance rapid expansion educational program Chinese Federation of Malaya through provision educators speaking south

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[1] For the text of the report prepared by the Griffin Mission during and after its visit to Malaya and Singapore, March 16–23, regarding the needs of the Colony and the Federation for economic and technical aid, see Hayes, *The Griffin Mission*, pp. 127–149.

[2] The Commonwealth Consultative Committee met in Sydney from May 15 to May 20.

Chinese dialects and able train rural Chinese teachers, possibly Americans formerly employed China, and through provision training aids.

(3) Provision Singapore police American tear gas equipment stated by British as superior British types.

Subsequent conference MacDonald's staff provided detailed information substantiate above requests. Staff government Singapore later conference suggested US might assist island by aiding manufacture tuberculosis vaccines, providing limited number technicians various categories and through assistance development University Malaya, also proposed several long-range projects of technical assistance character. Later revealed conference MacDonald's staff considerable portion senior government positions technical fields are, health, veterinary services etc., vacant lack qualified applicants. At another conference Australian Embassy officer stated Canberra conference late May hoped would result tentative aid program and be followed by periodic consultative conferences. Wished coordinate with US aid and Commonwealth plan would include recommendations US and United Nations aid. Insistent that consultative group not grow too large, not include Nationalist China or Korea, preferred not Philippines. Officer stated Spender plan still too vague for discussion and Australian Government "not ready".

Proceeded Monday Kuala Lumpur with Hayes, McAfee, Duff,[3] Poole.

Present itinerary provides for completion final recommendations Indochina, Malaya, Burma prior arrival Bangkok. Believe mission would find it advantageous return via Paris, London for conferences Embassy staff re fact finding and condition Southeast Asia. *Request* appropriate authorization. [Griffin.]

POOLE

[3] Col. Russell G. Duff, Department of Defense, Adviser to the Griffin Mission.

790.5/3–2450 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, March 24, 1950—4 p. m.

92. The tone and content of Deptel 50, March 21, appear so inadequate as response to Spender's approach re Pacific Pact that we cannot believe Department has fully appreciated sincerity of his intention and importance new Australian Government attaches to US phase of its foreign relations. Possibly we are at fault in failing stress in Embtel 71, March 10, that, granted limitations imposed by Australia's size and strength, every known act of government since taking office indicates it really means business. We had supposed Embtel 71 would

be read in general context Spender's public statement plus our numerous telegrams and despatches indicating Menzies Government,[1] in sharp contrast to its predecessor, has gone out of its way to strengthen US-Australian relationship. In particular, it is endeavoring meet our position re friendship treaty, encouragement American firms here, joint basis in Pacific, and Chinese Communist problem. Moreover, it conceives Colombo plan for economic aid SEA as complementary our own plans and policies including Point Four. Even in connection Jap problem, touchy domestic political issue, views expressed by Spender in speech of March 9 (Embdes 67, March 10[2]) represent concessions to US position. Again; Spender spoke to me yesterday concerning encouraging prospects for double taxation agreement. New government has been in office only three months but has shown in these and other matters that it repudiates uncooperative attitude of Chifley Government and unrealistic foreign policies of Evatt.[3]

Spender told me yesterday on eve departure for good-will visit Manila that he wished impress upon me that his Government was anxious come to grips soonest with Communist problem in Asia. He hoped Colombo plan for economic aid to SEA would serve useful purpose in that regard, a purpose which ECAFE could not serve as well because its members included the USSR and the SEA countries for which aid intended. Realizing however, that economic aid is not enough, Australia, while fully realizing its limitations as small power, desired do everything possible promote Pacific Pact with military commitments.

As to Baguio Conference, Australia had not so much turned down invitation as questioned value of conference which India and others would not support and whose purposes seemed unclear to Filipinos themselves (Embtel 62, March 2[2]). He was perfectly willing discuss pacts with Filipinos but thought such discussions futile for these reasons and in absence of a lead from US.

Spender's speech of March 9 constitutes first serious Australian attempt to evolve a rational foreign policy taking into account nation's geographic position, declining fortunes of UK, crisis in SEA and position of US as leader of non-Communist world. It is clearly Spender's view that prerequisite to any meaningful Pacific Pact is a clear indication of what support it would ultimately find in the US. He appears consider that no single Pacific nation, or any combination of such nations, can be expected, unless it has reason to believe it will be backed by the US, to commit itself to a course which might prove

[1] Robert G. Menzies, leader of the Liberal Party, formed a coalition government on December 19, 1949.

[2] Not printed.

[3] Joseph B. Chifley was Prime Minister of Australia from 1945 to 1949; Herbert V. Evatt served as Deputy Prime Minister and Minister for External Affairs in the Chifley Government.

futile and even disastrous. (Yesterday Spender mentioned Secretary's San Francisco speech with appreciation but in a way which showed that he did not construe it as touching upon basic issue implicit in two questions conveyed in Embtel 71.)

Embassy appreciates that from US viewpoint it would be preferable if initiative for Pacific Pact came from Asiatic country and it would be inadvisable place primary reliance upon Australia. Nevertheless it seems to us that we should not let this offer of closer cooperation go by default. If this is so, we believe that what is needed at the moment, leaving aside consideration of long-term measures or ultimate policies, is some manifestation of responsiveness from the US at a high level and in reasonably sympathetic and encouraging terms.

JARMAN

511.90/3–2850

Memorandum by the Officer in Charge of Public Affairs, Bureau of Far Eastern Affairs (Connors) to the Ambassador at Large (Jessup)

[Extract]

SECRET [WASHINGTON,] March 28, 1950.

Subject: Expanded USIE Program in Southeast Asia

Summary

The USIE program in Southeast Asia (Indo-China, Thailand, Indonesia, Malaya, Burma and including Hong Kong and the Philippines) has been stepped up to the limit of presently available funds. With the exception of radio broadcasts, most of the effort thus far has been directed toward producing in the languages of the area materials which just now are arriving in the field.

The full impact of the expanded program will become increasingly apparent over the next few months. There is already evidence, however, of increased usage of USIE news and feature material in the local press throughout the area. This includes US official statements as well as information about the USSR designed to counteract Soviet propaganda. This increase results from the efforts of additional field personnel, the provision of daily or weekly news files in local languages, and the provision of special articles on activities and policies of the USSR.

Plans for a regional production center in Manila to service all Southeast Asia posts with regionalized material have been completed and approved. Necessary printing equipment is being sought. Meanwhile, staffing plans are being completed. It is planned that the existing Manila print shop can be expanded by means of a night shift to begin producing special materials for Indo-China within 60 days or sooner. This production will gradually be expanded as new equipment

arrives to include the entire area. A staff of four or five Americans and 40 aliens will be required for this operation.

Production will include a monthly magazine, profusely illustrated, edited for the region and for specific countries in the region, and produced in each language of the area; picture poster exhibits; wall picture newspapers, etc.

In addition, a $7,100,000 program designed to do the job required of USIE in this area is being documented for presentation to the President as a Department project under Section 303 MDAP funds. All preliminary documentation will be completed this week. This program will be implemented as soon as funds are made available.

[Here follows more detailed information on current and projected activities.]

611.90/4–350

Memorandum of Conversation, by Mr. Charlton Ogburn, Policy Information Officer, Bureau of Far Eastern Affairs

TOP SECRET [WASHINGTON, April 3, 1950.]

ORAL REPORT BY AMBASSADOR-AT-LARGE PHILIP C. JESSUP UPON HIS RETURN FROM THE EAST [1]

On March 23 in a meeting at 10:00 a. m. in Room 5104 New State, Ambassador Jessup summarized the impressions he had received of the situation in the East to the following officers:

S	The Secretary	NEA	Mr. Hare [5]
U	Mr. Webb	CA	Mr. Sprouse [6]
C	Mr. Kennan [2]	PSA	Mr. Lacy
G	Mr. Rusk	G	Mr. Smith
FE	Mr. Butterworth	S/A	Mr. Gibson
E	Mr. Thorp [3]	FE	Mr. Ogburn (Recorder)
P	Mr. Barrett [4]		Mr. Case [7]
A	Mr. Humelsine		Mr. Fosdick [8]

[1] From December 15, 1949, to March 15, 1950, Ambassador at Large Philip C. Jessup conducted a 14-nation fact-finding tour of the Far East. For the text of his radio address reporting on the trip, April 13, 1950, see Department of State *Bulletin*, April 24, 1950, pp. 627–630. Documentation on Jessup's visits to Japan, Formosa, Indochina, Indonesia, and Burma appears in bilateral compilations in the present volume. For documentation on the portions of his trip spent in India, Pakistan, and Afghanistan, see bilateral compilations in volume v. Regarding his visit to Korea, see volume VII.

[2] George F. Kennan, Counselor of the Department of State.

[3] Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

[4] Edward W. Barrett, Assistant Secretary of State for Public Affairs.

[5] Raymond A. Hare, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

[6] Philip D. Sprouse, Director of the Office of Chinese Affairs.

[7] Everett Case, President of Colgate University; consultant to the Secretary of State on Far Eastern policy.

[8] Raymond Bland Fosdick, former president of the Rockefeller Foundation; consultant to the Secretary of State on Far Eastern policy.

Ambassador Jessup began by stating that both he and the Bangkok Conference of Chiefs of Mission were in agreement with the Department's report to the National Security Council (No. 64 of February 27)[9] which held that all measures should be taken to prevent Communist expansion in Southeast Asia. The United Kingdom representatives consulted are also in accord with this view. He considered that Indochina is the key to the situation and that Southeast Asia is in balance. A situation comparably critical exists in the subcontinent. The danger of a war between India and Pakistan is very real. (Ambassador Jessup observed that Afghanistan is in a class by itself as is also Ceylon, and he therefore felt it well to omit them from discussion.) Among the other areas Japan, Korea, the Philippines, Malaya and Indonesia are to be considered less critical spots but are not to be neglected.

Recalling that he had visited 14 Asian countries, Ambassador Jessup emphasized that it would be a mistake to dwell exclusively upon China which has a population of 400 million as against 700 million in the other countries of the East.

Ambassador Jessup had found a situation of actual war existing in many areas. In Korea, Indochina, Malaya and Burma the war was a hot war. In the sub-continent the situation is one of near war, while violence is retarding recovery in the Philippines and Indonesia.

Ambassador Jessup said that in characterizing the problems confronting us in the East he would speak first of the difficulties that we have to overcome, which he enumerated under the heading "The Weaknesses of Our 'Friends' ", as follows:

1. *The non-democratic character of governments in the area.* Rhee[10] is about as bad in this respect as anyone we have had to deal with as was demonstrated by his recent arrest of certain Korean assemblymen and his threats to others. Thailand in the eyes of other Asians is under the control of a completely autocratic, feudal aristocracy. In Burma, although Premier Thakin Nu holds the people together the actual power is exercised by General Ne Win.[11] In India, Patel[12] runs the security machinery with a stern hand although the reputation of the Indian Government is not thereby affected. For example, when Communists arrested by the Indian Government were about to be released for lack of specific charges against them, Patel rushed through a bill suspending the right of *habeas corpus* in order to keep them in prison.

2. *Lack of trained personnel.* In Korea, for example, there is no substitute for Rhee. In Indochina Bao Dai's Government would be deficient in competent personnel even if all elements rallied to his side. The Indonesian Cabinet contains men of high caliber, and while there are many capable administrators on the lower levels in Indonesia,

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[9] For the text of NSC 64, February 27, 1950, see p. 744.
[10] Syngman Rhee, President of the Republic of Korea.
[11] Deputy Prime Minister of Burma.
[12] Sardar Vallabhbhai Patel, Deputy Prime Minister of India; Minister of States and Home Affairs.

the middle ranks are weak. Both the Indonesians and the Burmese are unable to administer businesses, and Burma is in addition notably lacking in trained personnel.

3. *Corruption and inefficiency.* This weakness is conspicuous in the Philippines. Ambassador Jessup observed that the Secretary's observations on this subject in his Press Club speech were very mild.

4. *Economic and financial difficulties.* While a cause of basic distress, these difficulties had been given too great prominence by the poverty of India and China. The plight of the Indians is terrible. However, this is not true of the rest of Asia. There is some shortage of food in Japan. In Burma the problem is not endemic but is an outcome of the war. With regard to the problem of land tenure, good progress has been made in Japan, Korea and Okinawa. The Joint Commission for Rural Reconstruction has done excellent work in Formosa. In Burma a solution of the problem awaits a settlement of the civil war. In Malaya the problem is connected with large plantation holdings such as the rubber estates. There is some distress in Pakistan about which it is not possible to do very much at present. Only in India does this problem offer a very fruitful ground for propaganda. Elsewhere it is to be doubted that great capital is to be made of it. The situation facing the peasant in most of Asia outside India and China is not so bad from his point of view although he is beginning to be roused. For the rest there are general financial and economic difficulties in the area. In Korea there is the problem of inflation. The financial difficulties of the Philippines are our own fault to the extent that American money was poured into the country without regulation. As an illustration of the results, Ambassador Jessup cited the market stalls at Baguio crammed with American luxuries. Indochina is fundamentally extremely rich. Indonesia faces serious financial difficulties but the outlook is hopeful. The granting of the Export-Import Bank credit was an excellent move. The general economic problem facing Burma is serious but the Commonwealth loan should help. With regard to Pakistan, an IBRD representative whom Ambassador Jessup had met in Karachi took a very dismal view of prospects owing to the trade war between Pakistan and India. He had reported that 500,000 tons of wheat was spoiling in Pakistan and that cotton and jute were piling up. In Pakistan and also in Indonesia and Burma, military expenditures are at the root of the economic troubles.

5. *Military weaknesses in meeting Communist guerillas.* The situation in Korea is improving owing to our efforts. However, the Republic requires anti-aircraft guns and planes, having nothing new with which it could meet an air attack from the north. The situation in Indochina is obvious, Ambassador Jessup observed, as it is also in Burma. In the latter country the Government is making progress against the Karens but refuses to come to a political settlement, recalling Generalissimo Chiang's attitude in this respect. In Thailand the danger is potential. The nation is weak and will not attempt to stand up against Communist aggression.

6. *Asian psychological attitudes.* Both Pignon, the French High Commissioner for Indochina, and MacDonald, Commissioner for the United Kingdom in Southeast Asia, believe that the Asians are inclined by their psychology to wait and see who is winning. The bandwagon attitude will be more important than questions of ideology in determining their decisions.

7. *Local Communist strength.* The overseas Chinese communities form one of the most important elements in the strength of the Communists in Asia. The Communists are able to work on these communities without encountering resistance by employing the threat of reprisals against the relatives in China of members of the communities. Chiang Kai-shek had expressed to Ambassador Jessup the opinion that nothing could be done about this situation. In Japan there is a potential danger of an increase in Communist strength. The other countries of the East either have a common border with China or else have strong local Chinese communities. Korea not only has a frontier problem but faces the danger that Rhee's policies will produce Communism within the country.

8. *Distrust of the West.* The outstanding example is the feeling against the French in Indochina. Anti-western sentiment is not important in Malaya although the Malays bear a grudge against the British. In Burma there is not much anti-American sentiment but the country is at odds with the British. In India there is general distrust of the West and the Indian press is generally anti-American.

9. *Lack of coordination among the western powers.* The differences between the US and UK on recognition of Communist China are not understood in Asia. In addition there is lack of coordination between the US and the UK on one hand and the French on the other as to the moves to be made in Indochina. While in general the Indonesians are working surprisingly well with the Dutch, a hard core of Dutch colonial thinking remains which must be watched. The Westerling affair [13] is a case in point. On the sub-continent the US is working well with the UK and France. Now that the new Kashmir resolution has been passed we should all try to help in the economic situation of the sub-continent and in the difficulties in Bengal. The French colonies in India are a source of mistrust between the Indians and the French. With respect to Japan, it is important that the position of the Western powers on a peace treaty be quickly solidified. In regard to Asia in general, it is necessary that the Western powers pool their resources. We ourselves are in a position to work well with the others but are not altogether doing so. The French requests for assistance in Indochina afford a chance for cooperation. With respect to aid to Burma, it would appear that the Burmese are attempting to play the US off against the UK. In addition to pooling our resources a great deal needs to be done in uniting Western efforts on the propaganda front. In particular the French are failing to put over their viewpoint on Indochina and Asia. They are conspicuously lacking in a sense of public relations. On the military side more use must be made of the skills in counter-guerrilla tactics that we acquired during the recent war. The French in Indochina are making somewhat the same mistakes that the British General Braddock made in the French and Indian Wars. In Malaya the British are now fighting the Chinese Communists whom they had trained and equipped for guerrilla warfare during the Japanese occupation. We are not pooling our skills as we did during the war. Ambassador Jessup raised the question whether the Philippine Scouts could be used in Indochina.

Ambassador Jessup had found no enthusiasm whatsoever for a Southeast Asian Union and does not believe that a regional pact is a very important subject.

[13] See footnote 3, p. 969.

Having concluded his itemization of the weaknesses of our friends, Ambassador Jessup then took up the credit side of the ledger, i.e., the strength of our friends in Asia, which he enumerated as follows:

1. *Democratic progress.* Progress in democratic methods has been achieved in Japan and in the Philippines. In Malaya the British have put on a good demonstration of democratic progress. An important and useful role is being played in India and Pakistan by officials trained under the British.

2. *Economic potential.* Food surpluses, actual or potential, exist in Korea, the Philippines, Indochina, Thailand, Burma and Pakistan. In addition, many of the countries of the area have other resources to contribute.

3. *Military strength.* Our forces in Japan and Okinawa, our bases in the Philippines, the French army in Indochina, the British forces in Hong Kong and Malaya, and the trained armies in India and Pakistan are all assets in the area.

4. *Anti-Communist feeling.* Anti-Communist feeling is strong in Japan, strong and intense in Korea, very considerable in the Philippines, considerable in Malaya (where it is combined with anti-Chinese sentiment), fairly considerable in Indonesia, existent to a certain extent in Burma, considerable in Thailand and also existent in India and Pakistan. Such feeling has a religious basis among Buddhists, Moslems, and Catholics. This factor should be kept in mind, especially in Indochina where the Catholics form an important element. (Mr. Butterworth interpolated that the strength of Communist sentiment in the overseas Chinese communities will be affected to an important degree by conditions in China. He recalled that the recent railway strike in Hong Kong had failed after some of the striking employees had visited Canton and observed the very unpleasant situation existing there.)

5. *Pro-American sentiment.* The US has had a good build-up in Japan. Pro-American feeling is very strong in Korea, is continuing in the Philippines, exists definitely in Indonesia and Thailand, is rather strong in Burma and is fairly considerable in Pakistan. At the same time, anti-Chinese sentiment or a fear of China is present. Between Indochina and China hostility is traditional and is perhaps being intensified by the propaganda emanating from the Peiping radio, which advances Chinese claims to a protective interest over Indochina—in effect a manifest destiny. The Malays are strongly anti-Chinese. Indonesians fear and dislike the Chinese and were prone during recent disorders to pillage and kill them. In Thailand where the Chinese minority is feared and possible Chinese movements into Indochina and Burma are regarded with apprehension, the feeling against the Chinese is very strong. The Burmese take a dim view of the Chinese Communist movement to liberate Tibet, fearing that Burma may find itself in the same category. Nepal is extremely concerned over the threat to Tibet, and India is concerned to the extent of considering supplying the Tibetans with some quantity of arms. By exploiting indigenous fear of the Chinese in Asia we can gain a momentary advantage but it is less clear what the effect would be 20 years hence.

Ambassador Jessup next considered the prospect of Western coordination in Asia. With regard to the forthcoming meeting of the Foreign Ministers in May,[14] Mr. Schuman in a conversation with Ambassador Jessup had cited Bevin's sensitivity on Far Eastern matters owing to British relations with the Commonwealth.[15] Mr. Butterworth observed that the British consider that the French are pressing for Western solidarity in respect to the Far East and are using the technique of leaks to the press to force a US declaration on the subject. The British, he pursued, are embarrassed, having been pleased by the tensile strength of the Commonwealth demonstrated at the Colombo Conference, which they would not wish to see jeopardized.

Ambassador Jessup next considered the question of appointing a US official for the area who would in a sense be an opposite number to Mr. Malcolm MacDonald. He recalled that Messrs. Case and Fosdick and he were strongly in favor of such a step. MacDonald had urged in Singapore that we have such an official who could deal with him. MacDonald had observed that Consul General Langdon in Singapore is geared into the work of his office and is a good official but is unable to speak for the United States with respect to the whole area. Ambassador Jessup recalled, however, that the Bangkok Conference had been unanimously against him in this matter. The Conference had instead considered that a regional office of the International Bank for Reconstruction and Development might be set up. The Conference believed that the local governments would rely heavily upon such an office which through its ability to offer unpalatable advice would be very useful in the area.

With respect to possible actions we might take, Ambassador Jessup observed that no single plan is possible since the sub-continent must be considered separately. He then took up the following specific matters:

1. A Japanese peace treaty is of prime importance and we should move on the matter as soon as possible. General MacArthur supports the Department's line. Admiral Toyoda had told Ambassador Jessup that there must be American bases in Japan. The position of the Occupation is all right today but will become more unsatisfactory as time passes. Ambassador Jessup reported that Nehru had expressed to him the view that maintenance of US troops in Japan would be acceptable if agreed to by the Japanese.

2. With regard to a settlement in the sub-continent Ambassador Henderson is doing everything possible. A settlement is so vital that all our efforts are justified. In this connection Ambassador Jessup touched on the matter of the balance of power in Asia and the question whether India or Japan should be built up. The Bangkok Con-

[14] Documentation on the London Conference of the Foreign Ministers of the United States, the United Kingdom, and France, May 11–13, 1950, is scheduled for publication in volume III.

[15] For the memorandum of Ambassador Jessup's conversation with Foreign Minister Schuman in Paris on March 13, see p. 754.

ference had concluded that it would be a mistake to build up India. For one thing, trouble with Pakistan would result.

3. On the subject of China, Ambassador Jessup said that he had little to say since he did not visit the country. As for Formosa, Ambassador Jessup considered that the reports being received are in general accurate. Mistrust and backbiting are continuing under the Generalissimo. General Sun Li-jen [16] is in a pocket. He states that he has no authority over the air force and navy and has no one at "court" to espouse his cause. There is a great deal of bitterness among the Formosans towards the Chinese, but the independence movement means little in terms of action. Touching on the second thoughts of the governments which have recognized the Peiping regime, Ambassador Jessup recalled that the Governor General of Hong Kong had said that things had not worked out as well as had been hoped. MacDonald had confessed that difficulties had resulted in Southeast Asia. Officials in Rangoon had been miffed by the original Chinese Communist rebuff. In New Delhi Bajpai [17] had said that little progress in the development of relations was taking place and did not appear very happy about the situation. Liaquat Ali Khan in Karachi had stated that the Chinese Communist reply to Pakistan's overture was not considered a rebuff but that nothing was developing. Dening in the British Foreign Office thought that events were proceeding but had little evidence at present of any progress. Ambassador Jessup concluded that there was general disillusionment among the governments which had recognized the Peiping regime.

4. The movement towards some form of Asian association was considered by the Bangkok Conference to show no signs of strength but Prime Minister Phibun of Thailand had expressed the view that occasional meetings of the Southeast Asian Prime Ministers would be useful. Prime Minister Thakin Nu of Burma had spoken in favor of close relations among his country, Pakistan, India and Ceylon. No other Southeast Asian leaders had exhibited any enthusiasm at all for any form of association.

(At this point it was brought out that a heated discussion had taken place in the Bangkok Conference on the desirability of our drawing a military line in Indochina. The participants were split on the question of what the United States should do in the event of the Chinese Communists' invading the country, some foreseeing that active intervention on our part would lead to the third world war. The desirability of a statement on the subject by the United States Government was considered. Mr. Butterworth observed that we have called upon the Department of Defense for an estimate.) [18]

5. With regard to Point Four, Ambassador Jessup had found an encouraging amount of understanding on the part of the Southeast Asian governments which foresee real benefits accruing to their countries. Projects capable of producing a quick psychological effect as

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[16] Commander in Chief, Taiwan Defense Headquarters; Commander in Chief of the ground forces of the Republic of China.

[17] Sir Girja Shankar Bajpai, Secretary General, Indian Department of External Affairs.

[18] See memorandum by Deputy Under Secretary of State Rusk to Maj. Gen. James H. Burns (ret.), Special Assistant to the Secretary of Defense, March 7. p. 752.

well as those designed to attain long-range results are both desirable in the view of the Bangkok Conference. The Conference considered that supervision would present difficulties. Sukarno,[19] who had talked to him after visiting Nehru, stressed the sensitivity of the Asians and opposed administration of the programs by the United States. Nehru's opinion was that we should help but not attempt to exert control. He recognized that we should have to see that the funds were effectively employed and thought that great tact on our part would be required. Ambassador Jessup regarded the question of attaching strings and conditions as an important one. He had been impressed by the work of the Joint Commission for Rural Reconstruction and recommended that it be taken as a pattern. Training in government administration would be a good field for Point Four technical assistance. It would be important, for example, for us to help with problems of tax collection. We must make sure that our efforts are unified. Our posts in the field are baffled by the multiplicity of missions which had been arriving. Moreover, large missions excite local suspicions. In some countries a 40-man mission would be regarded as tantamount to an invasion. Ambassador Jessup had received the impression that there are many people running around and very little is happening. We should recognize both the difficulty and the importance of obtaining qualified personnel for technical missions. Ambassador Jessup found that Japanese personnel would be generally welcomed outside of Korea, Malaya and the Philippines.

Mr. Thorp raised the question of what use we could make of the United Nations in the field of technical assistance. Mr. Butterworth commented that the IBRD should prove especially useful since the governments in the East would take advice from it which they would resent coming from us.

6. Ambassador Jessup considered that we are weak on propaganda. He raised the question of whom we are trying to reach and recommended that more thought be given to methods of reaching our audience and to the themes we are trying to put across. The story of the Joint Commission for Rural Reconstruction should certainly be told and could be very effective. Representatives of American labor like Jim Carey[20] should be sent to the Far East. While in Karachi Ambassador Jessup had found the bookstalls filled with Communist literature. There were few American books and these were high-priced. Mr. Fosdick interpolated that he had found that there was a restriction on second class mail to China under a post office regulation of November 4, 1949. Mr. Butterworth suggested that Communist China had probably refused to meet its obligations under the International Postal Union. Ambassador Jessup stated that the way must be found to solve this problem.

7. As a final point Ambassador Jessup brought up the problem of coordination among United States agencies. This is especially important with respect to the Departments of State and Defense. He noted in this connection that some of our air attachés feel that they must fly around the area to show the flag after the manner of the Navy, but are unaware of the construction that may be put upon some of their activities.

[19] President of the United States of Indonesia.

[20] James B. Carey, president of the International Union of Electrical, Radio, and Machine Workers, Congress of Industrial Organization.

In conclusion Ambassador Jessup offered the view that the situation in the East is bad but not desperate. The area cannot be written off. We are committed. Burma and Indochina are key points. Indian-Pakistan relations are a critical point. Short-range efforts on our part are indicated but must be fitted into an over-all plan. Much depends upon the situation in China of which a careful estimate is required. The Southeast Asian governments are not encouraged by developments in Peiping and the Peiping government itself is in difficulties.

In reply to a question from the Secretary with respect to the outlook for Formosa, Ambassador Jessup offered the opinion that if the Generalissimo is content to hold the present position, to stop the bombing, and to call off the blockade, the national government could hold out on Formosa much longer than would otherwise be the case. These activities are doubtless designed to assist the Nationalist lobby here in the United States. While the Chinese Nationalist air force is fairly efficient, our military attachés say that the armed forces are not very good. Sun Li-jen had indicated to Ambassador Jessup that there are far too many troops and that he cannot equip them. For example, many of the pill-boxes which have been constructed are without machine guns. The situation on Formosa is much like what it used to be on the mainland, with the subordinates not knowing what cards the Generalissimo holds. While doubting that there will be a turnover to the Communists on the island unless an important figure in the National government defects with his troops, Ambassador Jessup considered that Chiang could never pull the Chinese together, and observed that in the universal Asian view Chiang is discredited.

790.5 MAP/4–1250

Memorandum by Mr. Samuel T. Parelman[1] *to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)*

SECRET [WASHINGTON,] April 12, 1950.

Subject: Status of Section 303 Proposals

1. *Indochina Military Assistance (Approved by the President 3–10–50).*[2]

Pursuant to advice from the Bureau of the Budget that they would consider making an allocation on the basis of any emergency items which were required immediately for Indochina, a letter was transmitted today by S/MDA to the Bureau requesting the allocation of $15 million.[3] Of this total, $10 million will cover the C–54's, the 37 mm.

[1] Executive officer, Bureau of Far Eastern Affairs.
[2] See footnote 2, p. 41.
[3] Not printed.

ammunition and certain Navy items which have been requested on an emergency basis. The balance of $5 million is for certain ground force items which are going to be necessary.

2. *Indonesia Military Assistance (Approved by the President 1–9–50).*[4]

The Department of Defense transmitted to S/MDA today its recommended program for military assistance which totals slightly less than $5 million. A request for an allocation of $5 million is being included along with the aforementioned Indochina amount in the letter to the Bureau of the Budget. At the request of the Department of Defense, a telegram was transmitted to Djakarta requesting further detailed information with respect to certain items of equipment which was necessary before actual supply assignments could be completed.[5]

3. *Indochina Economic Assistance.*

The Memorandum to the President was made available to the Secretary yesterday to obtain the Secretary's approval for the proposed initial program of economic assistance to Indochina in the amount of $5 million which is to be administered by ECA.[6] Inasmuch as the Department of Defense has not objected to this project but has expressed doubts that the 303 fund should be so expended, the presentation of this project to the President will serve to make clear the President's views as to the use of these funds for other than military purposes.

4. *Korea Supplemental Military Assistance.*

The proposal for a program under Section 303 of $9.8 million to supplement the regular Military Assistance Program for Korea was discussed with Defense at the top level with the result that Defense has advised us (April 5, 1950) that "there appears to be no military necessity for an increase in the fiscal year 1950 MDA Program for Korea at this time."[7] They wish to be advised if State anticipates, for political reasons, recommending the revision of NSC 8/2[8] to provide for increased Korean military strength. We are awaiting the return of Ambassador Muccio[9] before proceeding further with the proposal.

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[4] See footnote 2, p. 964.

[5] None of the communications mentioned in this paragraph is printed.

[6] For the memorandum to the President as transmitted by Secretary Acheson, April 17, see p. 785.

[7] For documentation on the exchange under reference and other aspects of military assistance to the Republic of Korea, see *Foreign Relations*, 1949, vol. VII, Part 2, pp. 940 ff.

[8] For NSC 8/2, "The Position of the United States with Respect to Korea," a report approved by President Truman on March 23, 1949, see *ibid.*, p. 969.

[9] John J. Muccio, Ambassador to Korea.

5. *Thailand Military Assistance (Approved by the President 3–10–50).*[10]

Revised proposals for assistance received from Ambassador Stanton are being reviewed by Defense preparatory to their submitting a program to FMACC. The Embassy has been cautioned about premature release by Thai Government of information on the program.

6. *Burma River Patrol Project.*

Pursuant to advice received from the military as to the availability of shallow draft vessels, the mission has been queried by the Department as to the feasibility of using the available vessels. The mission has informed us that there are some technical problems and they will advise us further.

7. *Burma Country Program (Other than River Patrol Project).*

This has been discussed informally with Defense and in view of their attitude with respect to projects other than military, it is being held in abeyance pending a decision by the Secretary and the President relative to the pilot economic project being submitted for Indochina.

8. *Expanded Food and Anti-Malaria Program for Southeast and South Asia.*

This program, which was transmitted to the Deputy Under Secretary's office on March 29, is also being held in abeyance pending the action taken on the pilot project for Indochina. This program, which totals $17.5 million, includes $8.3 million for the rice program and $9.2 million for the anti-malaria program. There are some questions as to the size of the program and its applicability as an emergency program to certain of the countries. It was intended that these programs would be undertaken in Thailand, the Indochinese states, Indonesia, Afghanistan, India, Pakistan and for the rice program alone, the Philippines.

9. *Expanded Propaganda Program for Southeast and South Asia.*

The various projects proposed under this heading have been undergoing a process of refinement in the P area based on the latest developments in the Far East and the availability of funds under the regular program.

10. *Other.*

S/MDA was asked by G to take action to have appropriate language inserted in the amendments to the MDA Act in order to make the balance of the present Section 303 funds available for obligation in the fiscal year 1951 and to plan to seek new obligational authority in an amount sufficient to build the fund up to $75 million for 1951. It

[10] See footnote 2, p. 41.

is planned that this matter will be discussed with the Secretary and the President before the suggested legislation is introduced.

FE and L are collaborating in the development of appropriate intergovernmental agreements or notes in connection with assistance provided to other countries under Section 303.

Recommendations on programs of assistance to the countries of Southeast Asia have been received from the Griffin Mission with respect to Indochina, Thailand, Malaya and Burma. The Indochina proposals are included in the material mentioned under Item 3 above. The Burma proposals are similar to the material included in the item under 7 above, and the Thailand and Malaya proposals are now under study in the Department.

792.00/4–1250 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

[Extracts]

SECRET BANGKOK, April 12, 1950—10 a. m.

319. From Griffin. After extensive discussion American Embassy, UN Thai officials and American businessmen, following conclusions reached: [1]

I. *Political Factors*

A. Thailand, oldest free independent country SEA, possesses high degree administrative stability continuity not seriously affected by recent political turnovers. Country's stability not seriously threatened by traditional political rivals. Neither two opposition groups pro-Communist or anti-American or likely threaten present government near future. Government anxious cooperate with West, particularly, US.

B. Thailand like rest SEA threatened by Communist imperialism controlled from China, which makes no secret designs SEA.

Principal factors

(1) Large Chinese minority about 3 million dominating important segment country's economy and susceptible use by Peiping Government which already exerting pressure.

(2) Urgent Communist China need Thai rice.

(3) Possible opportunistic switch by Thai people if feeling develops Communist victory inevitable and West support too little and too late.

(4) Possibility Communists will bypass Burma, IC attempting seize Thailand first.

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[1] For the text of the report prepared by the Griffin Mission during and after its visit to Thailand, April 4–12, regarding the needs of that nation for economic and technical aid, see Hayes, *The Griffin Mission*, pp. 223–267.

C. Immediate economic aid definitely needed achieve US political objectives Thailand for following reasons:

(1) Improvement conditions people will make them less susceptible Communist propaganda and convince them our interest based genuine good will.
(2) Position Thailand strengthened through encouraging non-Communist Chinese resist pressure threats blandishments of Chinese Communists.
(3) Strengthening Thai economy lessens chance Communists' efforts seize control before Burma IC.
(4) Aid will not be opposed by Thai opposition parties.
(5) Aid will convince Thai they not abandoned by West, thus reducing chances opportunistic *volte-face.*
(6) Due large number visitors missions talking economic aid in last months and due non-materialization, many Thai regard aid plans as so much talk. Actual aid now necessary politically to fulfill some expectations and hopes.

D. Serious deterioration in Thailand unrelieved by sizeable US-Western aid, would likely start wave defeatism in all SEA. Aid to Thailand obviously in accord our expressed interest independent nations SEA.

II. *Economic Factors*

A. Thai economy based principally on rice although country important exporter of tin, rubber, teak. Country has no capital goods industries and no large-scale production of consumer goods.

B. Steady and increased flow rice from Thailand vital political stability in Asia and hence of great US concern. Moreover, Chinese Communist eyes certainly set on Thailand and make it undoubted economic prize in SEA.

C. Thai favorable dollar trade balance in 1949 of about 33 million due primarily ECA rice purchases for China; with cessation such purchases Thai now estimate total official 1950 dollar income only about 12 million with estimated necessary dollar expenditures 32 million although Embassy estimates 14 and 26 million respectively. Thailand, while ostensibly enjoying relatively prosperous economy, unable pay substantial dollars for capital goods, equipment and services, thus seriously handicapping rehabilitation development. Moreover, UK unable promptly supply capital goods and equipment urgently needed. Only speedy solution for resulting bottle-necks is dollar assistance.

D. Notable shortage Thai officials trained and experienced economic planning administration and organization and Thai earnestly desirous assistance these fields. US technical advisers would have immediate political and economic effect particularly in convincing Thai we seriously interested their independence and welfare.

E. Substantial requirements remain resulting from wartime demolition deterioration not yet replaced. Some US demolition including Bangkok power.

[Here follow Part III, Program recommendations; Part IV, Local currency for program; and Part V, Field organizations.]

VI. *Urgency of Action*

Although emergency comparable IC and Burma not existing here, nevertheless, immediate start implementing recommendations imperative both for political effect on government and people and to indicate reality American protestations of interest welfare this country. Precise character some projects subject modification, but less than in neighboring countries. First personnel arriving for programs should be competent continue planning help negotiate project agreements and be prepared remain on job. Although limitations authority this mission carefully explained, nevertheless, Thai officials expect earliest action and top planning and operating personnel should arrive within 90 days at outside.

Representatives American Embassy have participated practically every meeting with Thai officials and drafting this cable. Total contents this cable discussed with Ambassador Stanton who concurs. [Griffin.]

STANTON

790.5/4–1350 : Telegram

The Secretary of State to the Embassy in Australia

SECRET PRIORITY NIACT WASHINGTON, April 19, 1950—1 p. m.

79. Urtels 92, Mar 24 and 113, Apr 13.[1] You are authd inform Spender this Govt sincerely appreciates his several public statements concerning importance he attaches close and cooperative Austral-U.S. relations and particularly statements respecting these relations in Mar 9 fon policy speech. For our part we have every desire reciprocate Australia's expressed willingness consult with US in matters common interest especially in regard Pacific for purpose obtaining greater understanding each other's points of view, objectives and to degree possible complementary action.

Dept welcomes basic attitude expressed by Spender toward Austral relations with US and specific statements concerning such projects as FCN treaty and conventions for avoidance double taxation both of which this Govt feels wld contribute in long run to interests of two countries. Dept also appreciative offer regarding bases on Manus and

[1] Not printed.

this proposal being carefully studied. No specific reply possible yet.[2]

Dept has welcomed initiative taken by Australia and other Commonwealth countries with respect econ asst South and South East Asia and hopes the meeting of the Consultative Comite at Sydney will result in constructive planning in implementation general principle stated at Colombo. For its part US willing as far as possible adapt and coordinate own projects this area with projects undertaken by Commonwealth as consequence Sydney mtg. Dept interested in full exchange views and to this end instrd Griffin discuss results his mission with Austral ConGen Eaton at Djakarta when visit Australia proved impossible. Dept appreciates offer Australia keep U.S. informed progress Consultative Comite's work.

On question regional association South East Asia you shld reiterate in general terms attitude expressed first para Depts telegram 34 February 25 but shld not give any further indication U.S. interest in Austral attendance at Baguio Conference. With Austral and NZ decision against attendance prospects successful conference doubtful and this fact coupled with impression received by Butterworth and Jessup of lack of indigenous interest in such union suggest desirability lack of emphasis this matter. It goes without saying interest U.S. and Australia in resisting Sov imperialism are identical.

Finally suggest you inform Spender our willingness and desire through discussions Austral Emb Washington and through you in Canberra keep Australia informed our thinking on various problems of common interest.

ACHESON

[2] For documentation on United States relations with Australia, including material on a draft treaty of friendship, commerce, and navigation, and on the question of joint bases at Manus Island and elsewhere, see pp. 189 ff.

790.5/4–2150 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, April 21, 1950—10 a. m.

120. I am much heartened by Deptel 79 April 19, the substance of which I communicated to Spender yesterday. (I of course refrained from mentioning the clause in next to last paragraph concerning "impression received by Butterworth and Jessup of lack of indigenous interest" in pact.) Spender expressed appreciation and I hope and believe this interim message will be regarded by Australian Government as creating a favorable atmosphere in which to treat specific problems of mutual concern to the two governments.

Yesterday before receipt Deptel 79, Spender had told me that Australians would send representative (probably Burton) to Baguio

Conference. Said during recent visit Manila he had discussed conference with Quirino, who emphasized cultural and economic cooperation and played down military aspect despite Spender's strongly expressed interest in latter. Spender's reversal of decision reported in Embtel 62 March 2[1] is clearly intended as friendly gesture toward US. He evidently doubts as much as before whether Conference will serve useful purpose. (Foregoing may perhaps have bearing on forecast re Baguio stated in next to last paragraph Deptel 79.)

Sent Department 120, repeated Manila unnumbered, pouched Wellington.

JARMAN

[1] Telegram 62 from Canberra, March 2, not printed, reported that Australia had declined the invitation of the Philippines to attend the Baguio Conference (398.00BA/3-250).

700.5 MAP/4-2550

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Under Secretary of State (Webb)

TOP SECRET [WASHINGTON,] April 25, 1950.

Subject: Budgetary Plans for Fiscal Year 1951 for Assistance to Countries Eligible Under Section 303 of the Mutual Defense Assistance Act.

For purposes of presenting to the Bureau of the Budget estimates of funds necessary to carry out the Mutual Defense Assistance Program for fiscal year 1951, it is necessary that S/MDA be provided with a firm estimate covering the cost of military assistance to countries eligible under Section 303 of PL 329.

The Joint Chiefs of Staff, in a memorandum recently forwarded by Secretary Johnson to the Department,[1] has recommended that the Administration seek obligational authority in the amount of $100 million for fiscal year 1951 to cover the cost of military assistance to certain countries in the Far East.This estimate of requirements by the Department of Defense assumes that such funds will be devoted to military assistance only.

As you know, out of the existing $75 million fund appropriated under Section 303 for this fiscal year, $36.5 million have been reserved by the President for military assistance projects in Indonesia, Indo-China, Thailand and Japan. These projects are moving forward. In addition, we are seeking an allocation of $5 million from 303 funds for the first installment of ECA operations in Indo-China, to complement the military assistance program by means of rural rehabili-

[1] For the text of Secretary of Defense Johnson's memorandum, April 14, see p. 780.

tation projects in liberated areas, in accordance with the Griffin Mission recommendations. Present tentative plans for the use of the remainder of the $75 million fund are as follows: an increase in the amount reserved for military assistance to Indo-China; allocations to initiate economic assistance projects in Burma, Thailand, Malaya, and possibly Indonesia, in accordance with the recommendations of the Griffin Mission.

As in the case of the proposed ECA project in Indo-China, it is contemplated that the funds to continue economic programs in these other countries during fiscal year 1951 will come from the unexpended balance of the China Aid fund, approximately $60 million of which will be available for use in the general area of China if legislation now pending is approved.

It is recommended that S/MDA be authorized to insert a figure of $100 million for fiscal year 1951 in the estimates to the Bureau of the Budget for MDAP in countries in the general area of China, upon the understanding with the Department of Defense that this amount, if appropriated, will be used primarily for military assistance and for the financing of any covert operations undertaken by the Central Intelligence Agency. Such an understanding between the Departments of State and Defense would not preclude the possibility that at a later date, after consultation between the two departments, this fund might be used for purposes other than military assistance or covert operations, if circumstances so required; and the requested legislation should be drafted so as to admit this possibility.

It is further recommended that you authorize the planning, together with ECA, for the utilization of the approximately $60 million unexpended China Aid funds for economic purposes in the general area of China during fiscal year 1951.

With regard to the portion of the existing $75 million fund unobligated as of June 30, 1950, we are planning to ask for a carryover under the general terms of the present legislation (Section 303 of Public Law 329), which would permit the expenditure of these monies for either military or economic projects.

Editorial Note

The South Pacific Commission, composed of representatives ("commissioners") of the Governments of Australia, France, the Netherlands, New Zealand, the United Kingdom, and the United States, was established in 1948. The Commission acted as a consultative and advisory body to the participating governments in matters affecting the economic and social development of the non-self-governing terri-

tories of the South Pacific region within the scope of the Commission and the welfare and advancement of their peoples.

Under the auspices of the South Pacific Commission, delegates from 14 non-self-governing territories (including American Samoa) met in Suva, Fiji, from April 25 to May 3, 1950. Members of the Commission attended solely as observers. The Conference arrived at a number of recommendations to the Commission on a variety of social and economic topics. In the opinion of the American observers, the Conference, without precedent in the South Pacific region, marked "the beginning of a program of combined endeavor among the island territories of inestimable significance for them."

The South Pacific Commission held its Fifth Session in Suva from May 11 to May 19, 1950. The Commission evaluated and reviewed the recommendations of the South Pacific Conference and also took up a number of organizational and administrative problems. The American Commissioners reported that the session was "a hard-working and harmonious one." The Commission held its Sixth Session in Noumea, New Caledonia, October 23–November 2, 1950. Considerable attention was given to the problem of developing a special technical assistance program for the South Pacific area.

For an authoritative account of the proceedings of the South Pacific Conference and the Fifth and Sixth Sessions of the South Pacific Commission, including the composition of the United States Delegations, see Department of State Publication 4216, *Participation of the United States Government in International Conferences: July 1, 1949–June 30, 1950* (Washington: Government Printing Office, 1951), pages 54–58, and Department of State Publication 4571, *Participation of the United States Government in International Conferences: July 1, 1950–June 30, 1951* (Washington: Government Printing Office, 1952), pages 39–40. For a detailed description of the origin, development, and organization of the South Pacific Commission, see Department of State Publication 3665, *International Organizations in which the United States Participates: 1949* (Washington: Government Printing Office, 1950), pages 197–201. Documentation on the South Pacific Commission is included in the files of the Department of State under 790.0221.

398.00BA/4–2550 : Telegram

The Secretary of State to the Embassy in the Philippines

CONFIDENTIAL WASHINGTON, April 28, 1950—1 p. m.

748. Ur 1179. Apr 25.[1] Dept position on proposed SEAU conference Baguio May 26 remains as previously communicated you, namely, US approves any such spontaneous and indigenous project in prin-

[1] Not printed.

ciple but must necessary reserve judgment on implementation this principle until it has been able determine how it conforms to genl objectives. At this particular stage development Dept unable determine whether proposed SEAU conference contains substance or prospect producing more than exchange of pleasantries. For this reason U.S. not prepared as yet designate an observer.

For your info Dept questions advisability designating Amer observer on basis Phil invitation and inclines to view any such participation shld be on basis of invitation by conference as a whole. Ur reactions this suggestion wld be appreciated.[2]

ACHESON

[2] In telegram 1301 from Manila, May 5, Ambassador Cowen agreed that the United States should not send an observer unless the conference as a whole extended an invitation (398.00BA/5–550). In telegram 1542 from Manila, May 26, Cowen reported that the delegates of the Baguio Conference had decided not to invite other countries to send observers (398.00BA/5–2650).

400.1183/5–450 : Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, May 4, 1950—10 a. m.

1. Dept studying desirability raising in London FonMin [2] talks question illegal arms traffic SEA and internatl effort reduce flow arms to dissident and insurgent elements. Outline present thinking follows:

a. Effective measures curb traffic urgently required especially in view prospective implementation MDAP program for area. Efforts on wider than natl basis essential because of practical difficulties involved.

b. Internatl conference reps independent states SEA and concerned Western states shld be held near future to discuss problem and means of solution.[3]

c. Conference might consist of reps of SEA states: Burm, Thailand, Vietnam, Laos and Cambodia, Phil and Indo; and of Western powers directly concerned question including US, UK, Fr, Neth, Port and possibly Aust and NZ. Desirable Western reps not outnumber Eastern reps conference. Accordingly, Aust and NZ might not be included unless they believed to be especially interested in participating.

d. Conference agenda might consist of consideration measures dealing with arms smuggling traffic and any other related problems which states might wish to bring up.

[1] Sent to Hong Kong, Manila, Saigon, Singapore, Djakarta, Rangoon, Bangkok, Canberra, Wellington, The Hague, Karachi, Colombo, and New Delhi; repeated to London and Paris.

[2] Documentation on the London Conference of the Foreign Ministers of the United States, the United Kingdom, and France, May 11–13, is scheduled for publication in volume III.

[3] In a memorandum to the Secretary of State dated April 21, not printed, Dean Rusk, Assistant Secretary of State for Far Eastern Affairs (since March 28), proposed that such a conference be convened (790.5/4–2150).

e. Conference might consider creation internatl comm which wld operate full time basis, having as functions:

(1) keep problem arms traffic SEA under constant review;
(2) serve as center for advising govts of area on techniques training personnel, details of licensing and enforcement systems and methods suppressing traffic;
(3) receive and serve as clearing house for specific complaints with regard illicit arms traffic;
(4) offer advice their respective govts on measures which might be taken suppress traffic, including possibly cooperative sea or air control measures, etc; and
(5) perform such other functions as govts concerned may agree to accord it.

f. Conference shld, if possible, be called by and held in independent FE state in area, preferably Thailand. An approach wld, accordingly, be made to Thai Govt whether it would be prepared to call such a conference.

g. Believed improbable India, Pak and Ceylon wld be prepared to cooperate in project. Accordingly, they wld not be included but wld be informed of our approach to Thai Govt after it had been made.

2. Dept wld appreciate your comments on idea including any estimate on acceptability to govt to which you are accredited or probable reaction that govt. Since matter has not had top interdepartmental clearance here, appropriate caution shld be taken avoid leaks.

ACHESON

890.00/5–1150

Record of an Interdepartmental Meeting on the Far East at the Department of State, May 11, 1950, 11:30 a. m.[1]

CONFIDENTIAL

Mr. Rusk opened the meeting and expressed to Mr. Griffin the Department's gratitude for the very useful work his mission had accomplished.[2] Mr. Griffin listed the members of the Mission as follows:

Department of State:
Mr. Samuel P. Hayes, Jr.
Mr. William McAfee
J. C. White Engineering Co.—Mr. Henry Tarring
ECA—Dr. Raymond Moyer
Agriculture—Dr. Ross Moore
Public Health: Dr. Howard M. Klein

[1] Drafted by Windsor G. Hackler, executive staff officer, Bureau of Far Eastern Affairs.

[2] The Griffin Mission completed its work in Southeast Asia on April 22 in Indonesia and returned to Washington via Paris. On May 2, Griffin participated in a conference at the Department of State which dealt in large measure with the subjects under consideration at the May 11 meeting. His memorandum on the May 2 meeting is not printed except for his record of the discussion on Indochina, for which see p. 794.

The purpose of the Mission had been the development of a program of economic assistance on an emergency basis which would remove impediments to economic development in Southeast Asia and strengthen the governments there by making it possible for them to assist their peoples in economic rehabilitation. The Mission, Mr. Griffin said, also was charged with pointing out specific needs for technical assistance and advising on necessary consultants for top-level planning in the various countries. Mr. Griffin paid tribute to the industry and cooperation of the members of the Mission.

In Indochina the Mission had walked a very tight rope in an endeavor to avoid becoming involved in difficulties between the French and Bao Dai, between the French and Ho Chi-minh, and between Bao Dai and Ho Chi-minh. The Mission had travelled in the Red River area where the members saw the depravations [*depredations*] of Ho's forces. All of the buildings between villages have been destroyed and 40 to 60% of the buildings within villages in the Red River area have been demolished. The incidence of malaria and trachoma in the area had never been equaled. The people of the area who had been forced by the Viet Minh to flee to the hills were thoroughly antagonistic toward Ho Chi-minh but, on the other hand, have no love for the French.

Mr. Griffin described a welcoming arch leading to one of the villages in Indochina—"Communism, no; Colonialism, never". He said that this sentiment was characteristic of all of Southeast Asia but that it undoubtedly represented the spirit of at least 90% of all of the Indochinese. He commented favorably on recent articles in the *New York Times* by Mr. Sultzberger [3] concerning Indochina.

Mr. Griffin stated that in his judgment the French had not yet decided to make a success of Bao Dai while, at the same time, they realized that military means alone could not subdue Ho Chi-minh. While accepting the fact that the solution must be political, the French had not been working wholeheartedly to make a success of their chosen successor, that is, the Bao Dai government. Mr. Griffin described a meeting with the staff of M. Pignon, the French High Commissioner, which developed into an embarrassing wrangle over the possibility of U.S. technicians going to Indochina, the French pointing out that the March 8 agreements provided for exclusive French technical assistance. They had retreated from this position only at a later meeting. Mr. Griffin said that the French were slowly defeating Ho Chi-minh but at a vast expense to both the French and the U.S., with over 50% of the French Army in Indochina. Native armies being trained by the French have far to go before they become effective.

Mr. Griffin described the situation in Indochina as amorphous but

[3] Cyrus L. Sulzberger, correspondent for the *New York Times*.

urged the rapid dispatch of American teams into the field to test out the program just developed and work out on the spot relations with the French. He described as essential the immediate manifestation of American encouragement for Bao Dai and his people.

From Indochina the Mission travelled to Malaya where consultations were held with the British preparatory to visiting Burma. During long consultations with Mr. MacDonald, the British High Commissioner for Southeast Asia, Mr. Griffin learned that the British analyses of the situation in Indochina and in Southeast Asia as a whole were similar to those which he and his mission developed. The Burmese, MacDonald had informed him, do not wish to receive British technical or military advice, and the British Army mission in Burma never appears in public in uniform. In this connection, Mr. Griffin remarked that the U.S. military personnel in the area would be well advised to follow this precedent and put a stop to the unnecessary display of American military uniforms.

Mr. Griffin described the Burmese government as unstable and cockeyed, unprepared and shaky. Nonetheless, he had not found the situation as bad as he had expected it to be. The depravations [*depredations*] of the "bandits" had not been nearly so severe or permanent as the guerrilla operations in other parts of Southeast Asia. The opposition is not terroristic nor anti-foreign. Mr. Griffin felt that stabilization could be achieved, both rapidly and satisfactorily, in Burma if a change of attitude on the part of the government could be brought about. Following gentle persuasion by the Griffin Mission, the Burmese government finally submitted the exact proposal for economic assistance which the Mission had wanted it to do. Mr. Griffin stated that this proposal could be implemented by the U.S., certainly not by the British, and might well prove to be the necessary element which would lead to rapid improvement in the whole situation in Burma.

The situation in Thailand had been much more encouraging. The Mission developed very quickly successful team work relationships with officers of the Embassy at Bangkok. The program for Thailand had been designed to help retain the present favorable conditions and to prevent the development of crises. A critical problem in Thailand is the powerful Chinese minority.

Many disappointments had been found in Indonesia, Mr. Griffin reported. The Indonesians, like other Southeast Asian peoples, had not been prepared for self-government and recognized the need for moral leadership and skills from the West. Indonesian leaders had expressed their concern over the departure of experienced Dutch personnel. Originally, the Mission had been favorably impressed with the Dutch in Indonesia and had considered the desirability of subsidizing Dutch efforts. The original impression, however, had been gradually

overcome when it was discovered that the Dutch would not recommend any proposals for improvement until "law and order" had been established. No justification had been prepared by either the Dutch or the Indonesians for projects under the $100 million Export-Import Bank loan.

Ambassador Cochran had arranged a conference for Mr. Griffin with Mr. Djuanda, Minister of Economic Affairs, who had confessed that he felt constantly frustrated by the lack of Dutch cooperation, although he admitted that there were some "good" Dutch who were trying to help. The small Indonesian government, Mr. Griffin found, was terribly overworked and he recommended the assignment of a top-level group of American engineers and planners, not to supersede the Dutch but to bridge the gap between the Indonesians and the Dutch advisers.

For both Burma and Indonesia, Mr. Griffin recommended the establishment of schools for training government administrators and suggested that they be located in Rangoon and Djakarta. He described the lack of trained bureaucrats and the pressing need to provide training for the young people in public administration.

Mr. Griffin reported that the members of the mission had not returned from its tour in a pessimistic frame of mind. They were hopeful that a small group of good men and the expenditure of small amounts of money could accomplish wonders in the area. Although some of the Southeast Asian governments had developed peculiar attitudes toward westerners and their neighbors, and although there was a very active hot war in Indochina, the situation in the area was not basically unsound. Mr. Griffin stated that it was most important that workmen-like groups be sent to the area and given authority to make adjustments in the program to fit changing conditions in the field.

In response to a question by Mr. Rusk, Mr. Griffin stated that men with enterprise, initiative and determination must be placed in charge of carrying out U.S. programs in the area and must be given full authority. He stated that the proposals and programs which his mission had developed will of necessity be changed as they are worked out, but he believed that the changes should be made in the field and *reported* to Washington, not *requested.* He said that the heads of the economic mission must be field commanders with general directives, and stated that the heads of our diplomatic missions in the area all feel the sense of great urgency.

Mr. Rusk then introduced Mr. McConaughy [4] who has just returned from his post as Consul General at Shanghai. Mr. McConaughy re-

[4] Walter P. McConaughy.

ported that the Russian influx into China is continuing and estimated that more than 3,000 Soviet agents have arrived straight from Moscow. At the time of his departure from Shanghai, Mr. McConaughy reported the trend in China was completely unpromising and he considered that the situation would deteriorate further. He believed, however, that a modicum of trade would probably continue with the West and that a few American businessmen and missionaries might be able to carry on in China for some time. The trend, however, was to squeeze out all Western influence.

Mr. McConaughy reported that the last word he had received from the American business community in Shanghai was the request that the U.S. Government prevent funds from being remitted to China from the U.S. While recognizing that the freezing of funds had many ramifications, the American businessmen believed that this help was needed to prevent their being held for ransom or as hostages. Mr. McConaughy suggested that the UN Commission on Human Rights might be the best forum for raising the issue of exit permits for foreigners desiring to leave China. He said that the Chinese Communists considered it a privilege and not a right to leave Communist China.

In conclusion, he stated his conviction that the top command of the Chinese Communists was thoroughly indoctrinated in Soviet theory and practice and completely loyal to Moscow. In the near future, therefore, he would expect all high policy to be directed by Moscow. Implementation, however, of the policy may well develop along Chinese lines as distinguished from Soviet practice.

[Annex]

INTERDEPARTMENTAL MEETING ON THE FAR EAST
Thursday, May 11, 1950, 11:30 a. m.
Room 5106 N. S.

Name	*Agency*
Arthur W. Stuart	Treasury
Ralph Hirschtritt	Treasury
W. I. Ladejinski	Agriculture
Mr. Andrews	Agriculture
John B. Nason	ECA
Miss Mabel Eades	Commerce
William J. Logan	Army
Dr. Quincy Adams	Army
Malcolm McComb	Army
M. Dodge	Army
Seymour Weiss	Budget
Kenneth Young	Defense

	State
Elbert G. Mathews	SOA
Maurice Levy-Hawes	BNA
Richard Brown	E
J. Carney Howell	OMB
William D. Wright	OOF
Mr. Boswell	FP
Mr. Rusk	FE
Mr. Allison	
Mr. Hackler	
Mr. Sprouse	
Mr. Lacy	
Mr. Wright	
Mr. Griffin	
Mr. Tarring (Griffin Mission)	
Mr. Peake	
Mr. Sullivan	
Mr. Ogburn	
Mr. Doherty	
Mr. U. A. Johnson	
Mr. McAfee	
Miss Bacon	
Mr. Gibson	
Mr. Bond	
Mr. Barnett	
Mr. Magill	
Mr. McConaughy	
Mr. George Harris	
Mr. Parelman	

484A.008/5–1150 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, May 11, 1950—4 p. m.

410. Depcirtel May 4. 1. Seriously doubt whether formal conference on arms smuggling and suppression would achieve any practical results.

2. We believe that at formal conference countries would officially deny involvement. Therefore, extremely doubtful whether Thailand, for instance, would wish participate such conference since she would be one of principal targets of conference. Thailand, Philippines in particular more likely antagonized by holding formal conference and obviously without their willing cooperation, little can be achieved. Furthermore, while there has been considerable smuggling arms into Vietnam from Philippines through Thailand, main source supply such arms in future will almost certainly be Communist China. Regarding that source there is little conference could do. Stoppage arms

smuggling from Philippines would be very limited benefits so long as arms can be poured across China–Indochina border.

3. My own feeling is much more can be accomplished by:

(*a*) Repeated strong but friendly diplomatic representations to Thai Government;
(*b*) Greater efforts on part French authorities reach working agreement with Thai Government on measures prevent smuggling (such effort about to be made by French Ambassador here);
(*c*) Further representations to Philippine Government prevent smuggling arms out of Philippines;
(*d*) We, British, French, tighten up own controls prevent smuggling arms.

4. Re reaction Thai Government do not believe government would welcome holding such conference here or would be particularly anxious participate for reasons mentioned above. Furthermore, must be borne in mind Thai Government decision recognize Bao Dai not popular and many Thailand still think of Ho Chi Minh as Nationalist fighting for independence against French. Therefore, strict enforcement measures stop arms smuggling not easy in face such public sentiment. Arms conference here rather pointedly aimed at Thailand and Philippines would not, we fear, make Thai Government's task any easier.

STANTON

851G.00TA/5–1550: Telegram

The Acting Secretary of State to the Legation at Saigon

SECRET WASHINGTON, May 15, 1950—6 p. m.

295. Recommendations for econ-tech assistance programs by Griffin Mission and concurred in by missions in field, contained in Saigon's 189, March 18, Singapore's 166, March 23, Rangoon's 170, April 2, Bangkok's 319, April 12 and Djakarta's 544, April 22,[1] have been carefully examined and thoroughly discussed in Dept with members of Mission and ECA. With few minor variations, these recommendations have been approved on staff level as bases for developing assistance programs to these countries. Anticipated mode of financing to be unexpended balance China aid fund, a part of which is expected to become available to President for use this area within few days by Congressional action.[2] In all cases except Malaya, administration these programs in Washington will be handled by ECA, in close consultation

[1] For telegram 189 from Saigon, March 18, see p. 762; for telegram 544 from Djakarta, April 22, see p. 1011. The other telegrams under reference are not printed. For the texts of the reports of the Mission on Indochina, Malaya, Burma, Thailand, and Indonesia, see Hayes, *The Griffin Mission*, pp. 59–326, *passim*.

[2] On June 5, Congress enacted the Foreign Economic Assistance Act of 1950 (64 Stat. 198), Title II of which authorized funds for the programs envisaged by the Griffin Mission. For additional information on the implementation of the recommendations of the mission, see *ibid.*, pp. 43–58.

with and under policy guidance of Dept. We are presently working out with ECA exact relationship between agencies in Washington and in field missions, and relationship these programs to Point Four assistance. You will be kept advised of developments.

In separate ECA–State cables, your suggestions will be sought re priorities, number and types personnel initially required, and related matters with object getting these programs moving promptly. Meanwhile, if queried as result press reports of US econ assistance to your area, you may use above info at your discretion, avoiding any firm commitment this govt.

Sent Saigon; repeated Singapore as Deptel [203]; Rangoon as Deptel [198]; Bangkok as Deptel [368]; Djakarta as Deptel [439].

WEBB

396.1–LO/5–2250

Memorandum by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] May 22, 1950.

Subject: Status of Problems Considered at the Foreign Ministers' Meetings.[1]

Out of the discussions held both bilaterally and trilaterally in Paris and London the following problems arose:

1. *Paris bilateral talks with the French.*[2] In discussing the situation in Indochina with Mr. Schuman the Secretary reiterated that American aid would not become a substitute for the basic French responsibility for that area. The Secretary indicated to Mr. Schuman that approximately $20 million would be made available by the United States for both economic and military aid during fiscal year 1950.

2. *Trilateral Talks in London.*

(*a*) *Problem:* In paragraphs 7 and 8 of Minute No. 1, agreed to by the United States and United Kingdom it was stated that the British and French have direct responsibility in Southeast Asia which make its security of even greater concern to them than to the United States. The United States has taken and will continue to take every

[1] The Foreign Ministers of the United States, the United Kingdom, and France met in London from May 11 to May 13, 1950, to discuss problems of common concern. These conversations were preceded by preliminary discussions which commenced on May 1. In addition to the tripartite sessions, United States officials participated in bilateral meetings with British and French Representatives. Aspects of the situation in the East Asian-Pacific area received consideration at various sessions. Documentation on the London Foreign Ministers Meeting and related discussions is scheduled for publication in volume III.

[2] Regarding the Acheson–Schuman discussions in Paris on May 8, see editorial note, p. 812.

diplomatic action which appears practicable to defend Southeast Asia against further Communist encroachment. The United States is also prepared to accord military aid within its capabilities and is examining the possibility of according economic aid to Indochina and certain other parts of Southeast Asia.

Action: The United States plans for both economic and military assistance are well advanced. $13 million has been allocated by the President under 303 for military assistance to Indonesia and Indochina. Supply action has begun on military aid for Indochina and the first shipment may take place within thirty days, depending upon French clarification of certain details. The President has approved $750 thousand for economic assistance to Indochina and the Chief of the ECA Mission will arrive at Saigon on May 24. The Governments of the three states will be notified on that date of the establishment of the ECA Mission to Indochina.

(*b*) *Problem:* In sub-paragraph (*a*) of Minute No. 2 which was agreed to by all three delegations it was recognized that there is a considerable amount of arms smuggling taking place from Thailand which aids the Vietminh forces. It was suggested that the French, the United States and the United Kingdom Ambassadors in Bangkok should be instructed to meet together to discuss ways and means of influencing the Thai Government to exercise more strict control over the smuggling of arms into and out of Thailand. Likewise, it was recommended that the Philippine Government be approached by the United States Government on the same subject.

Action: The Department on May 22 instructed the United States Ambassador at Bangkok of the suggestion outlined above and directed him in conjunction with the Ambassadors of the United Kingdom and France to investigate means of controlling the arms traffic from Thailand into Indochina. The Department has also instructed the United States Ambassador at Manila to approach the Philippine Government along the same lines to prevent further arms traffic from the Philippines.

(*c*) *Problem:* Under Minute No. 2 which was agreed to by all three delegations it was suggested that the three Governments should seek to coordinate their policy on exposing and combatting Communist propaganda through consultation between their appropriate authorities in the area.

Action: The United States Legation at Saigon has been instructed to coordinate USIE efforts with the French authorities and with the State governments in order to publicize captured documents and expose the aims and designs of the Communists in Indochina.

3. *Conclusion:*

Arising out of the foregoing agreements the United States is committed to extend political, economic and military assistance to South-

east Asia. No specific sums of money nor timetable have been promised. It is important to note that both the French and the British Governments are on record that the security of Southeast Asia is primarily their responsibility and that the United States assistance will be supplementary only. United States military assistance to Indochina specifically has been delayed because of confusing French requests and lack of clarity in French planning. The United States is prepared to act quickly if the details of military assistance are worked out between French authorities at Paris and the United States military aid group Paris and the French and Vietnamese authorities in Indochina. Economic assistance to Indochina should be able to develop rapidly if the ECA Mission produces a firm program which will be suitable for supporting a request for additional funds.

492.00234/5–1150 : Telegram

The Acting Secretary of State to the Embassy in Thailand

SECRET WASHINGTON, May 23, 1950—5 p. m.

393. Pursuant to statement of common US Fr and Brit objectives in SEA approved by three Fon Min London, Mins undertook have their respective govts make concerted attack SEA arms smuggling, particularly arms reaching IC from or via Thai. Fol paras from Fon Mins conference approved doc MIN/TRI/P/9 May 6:[1]

"(*a*) Arms smuggling.

10. It is recognized that there is a considerable amt of arms smuggling taking place in SEA and that these arms are being supplied to subversive movements throughout the area. Thailand is believed to be one of the focal points for this arms traffic, for example arms are known to be smuggled over the Thai-Cambodian border into Indo-China for use by the Vietminh forces.

11. It is therefore suggested that the Fr, US and UK Ambs in Bangkok shld be instructed to meet together to discuss ways and means of influencing the Thai Govt to exercise stricter control over the smuggling of arms into and out of Thailand."

In accordance with Para 11 above request you join ur Fr and Brit colleagues as soon they are in receipt parallel instrs in discussion this problem and submission recommendations. Dept already has ur helpful comments (urtel 410 May 11) re Internatl Arms Conference and believes tripartite approach is more consonant ur alternative suggestions Para 3 ref tel.

Dept fully appreciates many obstacles to obtaining real results this effort but believes determined explicit representations must never-

[1] The full text of the agreed minute is scheduled for publication in volume III.

theless be made to Thai Govt. For US to take no exception this traffic while supplying mil aid wld be acknowledgment that Thai Govt receiving US aid on its own terms and that US strategically reluctant withhold aid despite direct Thai subversion its primary purpose. If Thai Govt can with impunity justify to itself this subversive traffic as necessary for internal polit reasons it may on the same grounds justify any other subversion US aid subsequently found expedient.

Re initial difficulty cited urtel 410 that Thai Govt will deny involvement, tripartite representations need not charge such involvement. However statement to Thai Govt must make clear that (1) ample evidence in hands three govts existence such traffic under whatever undetermined auspices; and (2) clear responsibility Thai Govt earnestly attempt halt such traffic, notwithstanding acknowledgeable difficulties, in view its recognition legal govts IC area, and more particularly its acceptance US mil aid for purpose strengthening Thailand vis-à-vis Commie aggressors including explicitly Ho Chi-minh. Re (1) above Dept assembling evidence available US Govt Wash.

US Govt at this point not prepared enunciate firm position that suppression traffic is requirement for Thai Govt receipt US mil aid. However question will implicitly arise in connection presentation to Thai Govt of substance Para 5 draft unilateral note transmitted Emb with Depins 42 May 10.[2] Dept believes that without making positive threat withhold aid, US Govt shld at that juncture inform Thai Govt that this provision has ref to IC traffic and US Govt presumes Thai Govt will exert maximum endeavors comply. Thai Govt shld be further informed US Govt wld accordingly be pleased before shipping initial mil aid receive statement from Thai Govt of (1) concrete steps which that govt prepared take in effort halt this traffic; and (2) circumstances under which US Govt officials in Thai responsible for administering US mil aid might enjoy subsequent privilege making firsthand observation Thai Govt control measures in action.

Emb may discuss such US action with Fr and Br colleagues. However, since Dept has not yet finally determined manner in which US Govt will attempt obtain Thai observance certain specific conditions pertaining receipt US aid, and present secret unilateral note is still tentative method, Emb shld make no ref to colleagues existence this note as such. However substance its Para 5 will in some form be presented Thai Govt prior conclusion any agreement covering US mil aid. In this connection Dept wld appreciate Emb comment re desirability transferring present Para 5 to bilateral agreement as new separate article.

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[2] Instruction No. 42, May 10, is not printed. Information on United States military assistance to Thailand is included in the Policy Statement on Thailand, October 15, p. 1529.

Foregoing primarily refers possible role US Govt in tripartite approach. Emb however shld assure that discussions focus equal attn on possible action Fr and Brit govts might take in situation, and recommendations shld contain specific ref such action. Possible Fr action already referred Para 3b urtel 410 while possible Brit action in Singapore.

Re other comments urtel 410 US Govt has made initial representations Phil Govt with Romulo promising investigate. Enforcement control arms traffic this source most difficult. While any possible tightening US and Fr and Brit metropolitan export controls wld be helpful do not believe that diversions or illegal exports currently from these sources constitute significant factor total picture.

WEBB

751G.5 MAP/6–150

Memorandum by the Deputy Director of the Mutual Defense Assistance Program (Ohly)

TOP SECRET [WASHINGTON,] June 1, 1950.

MEMORANDUM FOR MAJOR GENERAL LYMAN L. LEMNITZER [1]
DEPARTMENT OF DEFENSE
MR. EDWARD T. DICKINSON [2]
ECONOMIC COOPERATION ADMINISTRATION

Subject: Implementation of and Planning for Section 303 Programs

Reference is made to previous discussions between officials of the Departments of State and Defense and within the FMACC [3] regarding the provision of military assistance under Section 303 of the Mutual Defense Assistance Act to certain Southeast Asian nations.

Of the $75,000,000 appropriated to the President under Section 303, the President has approved the reservation of $15,000,000 for military aid to Indochina, $10,000,000 for military aid to Thailand, and $5,000,000 for military aid to Indonesia. Of these amounts, $10,000,000 has been allocated for Indochina and $3,000,000 for Indonesia. In addition, $6½ million has been allocated for certain installations in Japan, and $3½ million for aid to Burma. Thus, $40,000,000 has so

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[1] Director of the Office of Military Assistance, Department of Defense.

[2] Edward T. Dickinson, Director, Program Coordination Division, Economic Cooperation Administration.

[3] The Foreign Military Assistance Coordinating Committee, consisting of representatives of the Departments of State and Defense and the Economic Cooperation Administration, was charged with operational interdepartmental coordination of the military assistance program. Messrs. Ohly, Dickinson, and General Lemnitzer represented their respective agencies on FMACC. Additional information on the Committee and military assistance in general is scheduled for publication in volume I.

far been earmarked or allocated for military aid purposes. In addition to the foregoing, $750,000 has been allocated by the President for an economic program in Indochina.

It is understood that our agencies are in agreement at this time that the balance of funds not earmarked or allocated ($34,250,000) should be apportioned for planning purposes and subject, of course, to Presidential approval as follows: $13,750,000 is to be utilized for non-military programs or held in reserve. In FMACC planning for additional or estimated programs of military aid in this area, the balance of $20,500,000 should be contemplated as available therefor. In addition to this sum, we are, as you know, seeking additional funds in the amount of $75,000,000 in the proposed 1951 Mutual Defense Assistance Program for Section 303 purposes. All agencies involved are agreed that those funds which are allocated, or proposed to be allocated for military aid should be administered through the FMACC in the same manner as other military aid programs under the Mutual Defense Assistance Act of 1949. As you are aware, the President, in making the allocations referred to, has signified that such was his desire.

It is generally agreed that in order effectively to implement the programs so far developed and effectively to plan as to further military assistance in this area, it is necessary and desirable that a survey mission be sent to Southeast Asia as soon as possible. It is accordingly proposed that such a mission, under the auspices of the FMACC, be organized and, subject to FMACC instructions, depart if possible not later than June 15, 1950. There will be transmitted to you separately, a memorandum setting forth the terms of reference which we suggest should be adopted by the FMACC and incorporated as a directive to the survey mission. The views of the Department of Defense and the ECA thereon are solicited.

It is also apparent from the discussions which have taken place to date that there will be a need for United States military personnel to be attached to the United States Missions in Indochina, Thailand, Indonesia and Burma, to assist in the implementation of the military aid programs for those countries. While the exact size and composition of personnel requirement and the precise organizational arrangements involved cannot be definitively determined at this moment, it is believed that there is a sufficient basis of knowledge to permit the initiation of action in the Department of Defense looking toward the procurement and making available of at least key personnel for these purposes. It is urged that such action be taken.

In the period intervening the establishment of permanent personnel and organizational arrangements, it will undoubtedly be necessary to make interim arrangements for such personnel as are necessary for supply and training action in these countries. It would be appreciated if the Department of Defense would undertake to develop proposals

for handling this situation as soon as possible. Due to the complex political factors involved therein, such proposals should receive the concurrence of this Department prior to their implementation.

JOHN H. OHLY

400.1183/6–1950 : Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, June 10, 1950—4 a. m.

Replies to Depcirtel May 4 indicate holding internatl conf on arms smuggling SEA probably impractical and idea dropped for time being. However Dept continues consider checking arms smuggling matter of critical importance in restoring polit stability in SEA and in combatting Commie-inspired subversive movements.

Current developments re mil aid to SEA states make illegal arms traffic that area even greater interest to Dept. Consequently you shld take early opportunity to bring above views to attn govts to which accredited and express hope that renewed and contd efforts by local auths to stop arms smuggling can be expected. Method of approach left to discretion Officer in Charge as well as question of collaboration with Brit and Fr colleagues.

Report action taken and also report promptly any specific evidence of illegal arms traffic which comes to your attn.

Defense being requested issue appropriate instrs Service atts.

ACHESON

[1] Sent to Manila, Rangoon, Djakarta, Colombo, New Delhi, Karachi, Hong Kong, and Singapore for action; sent to Bangkok, Paris, London, Canberra, Wellington, The Hague, Saigon, and Tokyo for information.

398.00–BA/6–1550

Memorandum of Conversation, by the Officer in Charge of Philippine Affairs (Melby)

RESTRICTED [WASHINGTON,] June 15, 1950.

Subject: Baguio Conference [1]

Participants: Brigadier General Carlos P. Romulo, Secretary for Foreign Affairs, Philippines
Joaquin Elizalde, Philippine Ambassador
Dean Rusk—FE
William Lacy—PSA
John Melby—PSA

In a conversation this noon, General Romulo outlined the work and accomplishments of the Baguio conference in the following terms:

[1] The Baguio Conference, May 26–30, was attended by representatives of India, Indonesia, the Philippines, Australia, Ceylon, Pakistan, and Thailand.

He stated at the outset that as he had anticipated there was considerable suspicion concerning the real purposes of the conference among most of the delegates who feared it as an American trick. In this sense, he believed the conference was a great success in that he was able to disabuse the delegates not only on this point but also concerning their doubts about American intentions and activities in the Philippines. He said he was able to explain the underlying philosophy of the Bell Trade Act [2] and the accomplishments of the various rehabilitation programs, and thus to demonstrate that there has been nothing sinister in American activities. He also said that the delegates, including Australia, were unanimously critical of the American press as presenting an unfavorable picture of their respective countries.

He outlined the specific work of the conference as follows:

(1) Under instructions from President Quirino he proposed the inclusion of Nationalist China and South Korea since it had previously been agreed that all decisions would be unanimous. As India, Pakistan, and Indonesia opposed this proposal it failed. Romulo said he then raised the question of observers and the same three countries again opposed.

(2) *Vietnam.* An unnamed delegate proposed that a Commission composed of three members of the conference be named to investigate the situation in Vietnam. Romulo said he was able to sidetrack this question, but he pointed out that not a single delegate, not even Thailand or Australia who had recognized Bao Dai had a good word to say for him. Romulo said the Australian delegate explained Australian recognition of Bao Dai as having come about at a time when there was a change of government in Australia and anything done by the previous government is almost automatically reversed by the new one which has particularly close relations with London. Romulo then went on to add that after talking with various Asiatic representatives his own views on Bao Dai remained as he had expressed them in his letter to the Secretary of State.[3]

(3) *Formosa.* An unnamed delegate suggested that since the consensus among those present was against imperialism, consideration should be given to the question of Formosa where Nationalist China was playing an imperialist role in denying the legitimate aspirations of the Formosan people for autonomy and independence. Romulo claims that he also succeeded in sidetracking this issue.

(4) *Communist China.* According to Romulo, India raised the question of the recognition of Communist China as the legitimate government. Romulo stated that he at once pointed out the impossibility for the Philippines now or in the predictable future to recognize Communist China because of its behavior and aggressive intentions, and that this question therefore also came to nothing. Despite what appeared to have been a series of inconclusive debates on specific topics, Romulo reasserted his belief that the conference had been a success

[2] Reference is to the Philippine Trade Act of 1946 (60 Stat. 141).

[3] The letter has not been found in the files of the Department of State, but for Secretary Acheson's memorandum of his conversation with General Romulo on March 10, during which the contents of the letter were discussed, see p. 752.

because he was able to strengthen the prestige and influence of the United States in the area, and that this fact, combined with the hands off attitude of the United States, had redounded to the American benefit.

492.00234/6–1750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, June 17, 1950—9 a. m.

536. Mytel 482, June 1.[1] 1. Discussed arms smuggling with Prime Minister this morning (June 16) at some length. Told Prime Minister US Government seriously concerned problem smuggling arms to Vietminh Communists, that we very desirous stopping this traffic which aided Communists their plans seize control IC other countries SEA and that US Government looked to Thailand Government for full cooperation in stopping traffic both in Thailand's own interest and as contribution to efforts being made prevent spread Communism SEA.

2. Prime Minister said he prepared cooperate this problem. He said in recent discussion with French Ambassador he had suggested establish small sub-committee Thailand national security commission for liaison purposes and exchange information. He suggested to me this sub-committee to be composed of officers from military, police and Department Interior, should meet once week with Military Attachés of US, French and British Embassies. I said I thought this would be useful practical step and urged early implementation this arrangement.

3. Following further discussion my French and British colleagues we expect our respective Military Attachés will meet next week for initial exchange and implementation discussion whole problem preparatory regular meetings with Siamese group.[2] I have also discussed problem with Philippine colleague and Philippine Military Attaché will confer with Attachés above mentioned next week. Philippine Minister feels following break-up of arms smuggling syndicate in Philippines which included Americans Murray and Simmons as well as Filipinos, that arms smuggling activities from Philippines through Thailand have fallen off very considerably.

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[1] Not printed.

[2] In telegram 570, June 29, Ambassador Stanton reported that the military attachés of the United States, Britain, France, and the Philippines had discussed arms smuggling on June 23 (492.00234/6–2950). The first meeting with Thai officials occurred on July 11. In telegram 47, July 14, Stanton described that session as a "useful beginning." (492.00234/7–1450)

Department pass Paris, London; sent Department 536, repeated Saigon 39, Manila 44.

STANTON

511.90/6-2150

Memorandum by the Under Secretary of State (Webb) to the President

TOP SECRET [WASHINGTON,] June 21, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Allocation of Funds to Provide an Intensified Program of Information and Educational Exchange for Southeast and South Asia under Section 303 of the Mutual Defense Assistance Act.

The Department of State recommends that an intensified program of information and educational exchange be undertaken immediately in the countries of Southeast and South Asia to acquaint those countries with the policies of the United States and to explain United States' programs of military and economic aid to their peoples and governments. An important part of this information program will be concerned with the true nature of Communism and its threat to the independence of those countries through aggression from without and subversive activities from within.

While it is clear that a major responsibility for attaining the objectives of the total program rests with the governments concerned, the Department of State recognizes that no local governments are equipped to perform the informational task. Nor can the Department of State undertake an expanded program on the scale required in this crucial area within the limits of the modest appropriation available for its overseas information and education program. In this connection it will be recalled that you, on December 30, 1949, approved the conclusions of the National Security Council on "The Position of the United States with Respect to Asia" (NSC 48/2) which included the following statement (3–*k*):

"The United States should undertake an information program, both foreign and domestic, and publish United States' policies and programs vis-à-vis Asia designed to gain maximum support both at home and abroad."

It is therefore requested that you at this time approve an intensified program of information and educational exchange for Southeast and South Asia, and that the amount of $2,930,000 be allocated immediately

for this purpose under Section 303 of the Mutual Defense Assistance Act.[1] This program would be administered by the Secretary of State under the provisions of Public Law No. 402.[2]

These funds would permit the immediate expansion of the information program in this critical area. The estimates provided herein (Annex B)[3] are the nearest that could be made at this time and are based on the assumption that Congress will authorize the carry-over of unobligated Section 303 funds into fiscal 1951. It is anticipated that this allocation will be sufficient to carry the intensified program in Asia until the Congress acts on the supplemental information appropriation for fiscal 1951 which you already have approved in principle for submission to Congress.

It is anticipated that a substantial part of the funds would be obligated before the end of this fiscal year for the purchase of supplies and equipment which are urgently needed in overseas operations and for which sufficient field staff is available to provide immediate utilization. This will provide an immediate impact on the peoples of the area.

Details of the proposed intensified programs are given in Annexes A and B.

JAMES E. WEBB

Annex A

Memorandum Prepared in the Department of State

TOP SECRET [WASHINGTON, June 21, 1950.]

INTENSIFIED INFORMATION PROGRAM FOR SOUTHEAST AND SOUTH ASIA

An intensified information program for Southeast and South Asia is recommended because of the increasing communist threat to this area and the generally meager knowledge and understanding of the United States on the part of the peoples of this area. An intensified information program must be undertaken simultaneously with our economic and military assistance programs if the United States is to obtain maximum value from its efforts in the area.

Practically all of these countries are young in political and economic developments. The level of literacy is low, as is the standard of living. Communications are poor. The national governments lack adequate funds and trained personnel for widespread public education

[1] In a letter of July 5, President Truman notified the Secretary of State that he had approved the request (511.90/7–550).

[2] Reference is to the United States Information and Educational Exchange Act of 1948—the Smith–Mundt Act (62 Stat. 6).

[3] Not printed.

and information programs. Comparatively few nationals understand the current policies of the United States or the history and tradition of this country.

Communist-controlled areas border most of these countries. Indigenous Communist movements are known to exist within their borders. Communist propaganda bitterly denounces the United States and its policies with regard to those countries. The start of military and economic assistance programs will be grossly misrepresented by Moscow and by local Communist groups. If our aid in military and economic terms is to be understood and accepted, it is vital that means be provided for explaining the purpose of this aid and the objectives of the United States.

The Department's overseas information and educational exchange program is operating on a limited scale in the major cities of the area. If the American story is to reach any considerable part of the population, the present program must be expanded and adapted to meet local needs.

The Special Economic Mission, headed by Robert Allen Griffin, cited the need for an intensified effort in information and educational exchanges to accompany economic assistance to the countries in this area.

The *Voice of America* must be expanded so that it will reach a larger number of people in the area in their own languages. Motion pictures, film-strips and other visual materials should reach far greater numbers of persons unable to read than in the past. News bulletins, features, pamphlets and books must be made available in the local languages. While all means possible should be used to spread information about the United States and to counter Communist propaganda as quickly as possible, the long-term objectives of the program must also be maintained. Through special aids to local education, particularly through the Department's Exchange of Persons program, every effort should be made to improve general education and to help train the leaders and students in these countries.

Detailed proposals for expanding all of the above activities in the area are contained in the attached document (Annex B).

Editorial Note

On June 25, 1950, North Korean forces invaded the Republic of Korea. On June 27, the United Nations Security Council approved a United States resolution recommending that members of the United Nations furnish assistance to the Republic of Korea to repel the armed attack. The same day, President Truman issued a statement indicating

that he had ordered United States air and sea forces to give support to troops of the Republic of Korea. The President also announced that he had ordered the United States Seventh Fleet to prevent attacks on or from Formosa, the strengthening of United States forces in the Philippines, and the acceleration of military assistance to Indochina. For the text of the President's statement, see *Public Papers of the Presidents of the United States: Harry S. Truman*, 1950, page 492, or Department of State *Bulletin*, July 3, 1950, page 5. For documentation on the Korean War, see volume VII.

890.00TA/6–3050

Memorandum by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Rusk) and Mr. Merrill C. Gay, Special Assistant to Mr. Rusk

CONFIDENTIAL [WASHINGTON,] June 30, 1950.

Subject: Funds for Griffin Mission Programs

I suggest that an early item of business for the new SEA Coordinating Committee might be to consider requesting additional funds from Congress to permit implementation of the Griffin programs in substantially their original magnitude.

It is not so much that I regard full implementation of the programs as a vital contribution to today's problems in Southeast Asia, but rather that default on them would be extremely undesirable after all the publicity received by the Mission and by the ECA.

The present position is apparently as follows: The original Griffin recommendations for Burma, Thailand, Indochina and Indonesia total over $60 million. Last week approximately $46 million seemed to be in hand from residual China aid moneys, in addition to the small Section 303 contribution, but of this sum the ECA chief in Saigon has publicly committed $23.5 million for Indochina. His action has already required, at least for planning purposes, a cut of approximately 40 percent in the programs originally proposed for Burma, Thailand and Indonesia.

These cuts could be tolerated last week. They are now increasingly obnoxious in view of the changed political situation, in view of SOA's insistent position that the Burmese program should be restored to the original figure, and in view of the danger that it may become possible, i.e., desirable, to spend more money in Formosa.[1]

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[1] The source text bears the following marginal notation by Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs: "I think we shld go ahead with full programs & plan later request to Congress for deficiency." An additional notation by Assistant Secretary Rusk states "I agree."

FMACC Files[1]

Minutes of the Nineteenth Meeting of the Foreign Military Assistance Coordinating Committee, Department of State, June 30, 1950, 2:30 p. m.—5:00 p. m.

SECRET

Attending:

Department of State

Messrs. John H. Ohly, Chairman
John O. Bell
Harold Adams
William H. Bray, Jr.
Richard R. Ely
John T. Forbes
Willard Galbraith
Robert E. Hoey
Ridgeway Knight
William Lacy
Kenneth Landon
Elbert G. Mathews
John Melby
John Murphy
David A. Robertson
Howland H. Sargeant
Arthur Schoenfeld
Eli Stevens
Alfred G. Vigderman
William Dudley Wright

Department of Defense

Major General L. L. Lemnitzer
Major General Stanley L. Scott
Major General Graves B. Erskine
Lt. Colonel H. J. Lowe
Major H. Reger
Commander D. C. Richardson
Commander B.L.E. Talman
Mr. Earl DeLong
Mr. Kenneth Young
Mr. John Adams

Department of the Army

Lt. Col. Henry Neilson
Lt. Col. Bernard Thielen

Department of the Navy

Capt. J. S. Champlin
Capt. M. H. Halstead

Department of the Air Force

Lt. Col. J. E. Blair
Lt. Col. R. H. Henderson

[1] Lot 54D5, Files of the Foreign Military Assistance Coordinating Committee and its predecessor, the Foreign Assistance Correlation Committee.

Economic Cooperation Administration
Messrs. Edward T. Dickinson
Norman S. Paul
Harlan Cleveland

1. Terms of Reference of Joint MDAP Survey Mission to Southeast Asia

The Committee approved, subject to certain additions, a draft of the terms of reference of the SEA Survey Mission. The terms of reference as approved will be distributed as FMACC D–29.[2]

2. Briefing of Southeast Asia Survey Mission

The meeting was called to brief the members of the Survey Team on the general political, military and economic situations existent in the countries of Southeast Asia, in order that the objectives of the Mission may be placed properly within the perspective of our policies in the area. A more detailed briefing will be supplied to the Team prior to its departure. The Mission will also be furnished certain written material, notably Mr. Kenneth Landon's[3] despatches transmitted during his recent trip to the area and the appropriate State Department country policy studies.

A. POLITICAL ASPECTS

Mr. William Lacy, Acting Director of the State Department's Office of Philippine and Southeast Asian Affairs, presented a brief outline of our political objectives in the area. He pointed out that the region is of the highest political importance to the West for three principal reasons:

(*a*) Frustrating the Communists in their attempt to obtain control of Southeast Asia will help to frustrate also their plans for complete control of the Asiatic mainland, and indeed weaken the degree of control they already have, by preventing their exploitation and acquisition of the area's food, raw materials and industrial products;
(*b*) Events in Southeast Asia will influence the course of future events in the rest of Asia and in other parts of the world;
(*c*) The economic importance of Southeast Asia to the U.S. was forcibly demonstrated during the last war, when we experienced serious shortages of critical materials produced in that area.

The attainment of political and economic stability in Southeast Asia depends in large part upon the establishment of adequate military forces within each of the countries in the area. The problem, therefore, is the proper integration of our political, economic and military poli-

[2] Not printed. For the terms of reference and composition of the mission, see telegram 1 to Saigon, July 1, *infra*, and telegram 14 to Saigon, July 5, p. 114.
[3] Mr. Landon was a member of the staff of the Office of Philippine and Southeast Asian Affairs.

cies conducive to the attainment of those objectives. Mr. Lacy pointed out that in all of the Southeast countries except Indo-China the local nationalist movement is non-Communist. A strong anti-Communist attitude is developing also, particularly amongst people who have experienced the rigors of Communist rule. A resolute pursuit of our political, economic and military programs will encourage the further development of that attitude and conversely induce a stronger inclination toward the West.

Mr. Lacy discussed the situation existing in each of the countries to be visited by the Mission:

(1) *Indo-China*—Here exists, from our viewpoint the worst situation in Southeast Asia. Strategically Indo-China is extremely important, since its fall to the Communists would encourage communization of the rest of Southeast Asia. Indo-China is the only Southeast Asian country where a nationalist movement was seized upon and exploited by the Communists. Our policy (which unfortunately does not have the whole-hearted support of the French) is to counter this Communist position by supporting Bao Dai, making whatever concessions are necessary to Indo-Chinese nationalism, and by so doing provide to him the stature necessary to remove the basis for the political incitation which is Ho Chih Minh's main weapon. A successful military operation in Indo-China is essential, however, for the achievement of this objective.

Mr. Lacy recalled to the Survey Team the fact that military control of Indo-China is vested in the French, against whom great resentment exists on the part of the local population. A difficult task of the Mission will be to impart to the Vietnamese the conviction that U.S. aid is being provided primarily for their benefit but at the same time not destroy French military expertise and control. (A more detailed account of the domestic political picture in Indo-China will be furnished to the Team before its departure.)

(2) *Indonesia*—The nationalist movement in Indonesia is anti-Communist, due in large part to the predominantly Muslim population. The leaders can be counted on if only because of their knowledge that their political positions depend upon their control of the nationalist movement and the suppression of Communist activity.

Military assistance to Indonesia will be of a type necessary for the maintenance of internal security. The chief problem, however, is to supply such assistance in a manner which will strengthen, and not weaken, the present Government. Soekarno presently is under fire because of his alleged pro-American proclivities.

(3) *Thailand*—In Thailand the Government is anti-Communist. The country is, however, still suffering socially and economically from the devastating effects of Japanese occupation—effects which are conducive to the growth of Communism. Our assistance will therefore be directed toward the maintenance of internal security.

(4) *Malaya*—There is as yet no nationalistic movement of serious proportions in Malaya. The difficulty there is caused by imported Chinese thugs who, by their guerrilla activities, are sabotaging Malaya's political economy. The British consider the problem to be of an essentially military nature, an approach with which we agree. The

warfare in the country is extremely difficult and of the type which results in the pinning down of a great number of troops by a comparatively small number of guerrillas. A serious difficulty faced by the British is their inability to break the lines of communication between the guerrillas and their command posts, which apparently are under the direction of professional Communists established outside of Malaya.

(5) *Burma*—Mr. Elbert G. Mathews, Director of State Department's Office of South Asian Affairs, reported on the situation in Burma. The problem in Burma arises from the fact that even before that country achieved its independence from the UK the Anti-Fascist People's Freedom League (AFPFL), which dominates the make-up of the present government, had already begun to split up into various leftist groups, creating thereby a lack of political cohesiveness which still exists. Certain of these leftist groups, including the Communists, and minority groups desiring political autonomy, resorted to armed guerrilla activity.

The Burmese Government has done a good job within the past year in suppressing the guerrillas, and as a result the economic situation looks more hopeful. There has, however, been a recent very serious development. Some months ago Chinese Nationalist troops, fleeing from the Chinese Communists, crossed the Burmese border and established themselves in Kentung province. Recent reports indicate that those troops are in effect acting as an occupying force and refuse to be disarmed and interned. The Burmese Government is concerned that the Chinese Communists will follow the Nationalist troops into Burma, and has appealed to India to use its good offices to persuade the Chinese Communists not to take such action. It has also asked the U.S. to request the National Government on Formosa to order the Nationalist troops to disarm. It seems unlikely, however, that the troops would comply. The Burmese Government appears unable to cope with the situation, in view of its concentration of resources on the suppression of guerrilla activity.

Recalled also to the Mission's attention was the poor state of relations between the Burmese Army and the British Military Mission, which the Survey Team, if circumstances permit, might attempt to improve.

B. ECONOMIC ASPECTS

Mr. Harlan Cleveland,[4] ECA, presented a brief account of the economic situation in Southeast Asia and U.S. economic programs contemplated for the area.

Our economic programs in Southeast Asia will be based on the report of the Griffin Mission, and will be implemented by missions to be known as "STEM" (Special Technical and Economic Missions). He cautioned that this operation is not to be confused with the ECA.

Mr. Cleveland pointed out that the economic programs contemplated are related intimately to our aim to achieve political stability

[4] Acting Chief of the Far East Program Division, Economic Cooperation Administration.

in Southern Asia, instill in the people a feeling of confidence in their governments, and encourage the area's continued orientation toward the West. Economic programs will encourage the attainment of these objectives by bringing real, and if possible immediate, economic benefits to large numbers of the inhabitants of the area.

Eighty percent of the population of Southeast Asia live in rural areas; the programs designed to benefit the majority must therefore be of a rural nature. This fact requires a change in the concept upon which ECA aid to highly developed countries was based, namely the concentration on supplying of a few bulk commodities and a resultant "seeping down" of economic benefits to the people. In Southeast Asia aid given must be direct, and of immediate benefit to large numbers of people. Primary emphasis will therefore be placed upon health, agricultural rehabilitation, and training and education programs.

There must also, however, be programs of a longer range nature, of a type to convince the people that their hopes for the future can be realized through cooperation with the West. Such programs will involve such things as advanced agricultural techniques and science, although, remembering the experience of the Joint Committee on Rural Reconstruction in China, some difficulty may be encountered in persuading the local farmers to adopt methods other than those traditionally used.

The fund available for Southeast Asia economic programs consists of $44 million for the "general area of China," from the $98 million unexpended from the China Aid fund. $54 million of the $98 million was earmarked by Congress for other purposes. The Griffin Mission reported that adequate programs for the area would require $61 million. However, because of the time needed for organization staffing, etc., the $44 million available may be sufficient for some time.

The "general areas of China" is defined, for economic program reasons, as Indo-China, Burma, Thailand, and Indonesia, Malaya not being included in view of the para-military nature of the equipment to be provided under the program for that country.

The "STEMs" in each country will be comparable to regular ECA Missions, although possessing a different staffing pattern. Each mission will consist of a number of specialists—primarily on health, agriculture and industry—with other types as needed to meet particular conditions in a given country.

Bilateral draft agreements, upon which the relations of the "STEMs" vis-à-vis the local government will be based, have been sent to the field. In Indo-China those relations will be with each of the native governments, not with the French.

The financing of a program is a particularly knotty problem, the

limiting factor being not the lack of dollars but the lack of sufficient internal resources, which are necessarily concentrated on military needs. To meet the situation a change will be required in the ECA concept, as applied in Europe, that dollar financing can take place only when absolutely necessary. Dollars supplied under the SEA programs will be used to generate local currency (the payment of wages, etc.), to assure that sufficient internal resources will be available to permit proper use of equipment and materials supplied under the programs.

C. MILITARY ASPECTS

General Lemnitzer posed the main military problems with which the Mission will be faced, and outlined the functions it is expected to perform. A most important duty of the Mission will be to collect information upon which intelligent programs for the area and for each country in the area can be based. Until Military Advisory Groups are established in Southeast Asia reliance will necessarily be placed upon the intelligence brought back by the Survey Mission. Such information should include in part:

(*a*) The military plans of the governments of each country;
(*b*) The materiel presently available in each country or to be forthcoming from European sources;
(*c*) The facilities available for training of native troops;
(*d*) Requirements from the U.S.;
(*e*) Priorities for supplying of U.S. equipment; and
(*f*) The type of country-level organization needed for proper implementation of programs, and the related question of the attitude of the local government as to numbers of U.S. personnel in such organizations.

Also a delicate position which the Mission must maintain in its discussions with European and native officials is the avoidance of any implication that the U.S. is prepared to assume European military responsibilities in the area.

General Lemnitzer raised also the public relations aspect of the Mission, feeling that a comprehensive statement of its function, etc., should be prepared for submission to the press. The matter was turned over to the FMACC Public Information Working Group, which will consult with Mr. Sargeant,[5] P, and Mr. Connors, FE, in the preparation of such a statement.

Mr. Bell mentioned also that the Mission should, through an explanation of the operating problems involved, make every effort to dissipate any expectation on the part of the countries visited that U.S. aid will be forthcoming almost immediately after the arrival of the Mission.

[5] Howland H. Sargeant, Deputy Assistant Secretary of State for Public Affairs.

3. Bilateral Agreements With Southeast Asian Countries

Mr. Vigderman[6] pointed out that although legally no bilateral agreements are required on aid supplied under Section 303, we are in the process of obtaining such agreements for our own protection. The agreements follow the pattern of those consummated with NAT countries, varying only according to the type of aid to be supplied. (For an example of the provisions of such agreements see FMACC D–33/3, draft No. 2.)[7]

The following agreements are now in process:

Indonesia—We have received comments on a draft submitted to Djakarta, and the agreement will be ready for FMACC consideration shortly.

Indo-China—A draft has been sent to Saigon, upon which comment is awaited.

Burma—The first draft is in preparation.

Thailand—An FMACC-approved draft is ready for transmission to Embassy Bangkok for negotiations with the Thai Government.

Malaya—A draft agreement has not yet been prepared, in view of the lack of a firm program and allocation.

Mr. Dickinson, on the basis of ECA's experience, commented that, because of a possible charge of exploitation, the strategic materials and local currency provisions may give rise to some controversy.

4. The Korean Situation and MDAP

The Committee discussed briefly a paper, prepared in State, raising certain questions relating to the effect of the attack by North Korea against the Korean Republic on the MDAP for Korea.[8] The paper will be studied in each agency and discussed at a future meeting.

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[6] Alfred G. Vigderman, attorney-adviser, Office of Legal Adviser, Department of State.

[7] Not printed.

[8] The paper, "Basic MDAP Questions Raised by the Invasion of South Korea and the President's Statement on June 27, 1950," undated, is not printed (790.5 MAP/7–350).

751G.5 MAP/7–150 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, July 1, 1950—3 p. m.

1. ToMAP. SecState and Sec Defense have designated representatives constituting Joint MDAP Survey Mission which will include representative ECA and which directed proceed immed Southeast Asia consult with US and fon officials re implementation Mil Assistance Programs.

In each country visited Chief US Dipl Mission will be consulted prior to discussion with fon officials, civil or mil. Chiefs of Missions are directed to extend fullest possible coop to Survey Mission to assist it in accomplishing its objectives. Importance these objectives cannot be overemphasized. Present lack sufficient intelligence on gen situation SE Asia requires full facilities be extended Survey Mission enable it obtain all possible info, have maximum access fon officials, civil or mil, obtain picture. Survey Mission will make reports and recommendations to FMACC on fol matters:

(1) Politico-mil objectives and policies relating MDAP for SE Asia.
(2) Nature and extent US mil assistance required achieve such policies and objectives in area and in each country.
(3) Priorities for mil assist programs in area.
(4) Scope of mission appropriate for permanent US MDAP orgs within area.
(5) Details of joint State–Def org and personnel requirements for permanent MDAP org within area, and relationships of ECA to such orgs.
(6) Organizational relationships between SE Asia area and other MDAP countries in Far East.

[Here follows a list of mission personnel and administrative information.]

ACHESON

751G.5 MAP/7–550: Telegram

The Secretary of State to the Legation at Saigon[1]

WASHINGTON, July 5, 1950—8 p. m.

14. ToMAP. Department of Defense today made following press release:

A joint MDAP survey mission, representing Departments of State and Defense, and ECA, under Mutual Defense Assistance Program will proceed Friday by air to Southeast Asia to consult with U.S. and foreign officials regarding implementation of current military assistance programs for Indochina and other countries in area.

Representative of Secretary of State on Survey Mission will be John F. Melby, Special Assistant to Dean Rusk, Assistant Secretary of State for Far Eastern Affairs.

Chief of military group and representing Secretary of Defense will be Major General Graves B. Erskine, Commanding General of First Marine Division, now stationed Camp Pendleton, California. General Erskine has had an outstanding career with U.S. Marine

[1] Repeated to Djakarta as 16, Manila as 24, Bangkok as 8, Rangoon as 6, and Kuala Lumpur as 2.

Corps, and in 1945 commanded Third Marine Division during preparation for and seizure of Iwo Jima.

Representative of Economic Cooperation Administration will be Glenn H. Craig, Deputy Director, ECA Industry Division.

Survey Mission will visit Indochina, Indonesia, Malaya, Burma, Thailand and Philippines. Mission will survey nature and extent of U.S. military assistance required in Southeast Asia area, priorities for military assistance programs, and character of U.S. Military Assistance Advisory Groups needed in area.

Members of military group include: For Office of the Secretary of Defense—Lt. Col. H. J. Lowe, USA; for Department of the Army—Lt. Col. Henry Neilson and Major Hamilton Roger; for Department of the Navy—Capt. M. H. Halstead and Commander R. J. Michels; for Department of Air Force—Lt. Col. J. E. Blair and Lt. Col. Richard H. Henderson; for U.S. Coast Guard—Capt. Beckwith Jordan and Capt. N. G. Thorne, USMC, Aide to General Erskine.

Members of Survey Mission from Department of State are: Willard Galbraith (S/MDA—Program Officer); John T. Forbes (S/MDA—Executive Officer); Roland C. Fields (FE—Administrative Assistant); and George T. Emery, (S/MDA).

ACHESON

792.5 MAP/7–1050

Memorandum by the Secretary of State to the President

TOP SECRET WASHINGTON, July 10, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Request for the Allocation to the Department of Defense for the Purpose of Providing Military Assistance to Thailand in the Amount of $10 million from the Funds Provided by Section 303 of the Mutual Defense Assistance Act of 1949 [1]

The Departments of State and Defense have agreed upon a program of military assistance to the Government of Thailand in the estimated amount of $10 million which it is proposed should be financed out of funds made available for fiscal year 1950 under Section 303 of the Mutual Defense Assistance Act of 1949. These funds continue available during July, 1950 for obligation pursuant to H. J. Resolution 492, 81st Congress.[2]

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[1] In letters to the Secretaries of State and Defense dated July 14, President Truman indicated his approval of the request contained in this memorandum (792.5 MAP/7–1450).

[2] H.J. Res. 492 (Public Law 585, June 29, 1950) provided temporary appropriations for fiscal year 1951. Under Section 2, funds available in fiscal year 1950 were continued available until July 31, 1950, for Mutual Defense Assistance and other programs (64 Stat. 302).

The outline of this program, which may be refined in certain details in light of the recommendations which the Survey Team now enroute to Southeast Asia will make, is summarized in the last paragraph of this memorandum. This program of assistance has been developed in response to your letter of March 10, 1950, in which you approved in principle the furnishing of military aid to Thailand.[3]

The allocation of $10 million at this time is needed to enable the Department of Defense to undertake supply action to the Government of Thailand. The unsettled conditions in the general area of China have generated apprehensions among the friendly Governments of the area, and it is therefore believed desirable to accelerate the furnishing of military assistance to the Government of Thailand as well as to Indochina. This program of military aid will be administered, if you approve, in accordance with Executive Order No. 10099,[4] under which other mutual defense assistance programs are conducted.

In my memorandum of July 3, 1950[5] requesting the allocation of $16 million for furnishing additional military assistance to Indochina, I indicated that the interested agencies are re-studying the problem of applying effectively all the means available to this Government to advance our political, military and economic objectives in the critically and strategically important countries in the general area of China. The Survey Mission to countries in Southeast Asia, consisting of representatives of the Departments of State and Defense and of the ECA, is expected to be of assistance in recommending conclusions on this problem. As soon as this work has been completed, I shall advise you further on the questions raised in your letter dated May 1, 1950.[6]

The principal components of the fiscal year 1950 program for Thailand follow.

Army—Equipment for 9 Thai Infantry Battalions, and essential mission-type items for 3 Infantry Regimental Headquarters Companies, together with one year's ammunition and maintenance supplies.

Air Force—Items consisting of Ordnance items, ammunition and spare parts for training aircraft in the possession of the Thai forces. Additional training aircraft are also to be provided, along with spare parts, and about 36 F–51 fighter aircraft, complete with spare parts for one year.

Navy—Weapons and equipment to rearm and re-equip 18 ex-U.S. vessels in the possession of the Thai Navy; communications equipment; arms and equipment for about a 4000-man Thai Marine Corps, and Naval aircraft.

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[3] For text, see footnote 2, p. 41.
[4] 15 *Fed. Reg.* 499.
[5] *Post*, p. 835.
[6] *Post*, p. 791.

Training which will be needed to assure effective utilization of this equipment is also to be provided.

DEAN ACHESON

SEAC Files [1]

Minutes of the First Meeting of the Southeast Asia Aid Policy Committee, Department of State, July 13, 1950

SECRET

SEAC M–1

Present:

Members

Mr. Dean Rusk, Department of State
Maj. Gen. J. H. Burns, Department of Defense
Mr. Harlan Cleveland, Economic Cooperation Administration

Others

Mr. Kenneth Young, Department of Defense
Mr. Shannon McCune, Economic Cooperation Administration
Mr. Samuel T. Parelman, Department of State (Executive Secretary)

Mr. Rusk opened the meeting with a discussion of the purposes for which the Southeast Asia Aid Committee (hereinafter referred to as "the Committee") had been organized. It was stated that the agencies had agreed that the Committee was to be responsible for the coordination of general policy for political-military-economic aid from the United States to Southeast Asia. It would be primarily a policy consultation group which would have no direct operational responsibility but would see that major policy directives with respect to Southeast Asian aid programs were being carried out. This would include policies of the President as well as policy decisions and agreements made at the highest levels in the agencies. One of its primary responsibilities would be to find out what major obstacles are preventing the successful accomplishment of the program objectives and to determine what steps should be taken to deal with these problems. It was emphasized that the Committee would use existing machinery in the agencies to accomplish its objectives, and its work would not interfere with the regular functioning of the executive agencies. The members of the Committee concurred in this description of the Committee's responsibilities.

Mr. Cleveland raised a question as to the relationship with the FMACC. It was agreed that, within the general policy coordination of this Committee, the FMACC will continue to be the interdepartmental agency primarily concerned with and responsible for the development and implementation of military assistance programs for Southeast Asia. The Committee would have the responsibility for

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[1] Lot 53D255, files of the Southeast Asia Aid Policy Committee, 1950–1951.

seeing that the FMACC operation was proceeding successfully and that as a result of their operations there were no major political repercussions. From time to time it would be necessary for the Committee to seek appropriate directives where shifts in program emphasis were necessary. Mr. Rusk pointed out that because of his relationship both to the Committee and to the problem area involved it would be his continuing responsibility to see that the military programs for this area being carried out by the FMACC proceeded at the required pace.

There was limited discussion as to the need for the country to enter upon a full industrial production program in order to successfully carry out our military program objectives. Mr. Rusk explained that the Department had no doubts whatsoever as to the imperialistic aggressive intentions of the Soviets, and the threat to the security of the United States. It was his opinion that there should be no question whatsoever of our Government having to eke out equipment on a priority basis because of the lack of industrial production. Increased industrial production was imperative to permit our military to go on a "force in being" basis, and to eliminate the current problems of priorities between areas and countries.

Mr. Cleveland inquired as to the availability of Section 303 funds for economic programs. ECA was particularly concerned because the Griffin program did not provide dollars to cover local currency costs. It had been anticipated that these costs would be provided either through counterpart funds or directly by the recipient governments. Such costs might be two or three times the direct dollar costs to the United States. Since there would be negligible counterpart resources there were afforded three alternatives, as illustrated in the case of Indochina, for obtaining local currencies, namely, (1) the printing of money for this purpose, (2) recourse to the French Treasury, or (3) bringing in supplies for the express purpose of generating counterpart funds. Mr. Cleveland thought one possible solution for obtaining additional funds to finance local needs was to include a transferability provision in the ECA Act similar to that in the MDA Act which would permit the transfer of funds between titles. The other members of the Committee indicated that this was a problem which they would have to discuss further, and the possible use of Section 303 funds might be considered in this connection. It was pointed out that the provision of military assistance without the provision of basic economic aid might be meaningless in achieving our political objectives in the area.

In further reference to the Griffin program Mr. Rusk stated that he would strongly urge the ECA to place a materially greater proportion of their activities in a stepped up program in the first half of the current fiscal year so the greatest possible immediate benefits could be obtained. Except for provision for the retention of staff for the latter six months, virtually all of the supply and equipment items might be

programmed in the first half. He indicated a possible source of funds for filling the later needs.

General Burns initiated discussion as to the aid programs which were within the province of the Committee. These programs at the present time are primarily the Mutual Defense Assistance Program, the economic aid program (Griffin Program) being administered by the ECA and the contemplated Point IV Program [2] which would incorporate the Public Law 402 projects.

Mr. Cleveland inquired as to the availability of data setting forth the precise objectives under each program. He felt this was essential in some cases to permit planning and programming under other programs. For example, in order for ECA to intelligently determine whether they can send medical teams into certain portions of Indochina, it is necessary to know what the military objectives are in such areas. It was agreed that this matter should be taken up at a subsequent meeting.

The current status of the MDAP program with respect to Southeast Asia was briefly reviewed by Mr. Rusk. It was agreed that there would be presented at each regular meeting of the Committee a status report on each aid program. The Committee designated Mr. Parelman as Executive Secretary to be responsible for maintaining a continuing review on behalf of the Committee of the progress of the programs, report on such progress to the Committee members prior to each meeting, maintain appropriate liaison and records in connection with the activities of the Committee and perform such other pertinent duties as may be essential to the effective discharge of the responsibilities of the Committee. The next meeting of the Committee was scheduled for Monday, July 24, 1950.[3]

SAMUEL T. PARELMAN
Executive Secretary

[2] Documentation on the Point IV Program is scheduled for publication in volume I.

[3] The committee held a total of nine meetings during 1950.

Editorial Note

United States–United Kingdom political-military conversations were held in Washington during the period July 20–24, 1950. The United States was represented by General Omar N. Bradley, Chairman of the Joint Chiefs of Staff, and Ambassador at Large Philip C. Jessup. British Representatives were Sir Oliver Franks, British Ambassador to the United States, and Marshal of the Royal Air Force, Lord Tedder. These discussions on the world situation in light of the outbreak of the Korean War included consideration of matters pertaining to the East Asian-Pacific area. Documentation on the conversations is scheduled for publication in volume III.

507-851—76——9

790B.5/7–2150 : Telegram

The Secretary of State to the Embassy in Burma

CONFIDENTIAL WASHINGTON, July 21, 1950—1 p. m.

43. Provisional info policy guidance on mil aid to SEA.

Mil aid SEA shld be publicized as positive force undertaken aid govts requesting assistance creating conditions under which polit, social, econ progress can be made despite hindrance Commie inspired subversion revolt, mil threat, intimidation. Make clear aid each country undertaken as program supplemental assistance. Primary responsibility mtg threat to SEA falls on govt and people country concerned and on (this sensitive point) nation or nations committed to maintenance its security. Aid provided by US contribution toward realization common objectives peace and orderly democratic development, but shld be clearly indicated such assistance supplemental efforts govt and people who have primary responsibility.

Limit reports for public media relating recipients, items, quantity mil aid, timing shipments and deliveries to info contained official releases.

Observe care reporting US mil aid SEA for fol reasons:

1. Govts SEA particularly sensitive anything can be construed as interfering with sovereignty or indicating lack confidence in ability run themselves.
2. There is considerable continuing suspicion Western Imperialism (domination by Colonial Power), generally more feared than Communism, may attempt reassert itself.
3. All countries SEA, regardless feelings toward Communism, wish avoid label camp-followers anti-Commie Western Bloc.
4. Extensive Commie propaganda machine SEA which will miss no opportunity distort objectives and results Amer mil aid.

Fol cautions shld be observed reporting US Mil Defense Aid SEA:

1. Editorial comment from Amer press substantially correct in fol official releases may be cautiously used but avoid labels for SEA "bastion defence against Communism" "anti-Commie front" "cold war" etc.
2. Do not pick up comparisons US mil aid Europe with SEA.
3. Use every opportunity make point mil and econ assistance interdependent in SEA. Econ, social, polit progress must have climate stability, law and order estab through efforts each country SEA—this strongest possible contribution peace SEA and world.
4. Avoid predictions or comments concerning future mil or econ aid. While recipient govts and people shld not be encouraged look on assistance programs as commitments to continue aid, impression shld not be given that US without continuing interest in welfare free nations SEA.
5. Play Indo-China aid sparingly for record to Burma.

ACHESON

790.5/7–2750

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

TOP SECRET [WASHINGTON,] July 27, 1950.

Subject: Discussions with Prime Minister Menzies of Australia—Question of a Pacific Pact.[1]

The attached memorandum, prepared by FE, contains additional details on the United States attitude toward a Pacific Pact. It also lists a number of questions which might be raised with Prime Minister Menzies in discussions on this subject.

[Annex]

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison)

TOP SECRET [WASHINGTON, July 27, 1950.]

PACIFIC PACT

While no commitments should be made with respect to the United States attitude toward a Pacific Pact, it is believed that, should Mr. Menzies raise the question, the opportunity should be taken for a full and frank exchange of views. Mr. Menzies should be told that this Government has an open mind on the question but has not as yet seen how the many problems connected with a Pacific Pact can be satisfactorily solved. The suggestions of Mr. Menzies would therefore be welcome.

There is given below a brief statement of what United States policy has been up to the present and the reasons therefor. There is then given a series of questions with regard to a Pacific Pact which are suggestive of the type of problem upon which the views of Mr. Menzies would be helpful.

The present most authoritative statement of United States policy toward any form of Pacific Pact is stated in MSC 48/2, which says:

"The U.S. should make known its sympathy with the efforts of Asian leaders to form a regional association of non-Communist states and if in due course such an association eventuates, the U.S. should be prepared, if invited, to assist such an association to fulfill its purposes under conditions which would be to our interest."

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[1] Robert G. Menzies, Prime Minister of Australia, visited the United States from July 27 to August 7. During that time, Menzies met with President Truman, Secretary of State Acheson, and other United States officials. Contrary to United States expectations, the Prime Minister did not raise the subject of a Pacific Pact and Pacific security arrangements in general. For documentation on the Menzies visit, see pp. 189 ff.

This rather cautious policy was based upon the realization that up to the present the formation of any such regional organization has been difficult because of the wide diversity in the area of political organization and development, the lack of a tradition of cooperation and a sound economic basis for large-scale mutual trade and the suspicions with which the weaker nations of Asia view the stronger. In addition it is recognized that the peoples of Asia are suspicious of the West and any cooperation extended by the U.S. to a growing regionalism must be done in a manner which will not excite further suspicions of our motives.

India, one of the most important of the Asiatic countries, and one whose influence extends throughout the Pacific, has made it clear that it will have nothing to do with any pact which is military in nature or specifically directed against Communism. This reluctance to become involved in the cold war by India and other Asiatic nations which do not believe themselves directly threatened by Communist aggression was largely responsible for the failure of the recent Baguio Conference called by President Quirino of the Philippines, to agree on a South East Asian Regional Union.

Nevertheless, in spite of the above factors it is probable that the Communist aggression against South Korea has served to hasten the day when the true nature of the Communist threat will be recognized by those Asiatic nations now unable to believe the truth. It may therefore be expected that there will be a growing demand for the formation of some type of Pacific or Asiatic Pact.

There are many questions to be answered before making any commitment to take part in any such Pact or Union.

Problems of membership immediately arise. Who will be asked to join? If only white countries, will not the rest of Asia cry White Imperialism? If both white and colored countries, do not the white countries have to assume an undue burden? Is the Pact to be confined to Pacific Ocean countries, the U.S. and the British Commonwealth, or will it include the smaller countries on the mainland of Asia? If the latter are not included, will it not encourage them to believe they are not important to the West and thus make them easier victims of the Communists? Will the formation of a Pacific Pact in addition to an Atlantic Pact create an irresistible cry for a Middle East Pact? Can we afford all of these? And what about Japan? Will it be invited to join? If so, on what basis? If not, will it not encourage Japan to lean more toward her strong Communist neighbors?

In addition to questions of membership there immediately arise questions of purpose. As indicated above, India and some of the other Pacific or Asian powers have been reluctant to join any Pact or Union which is military in character or specifically directed against Communism. President Quirino of the Philippines stressed in his invita-

tions to a Pacific Pact conference that he had in mind an organization which would confine its activities to political, economic and cultural cooperation. Even so there was but scant enthusiasm for his proposals. Therefore, what should the purpose be? If outright opposition to Communism, would it not mean that in effect the U.S. would be carrying the major portion of the burden? If the Pact is a defensive pact, how is it to go into operation? Will it be on the order of the Atlantic Pact or only a consultative pact?

The above questions are only a few of the many which could be asked. They indicate the complexity of the problem and it is believed furnish lines for profitable discussions.

890.00/8–350

Mr. Harlan Cleveland, Deputy to the Assistant Administrator for Program, Economic Cooperation Administration (Bissell), to the Ambassador in Burma (Key)[1]

PERSONAL CONFIDENTIAL WASHINGTON, August 3, 1950.

DEAR MR. AMBASSADOR: There have been enough inquiries from the field about the Griffin Report and programming in general to suggest the need for a general exposition of preliminary ECA thinking on the development of the Southeast Asia program. To some extent what is said in this letter may duplicate what has been said in cables or previous letters; but an attempt is made here to set down certain ideas in a little more systematic fashion than has been done previously. Any views about a program just beginning must, of course, be tentative. They can grow firm only as a consequence of the experience of the Special Technical and Economic Missions in field operations.

In a letter dated July 26, 1950,[2] I informed you that the Griffin Report [3] had not yet been issued. We have so far worked from a single carbon copy of an early draft. Copies will be sent you as soon as available. This delay, however, need not be unduly retarding in its effect on programming. You and your staff participated in the original telegraphic summary of the Report and perhaps in developing some of

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[1] Identical letters were sent to Merle H. Cochran, Ambassador to Indonesia; Edwin F. Stanton, Ambassador to Thailand; and Robert Blum, Chief of the ECA Mission in Indochina. Copies were sent to Raymond T. Moyer, Chief of the ECA Mission in China (Taiwan), and to Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs. Cleveland's letter of transmittal to Merchant, August 3, read as follows: "The enclosed informal letter has been sent out to give further background to the acting STEM chiefs on several points which have been covered by cable. We expect to circulate it for general information within ECA minus the last section. You may wish to do likewise in the State Department. If so, we can send you some mimeographed copies of the abridged edition." (890.00/8–350).

[2] Not printed.

[3] For the reports of the Griffin Mission on the various nations it visited, see Hayes, *The Griffin Mission*, pp. 59 ff.

the working papers. The copy of the Report we have seen does not generally carry projects into substantial detail. In view of the short duration of the Griffin Mission, and the wide field covered by its recommendations, it would be surprising if this were not so.

The Griffin Mission recommendations as such have already served a most useful purpose in outlining the general nature and size of the program needed. It remains for the STEMs and ECA/Washington, working together, to create an actual program. And the initiative and primary responsibility for creating a program, as you are aware, devolves upon the Chief of the Special Technical and Economic Mission who, in turn, must inspire and draw out and work out a program with appropriate officials of the Government to which he is accredited. Ideally, a program of rehabilitation and development should originate with the local government and our role should be that of aiding in its execution. In practice, it will probably be necessary for us to suggest, work out details, and even help put the program into operation.

I

I draw your attention to one major deficiency of the program recommendations which we are charged with carrying out: They do not take explicit account of the problem of financing the internal costs, within each country, of the U.S. aid program. The primary need in each country, as emphasized by Mr. Griffin and every member of his group, is for assistance in restoring or extending essential services—mostly government services (to health, agriculture, education, industry, utilities, transport, etc.). These will require U.S. dollars for U.S. or other foreign exports and equipment, but they will also require large amounts (compared to current revenues) of local currencies. And yet, large amounts of funds are simply not to be raised without resort to the printing press.

We therefore recognize that there is a major difference between aid to Southeast Asia and aid which has been given to Europe under the Marshall Plan.[4] Europe's financial problem has been a scarcity of dollars—a foreign exchange problem. Southeast Asia needs dollar aid too, if it is to pay for external assistance. But we recognize that in most countries of Southeast Asia the financial problem is primarily one of a scarcity of internal revenues to pay for an expansion of essential services (which in turn, it is hoped, will in time generate revenues to pay for a continuation and expansion of such services). We can overcome this deficiency of internal revenues via dollars and without inflation only by the supply, under our aid program of commodities that can be sold for local currency which can then be used for public projects and services. We are fully facing the fact that we are going

[4] For documentation on the Marshall Plan, see *Foreign Relations*, 1947, vol. III, pp. 197 ff.

to have to do this on a scale sufficient to pay most of the internal costs of the aid program in some countries, and at least some of these costs in all countries.

In some of the recommended country programs of the Griffin Mission there are significant amounts of commodities (such as cotton textiles, agricultural implements and fishing equipment for Indonesia, cotton yarn and miscellaneous iron products for Indochina, and irrigation equipment for Thailand) although it is not clear to what extent it was expected that these items could be sold on the market for cash (as distinct from being sold on terms or given away as part of government programs). In other recommended country programs there are fewer commodities listed. But regardless of whether listed or not, the commodities have not been, so far as we can gather, included in the programs for the express purpose of generating local currency revenues with which to finance the extension of services which constitutes the major part of the programs. It is not likely therefore that the Griffin program recommendations are properly balanced as between saleable commodities, on the one hand, and technical assistance and non-saleable goods on the other. Accordingly, it is suggested that the first major overhaul of the Griffin recommendations be made with such a balance in view.

The question naturally arises as to what should be the criteria for the selection of saleable commodities for the program. This is a difficult question to which we have been giving some thought, and I hope to be able to send you some notes on this point before long.

II

Another subject to which I suggest some serious thought needs to be given is the whole question of how we organize our relationships with each of the Governments to which the aid is being given. It may be found that in each country some type of special organization needs to be established. It might be a national organization or a joint organization with the United States; but previous experience elsewhere suggests the need for vesting in a central place the responsibility for planning a program of rehabilitation and development (with dollars plus counterpart funds) and for supervising its execution by the several ministries concerned. Quite aside from the question of efficiency, such an organization would seem to be necessary to the political effectiveness of a program—an organization that could engage in publicity, employ emblems, and bring the program home to the population at large. We are not dealing in Southeast Asia, as in Europe, with highly organized and efficient governments capable of planning and carrying on a program. We are dealing with governments we must help even to maintain essential services. Moreover, in Southeast Asia we have no

OEEC [5] to act as a prod and a censor, and no central U.S. Government field agency to stimulate the whole. Our program in Southeast Asia requires a great deal more administrative action per dollar of aid than in Europe. If our program is to have a political impact, our money must be spent on well-designed, efficiently-executed and well publicized programs.

a. One way of operating would be for the Mission to work out an aid program in cooperation with the officials of the several ministries of the local government—more or less in the European ERP pattern—and then try to get it put into effect. This method has obvious disadvantages where a weak and inexperienced government is concerned.

b. A second manner of operating is suggested by the Chinese National Relief and Rehabilitation Administration (CNRRA)—set up by the Chinese Government at Cabinet level to handle the distribution of all UNRRA supplies. This agency cut across the work of individual ministries and had the advantage of relative efficiency of operation, but it frequently snarled up the normal operation of the individual ministries and was not conducive to the development of orderly government processes, which is one of our aims in Southeast Asia.

c. A third device is the Inter-Ministerial Committee, with a competent staff, working in close cooperation with the Mission at various levels. One example of this was the Chinese Council on U.S. Aid (CUSA) with a staff comprising many highly competent planning-minded members of the Chinese Government, with which the ECA worked on the mainland in the execution of the ECA China Program. The ECA Mission staff worked closely with CUSA staff at all levels in developing and executing programs. Another example is the American-Korean Stabilization Commission, chairmanned by the Korean Minister of Finance. This Commission was composed of several cabinet level officials on the Korean side and the top U.S. Mission officials on the American side. Below this level there were a number of joint committees in which the ECA staff worked alongside the Koreans on specific programs and problems both on planning and execution. There are similar examples throughout Europe in connection with the carrying out of ERP.

d. A fourth kind of operation is that represented by the Joint Commission on Rural Reconstruction (JCRR) that has done such good work in China and is still operating in Formosa. The JCRR represents perhaps the ultimate in "jointness" of operation. In JCRR three Chinese work alongside two Americans in the actual planning and operation of a program, which is carried out by an integrated staff of Americans and Chinese. The success of this kind of operation depends to a great extent, however, upon the compatibility and similarity of outlook and objectives on the part of the members.

No one of these devices need serve as an exact precedent for any of the countries of Southeast Asia. Organization must be tailored to meet

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[5] Documentation on United States interest in the Organization for European Economic Cooperation and related subjects is scheduled for publication in volume III.

the special needs and capabilities of the country concerned and to serve the special ends our programs have in view. Bearing especially in mind that our programs must seek to make the maximum political impact upon the greatest number of people, to increase the authority and prestige of the local government, and to emphasize the solidarity of the government with the U.S. and the free world, what are your thoughts on this whole question of organization?

III

If we are obliged to devote a substantial part of our program funds to commodities chiefly to get local currency for local program expenses, will this not limit our positive programs of technical assistance? Will we not run out of money fast?

The answer is of course yes, but in the opinion of both the State Department and ECA, program planning should be done more in terms of what it takes to do an adequate job than in terms of a tentative total based on Griffin Mission estimates. Our several programs will be for quite a while highly fluid and shifts can be accomplished fairly easily. Moreover, if need arises, as seems likely, we contemplate going to Congress for a deficiency appropriation early in the new year. The Korea war with its train of new policies and emphases, including general and official recognition of the necessity of holding the line in Asia, dictates that we keep our sights high rather than low, and long range as well as short range.

One of the main functions of the Mission Chiefs after they get the program of aid started will be to develop with the governments concerned a long range program of rehabilitation and development covering a period of years, pointing up longer range goals, resources available, and U.S. aid necessary over a period of years. We think it necessary to proceed upon the assumption that our responsibilities in the area will require U.S. aid in adequate amounts over a considerable period. You will recognize, of course, that this general line of thinking should not be discussed even in the most guarded terms outside the U.S. Government.

We are building an organization and refining the aid program in a time of fast moving international events, in a situation where few precedents exist. I am sure you realize the extent to which we are dependent upon the Missions to take the initiative in developing imaginative programs adequate to cope with today's danger. I have written frankly and informally of the state of our present thinking in order that we might together arrive at the most effective solutions. We would very much appreciate your observations and suggestions in the same vein.

Sincerely yours,

HARLAN CLEVELAND

790.00/8–750

Memorandum by Mr. John Foster Dulles, Consultant to the Secretary of State, to the Secretary of State

CONFIDENTIAL [WASHINGTON,] August 7, 1950.

It seems to me that we may not get much sympathy in the United Nations with our Asiatic policy unless we emphasize that the colonial struggle for political independence has now been won and that the present danger is that the independence will be lost to the aggressive imperialism of Russia, using communism as a bait.

This is a point of view which you have already developed, but now it has become somewhat obscured by our reluctance to use Korea as a case exhibit.

I suggest that it may be useful for you, either in the Security Council or elsewhere, to develop this thesis again in a major, documented speech. I have discussed this idea with Matthews,[1] Hickerson,[2] Kennan and others who seem to think favorably of it.

You could start with Stalin's program of 1924, incorporated in the current communist "Bible" which deals with the two stages of (1) arousing the spirit of nationalism in the colonial and dependent peoples of Asia so that they will fight the West and then (2) subverting this nationalism into "amalgamation" with the Soviet socialist regime.

It is this second phase, long foreseen, that is now in process. I believe that we can effectively demonstrate that fact and thereby have a platform that will attract more support from the newly independent governments and peoples of Asia.

I attach a memorandum of August 4th which develops this thesis somewhat more fully.

[Annex]

Memorandum by Mr. John Foster Dulles, Consultant to the Secretary of State [3]

CONFIDENTIAL [WASHINGTON,] August 4, 1950.

I think we should consider whether, from the standpoint of Asiatic policy, we ought not now to stand on the proposition that *we* are defending the independent nationalism of the new Asiatic states, whereas

[1] H. Freeman Matthews, Deputy Under Secretary of State for Political Affairs.
[2] John D. Hickerson, Assistant Secretary of State for United Nations Affairs.
[3] On August 4, Dulles transmitted copies of this memorandum to Deputy Under Secretary Matthews, Assistant Secretaries Rusk and Hickerson, and Counselor George F. Kennan. The copy located in the files of the Policy Planning Staff bears the following notation by Kennan: "I think this is excellent." (Policy Planning Staff Files: Lot 64D563: Box 20027: Communism)

Russia is seeking to destroy that independence, using communism as the device.

Our present policy of attacking communism and not attacking Russia seems to me to be doomed to failure. There is no particular opposition to communism among the peoples of Asia, indeed it has quite an appeal. To the peoples of the West communism is abhorrent because it destroys personal freedoms which are dear to them—freedom of speech, freedom of religion, freedom of the press, etc. However, these freedoms as yet mean little to the peoples of Asia and we cannot expect that loyalty to them will produce a willingness to fight. What they will fight for is their national independence from whatever quarter it is threatened.

In reality the threat to their independence comes from Russia and what is going on in Asia is little more than a recrudescence in a new guise of the aggressive ambitions of the Czars.

For example, Russia has been trying to get control of Korea ever since the beginning of this century and what is going on there now is a projection of the Czarist policy. The same is true of Manchuria, Port Arthur, Dairen, etc.

It can be shown that the present communist regimes in China and Viet-Nam are in effect puppets of Moscow, taking orders from it and being "assisted"—really dominated—by Russian military, technical and political advisers. The independence of these countries is being threatened by Russian imperialist ambitions to dominate Asia. It is this ambition that threatens and frightens India, Burma, etc.

Stalin, in his lectures on "The Foundations of Leninism" (1924) recognizes how delicate will be the task of first fomenting revolution and then producing what is called "amalgamation" in favor of "true internationalism" represented by "the Union of Soviet Socialist Republics—the living prototype of the future union of nations into a single world economic system". (*Problems of Leninism*, p. 56)

Asia is now in fact in the position which Stalin foresaw would create embarrassment for Soviet Communism, namely nationalism has already been largely achieved and the Soviet effort now is to "amalgamate" the independent nations into the framework or orbit of the USSR.

Stalin foresaw the difficulty and delicacy of this phase of Soviet policy and it seems to me that we would be remiss in not exposing the real threat that it involves to independence—a threat which Stalin himself did not ignore.

The western powers have granted independence, and because of their foresight and statesmanship it has, in the main, come about without that fighting and bleeding of the western powers that Stalin wanted. Now that the "national" phase has largely been completed, Russian policy is seeking, as the second phase, to pervert it into "interna-

tionalism" which will in effect end independence and increase Soviet dominance.

The events in Korea are a remarkably effective exhibit, showing the destruction of real independence. The ruling elements in North Korea have been made part of the Soviet Communist system, taking orders from the Moscow Politburo and accepting its "iron discipline". They are fighting and dying, and indeed ruining the whole country, to the end that Russia may achieve its Czarist ambition of dominating this strategic area.

I realize that to take this position tends to identify the Soviet Union with the North Korean military effort and this might conceivably lead it to give the effort more open support than would otherwise be the case. This, however, is highly speculative. It is equally arguable that to charge the Soviet Union with responsibility in Korea would lead it *not* to give open support. In any event I think the essential thing is to talk in the Security Council the language that the Asiatic peoples understand and which exposes the real threat of Soviet Communism to their independence—a threat which was conceived many years ago and is inherent in the very nature of Soviet Communism.

897.00TA/7–2850 : Telegram

The Secretary of State to the Consulate General at Singapore [1]

SECRET WASHINGTON, August 7, 1950—7 p. m.

61. Urtel 63 Jul 28.[2] On return Griffin Mission Dept decided not handle Malaya recommendations as ECA program similar other SEA countries but treat police radio and roadbuilding projects as nucleus possible small mil aid program under Sec 303 MDAA and execute Chi education project either with Pt 4 funds or through Dept's USIE with special funds which may become available.[3]

Dept did not immediately press firm mil aid program Malaya in view (1) lack clear UK endorsement and justification Federation request (2) pressure on then available appropriation and priority other SEA programs (3) belief that possible mil aid program shld go beyond two projects Griffin Mission able recommend.

Brit Emb was accordingly informed in response its inquiries US Govt willing initially consider as possible mil aid program not only two Griffin endorsed projects but also fol projects submitted Griffin by Federation Govt: police armored vehicles and jeeps, police marine transport, Chi speaking police interpreters (refer Federation Govt

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[1] Repeated to Kuala Lumpur as 16.
[2] Not printed.
[3] For the Griffin Mission's report on Singapore and Malaya, see Hayes, *The Griffin Mission*, pp. 127 ff.

Doc FS 784/50 enclosure 2 Kuala Lumpur's Desp 19 Apr 14, 1950) [4] or additional or substitute projects of equal urgency in connection anti-bandit campaign. Emb informed US aid if provided wld be ltd those specific essential items not produced UK or available US significantly earlier UK supply date. Emb was requested submit firm request US mil aid these terms together with UK supply data each item. Reply awaited.

Fol para urinfo. No decision here as to whether, and if so, in what amount, grant aid might be provided Malaya. Depends upon report SEA MDAP Mission, relative priorities, importance equipment desired to success UK operations Malaya, etc. and total sums available Sec 303. No further funds available under FY 1950 appropriation.

Dept agrees importance Chi education project but action awaits determination what funds can be employed.

ConGen pls pass above MDAP Mission. ConGen and Con Kuala Lumpur may in their discretion also transmit contents Brit auths except para urinfo.

ACHESON

[4] Not printed.

PSA Files: Lot 54D190

Memorandum by the Officer in Charge of Economic Affairs, Office of Philippine and Southeast Asian Affairs (Shohan), to the Associate Chief, Economic Resources and Security Staff (Armstrong)

SECRET [WASHINGTON,] August 14, 1950.

PROCUREMENT OF STRATEGIC MATERIALS FROM SOUTHEAST ASIA

For strategic stockpile commodities obtainable largely in Southeast Asia, the properly cautious assumption should be made that beginning sometime in the next twelve months or for, say, a year or more thereafter, their receipt will be significantly curtailed or made much more difficult. Expressed in a schematic formula, the assumption might run as follows; not only for purposes of analysis but to arrive at sound recommendations for action.

1. There will be no interruption of access before December 31, 1950; present "normal" assumptions as to the world supply and demand situation will prevail.
2. After December 31, 1950, total supplies from Southeast Asia to NATO countries and the rest of the Western Hemisphere will be one-third less than would "normally" be available.

Such assumptions are arbitrary. Access may very well be more difficult before January 1951 or in considerably different degree from

that suggested; access might even possibly improve slightly after December 1950. But the assumptions proposed are sounder from the point of view of national security than the Munitions Board's assumption that we have two years to gain our stockpile objectives without any allowance for interruptions to supply.

Reasons for proposing the less conservative assumptions follow:

1. The immediate threat is real and ominous that Chinese Communist strength will be increasingly diverted through a major effort to the support of Ho Chi Minh. The position of the West in Indochina is only uneasily maintained by commitment of considerable French forces operating in a generally hostile environment. This balance can be turned against the West more quickly than we can correct it, not only by enemy action directed against the French forces in Indochina, but by action requiring diversion of French forces to Europe (or Africa). To be sure, we do not now depend significantly on Indochina as a source of strategic materials. The "loss" of Indochina during the year, however, is a real threat not only because the West may be deprived of an uneasy base but because the Communists may gain for themselves a firm base for operations against other SEA areas.

2. In Malaya, Communist-led guerrillas are conducting a slowly broadening and accelerated campaign of terror and armed attack on the more developed portions of the country. The guerrillas command the support, in form of food supplies, intelligence and cover of some 500,000 additional Chinese who live as "squatters" on the margins of the developed areas. At present, these guerrillas get little or no direct support from outside Malaya. It would be extremely easy for such increased support to be delivered [by?] the Communists, extremely difficult to counter it.

In addition, there is a Chinese "minority" of 40 percent of the population which for the most part does not now sympathize with the guerrilla movement and desires the return of law and order. But if Communist aggression were to spread in Southeast Asia, and the present guerrillas given aid from the outside, the pressures on and temptations to the Chinese population of Malaya to fall in with such aggression would be tremendous. The resultant challenge to the interests of the Western powers in Malaya would be one that British armed strength would be extremely hard put to meet. Judged on the basis of what is now being invested unsuccessfully to stem present hostilities, British suppression would have to be on an extremely large scale. The nearby spectacle of approximately one-third of the Army of the French Republic fighting an expensive and precarious holding action in limited areas of Indochina, leaves nothing for the Westerner to be smug about in Malaya.

3. While there is no serious internal disorder in Thailand today, and the present government appears at the moment to be internally secure as well as firmly committed to a foreign policy favoring the Western powers, the prospect in Thailand, as in all Southeast Asian areas today, is clouded by the likelihood of slowly mounting Communist internal and external aggression in the region.

If Communist China were to succeed with aggression (overt or subversive) in any part of Indochina, to aim any military forces in Thai-

land itself, to cause a further deterioration of conditions in Malaya, and to agitate the large and economically dominant Chinese minority in Thailand, the Thai governing classes would be under an almost desperate pressure to accommodate themselves to this menace. The present government under such circumstances would be a particular liability in view of the forthright stand it has taken in favor of cooperating with the West. The political adjustment of Thailand to a serious Communist threat against it would probably take the form of one or more of the contending political factions seizing power on the understood basis of changing the national policy over to accommodation to and cooperation with Communism. A probable early consequence of such developments would be the cessation of exports of strategic materials to the United States.

4. The present non-Communist political forces in Indonesia have apparently successfully accommodated their mutual rivalries in creating the new unitary state. On the other hand, Communist penetration is increasing rapidly at an alarming rate, with consequent increases in Communist potential not merely in the direct political sphere but in the form of ability to engage in sabotage and ability to foment strikes. Even aside from Communist influences, the instability of Indonesian labor unions and their leaders results in a continuing threat of widespread labor stoppages. In addition to these dangers of an essentially internal nature, increasing Communist power in other parts of Southeast Asia would affect significantly the internal strength of the Communist movement in Indonesia and even the attitude of the non-Communist government forces. Furthermore, in the event of open warfare in the area, a more remote possibility but one not to be neglected, interruptions to shipping would result in a virtual cessation of exports from Indonesia.

5. As mentioned throughout, these ominous possibilities in Southeast Asia are not to be considered as separate factors—adverse developments in one country, depending on their nature and origin, would have specific and extremely rapid adverse consequences in each of the other countries. Nor are the only forces to be taken into consideration those arising inside Southeast Asia. An increased tempo of activity in other parts of the Far East—either in Korea or as a result of a Formosan action, will not only tie up increasing quantities of shipping, but unless extremely quickly and successfully handled by the West would adversely influence our position in Southeast Asia itself.

811.2395/8–2150: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

CONFIDENTIAL WASHINGTON, August 21, 1950—1 a. m.

Missions addressed shld informally communicate fol to govts to which accredited:

1. US Govt recently reviewed carefully position of natural rubber and concluded consumption shld be markedly reduced to permit faster stockpile accumulation.

2. In near future Commerce will announce amendment Rubber

[1] Sent to London, Paris, Djakarta, Bangkok, Colombo, Singapore, and Saigon.

Order R–1 effective Sep 1 limiting total new rubber consumption and natural rubber consumption balance 1950.

3. As soon as practicable thereafter Commerce will issue detailed regs which as necessary may limit natural rubber content rubber products, prohibit non-essential uses of rubber, control inventories, and establish quotas of natural rubber for each manufacturer. Detailed info re new regs will be made available as promptly as possible.

4. As previously announced US will reactivate govt petroleum base synthetic rubber plants to maximum capacity. Govt also taking steps permit prompt reactivation alcohol base plants in event emergency.

5. These measures will result in reduction natural rubber consumption, increased synthetic rubber consumption, and net reduction total consumption new rubber. They shld not diminish total sales natural rubber to US since purpose limiting industry buying for consumption is to make rubber available for accelerated stockpile buying.

At their discretion and contrary previous instructions missions may mention this probability to govt officials but shld not make any commitment re tonnages or prices.

6. Measures described parallel emergency measures which it is contemplated will be taken if necessary to conserve supplies other critical materials while simultaneously assuring highest practicable level of consumption.

7. Dept giving similar info to Wash missions countries to which addressees this tel accredited.

ACHESON

792.5 MAP/8–2250 : Telegram

The Secretary of State to the Embassy in Thailand

SECRET WASHINGTON, August 22, 1950—8 p. m.

167. For Melby. Fol for your info in reaching independent conclusions: During FMACC meeting Aug 17 re present low priority Thai mil aid program, Dept officer gave fol reasons why Thai program shld receive same priority treatment as programs other SEA nations:

1. Thai is integral part of front against Chinese Communist southward advance with northern borders touching Burma and IC; traditional southward routes travel through Kengtung lead into Thai; Chinese Nationalist troops presently Kengtung cause concern Thai.

2. Thai Govt offer ground troops assist UN Korea committing Thai aggressive action against communism makes it important give mil aid to Thai high priority as evidence Thai-US mil aid in opposition communism reciprocal whether in Korea or SEA.

3. Thai's determination support UN action opposition communism represents political decision most profound importance in Thai-US relations indicating confidence our promises of mil aid to those who aid themselves. In psychological warfare this attitude of prime im-

portance. It would be most destructive to morale Thai if their nation which has supported US–UN objectives more forthrightly than other SEA nations should receive mil aid more slowly than those nations.

ACHESON

790.00/8–3050 : Telegram

The Secretary of State to the Embassy in France [1]

TOP SECRET WASHINGTON, August 30, 1950—8 p. m.

1066. Second day prelim tripart discussions covered Item VI (Far East Problems).[2] Brit considered situation SEA improved; Burma showing strength; Siam making bolder anti-commie effort; confidence justified re Indonesia in spite present instability. Hopeful success Briggs' Plan in Malaya,[3] designed to control all Malaya by late '51. Noted relative lack recent VM activity Indochina. Brit do not believe Chi Commie will embark on aggression on any part of SEA but will continue foment internal unrest. Commie aggression Korea caused hardening of anti-commie opinion in SEA therefore necessary intensify our efforts and convince SEA our determination to make them strong and independent. Brit stressed necessity economic aid for Asia and made fol statement:

"In the long run the economic development of South and South-East Asia wld contribute not only to the welfare of SEA, but also to the balance of world trade by developing sources of raw materials for the US and Europe so giving Eur an opportunity to earn by trade with SEA dollars spent there to buy raw materials for the US. But, in the short term, US dollar aid is also needed in direct form to enable the necessary development work to go forward fast enough. We hope, in this connexion, that any aid will be given so far as possible in an untied form so that WE may have an opportunity to earn some of these dollars by themselves supplying the capital and other developmental goods on which the dollars may be spent."

Brit also stressed importance of rice stability SEA and their difficulties in equitable distribution. Brit also stressed necessity three govs strengthening social and cultural link between SEA and West and combating Commie front organizations.

Brit concluded: 1) IC should be considered principal problem in area. 2) Briggs plan must succeed. 3) Brit and US shld continue furnish military aid Siam and Burma. 4) Urgency implementing plans for economic aid. 5) Adequate rice supplies in area necessitating cooperation SCAP.

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[1] Repeated to London as 1132.

[2] Reference is to conversations occurring prior to the New York conference of the Foreign Ministers of the United States, the United Kingdom, and France, September 12–19, which is described in the editorial note on p. 141.

[3] Reference is to antiguerrilla operations under the direction of Lt. Gen. Sir Harold Briggs.

Fr expressed disappointment re results Bangkok Committee on smuggling.[4] Claimed Siamese unwilling to check contraband. Recited list of powers given to Assoc States and reviewed Pau Conf achievements. Reported some improvement Cochinchina, Tonkin Indochina and increased control rice production thereby. Mentioned heavy Fr losses last 5 years and said at present 240,000 Fr and Viet troops against VM. They believe this sufficient to withstand VM attack. However, Fr equipment worn out and needs US aid to keep fighting.

Fr consider Chi Commie attack likely. Brit Rep thought it unlikely. Fr stated economic assistance shd be complementary to military aid and that counterpart funds shd be used for this purpose to avoid inflation. Fr requested increase in direct military aid to IC. He said Alphand [5] would request an additional 200 billion francs necessary to meet additional burden Chi Commie attack. Also request coordinated survey to determine necessary action when Commie attack occurs. Also brought up question of tactical aircraft assistance as well as an aircraft carrier and improvement airfield.[6]

Ref UN question Fr stated they cannot accept mediation in IC affairs as this would put Fr and Assoc States on same footing as VM. They would be willing to refer matter to SC if Chi Commie attack.

US Rep presented our views on IC and SEA which are known to Emb.

Brit had fol comments on IC. Brit do not believe Chi Commie want to clash with Fr and Chi intervention therefore will not go beyond indirect support, training, supplies, etc.

Afternoon session devoted Formosa, Korea. Neither Fr nor Brit had any final or fixed position with regard to either items. Their positions generally similar to that of US.

Above merely highlights extensive discussion.

ACHESON

[4] Regarding the establishment of the committee, see telegram 536 from Bangkok, June 17, p. 102.

[5] Hervé Alphand, Deputy French Representative on the North Atlantic Council.

[6] For information on French requests for United States assistance in support operations in Indochina, see pp. 690 ff.

611.90/8–3050

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (McGhee) to the Deputy Under Secretary of State for Political Affairs (Matthews)

TOP SECRET [WASHINGTON,] August 30, 1950.

Subject: "A New Approach in Asia".

I attach a paper entitled "A New Approach in Asia", which is a revision of an earlier paper entitled "A New US Policy toward Asia".

The latter was submitted to you and discussed in your office early this month. The present version has been drafted in the light of comments within the Department on the previous paper, the responses from Ambassadors Henderson and Warren [1] to our query concerning the desirability of closer consultation with Asian governments,[2] and recent developments in the Korean and Formosan situations.

I am circulating the attached paper to various officers of the Department for comment. I do not think that a meeting is necessary at this stage, although I may wish to impose upon you when the comments are in.[3]

I should, of course, welcome any views you may wish to express on the paper or its handling.

[Attachment]

Policy Paper by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (McGhee)[4]

TOP SECRET [WASHINGTON, August 30, 1950.]

A NEW APPROACH IN ASIA

The Issue

Much of Asia is unconvinced of our devotion to peace, our lack of imperialist ambition and our interest in Asian freedom and progress. These doubts derive in large part from Asian misunderstanding and suspicion of our decisions and actions, in Asia and elsewhere in the world, directed toward containing Communist expansion. The free Asian governments resent what they conceive to be our disregard of their views and interests, particularly with respect to problems arising in Asia. This conception of the US attitude is in part a consequence of the fact that our moves in Asia frequently take the form of hasty responses to Communist initiative and that we seek the support of the free Asian governments after we have decided and acted.

Unless we can establish a more intimate relationship with the free Asian governments and convince them, and through them the Asian peoples, of the true nature of US interests and intentions, Asia will continue to be unsympathetic to our actions and unresponsive to our

[1] Avra M. Warren, Ambassador to Pakistan.

[2] Documentation on this question is scheduled for publication in volume v.

[3] During September and early October, the officers who received copies of the attached paper commented upon it. Their replies are located in file 611.90. On October 6, the paper was considered by the Under Secretary's Committee, the forum for general discussion between the Under Secretary and other principal officers of the Department. The paper was not rejected by the Committee, but neither was it formally approved. It was not subsequently endorsed as official Departmental policy. (Executive Secretariat Files: Lot 53D250: Under Secretary's Meetings)

[4] Drafted by Elbert G. Mathews, Director of the Office of South Asian Affairs.

needs. Should the present estrangement between Asia and the US grow rather than diminish, the whole of Asia, except those areas where we or our non-Asian allies can maintain direct military control, can fall to Communism. If we are to avert this disaster, we must seize the initiative from the Communists and win the support of free Asia.

The Objectives

1. To increase free Asian participation in and responsibility for the solution of problems arising in Asia.

2. To strengthen the ability and determination of the free Asian countries to maintain peace and resist Communism in Asia.

3. To minimize direct US military involvement in Asia west of the Japan-Okinawa-Philippines defense line.

4. Eventually to eliminate Communism as a force in Asia.

The Assumptions

1. We should risk serious over-commitment if we undertook to contain and eventually to eliminate Communism in Asia by force, whether by ourselves or with the assistance of our non-Asian allies.

2. Certain of the free Asian countries, particularly India and Pakisthan have the capability of controlling Communism in their own territories and of making a significant contribution to its elimination elsewhere in Asia, provided that they receive assistance from the US and other free nations in their efforts to build economic and political stability and military strength.

3. Nationalism is the strongest force in Asia. The free Asian governments and peoples have as their primary goal the prevention of foreign interference in their affairs. They are becoming increasingly aware of the foreign inspiration of domestic Communist activities and of Soviet imperialism's threat to national independence in Asia. Their attention is, however, still diverted from the Communist threat by their preoccupation with the Asian remnants of nineteenth century colonial empires and their suspicions of the Western European colonial powers. The potential strength of nationalism as a force against Communism cannot, therefore, be fully realized until the US and other Western countries commit themselves to eliminating all vestiges of colonialism in Asia.

The Plan of Action

1. Pursue studies within the Department and consultations with Congressional leaders, both now in progress, looking toward (*a*) Congressional acceptance of the concept of an expanded Asian eco-

nomic aid program, (*b*) discussions with appropriate free Asian Asian governments on the nature and scope of such a program and (*c*) the preparation and submission of the program to the Congress for legislative action early in the next session.

2. Undertake on an informal basis more intimate consultation with key free Asian governments on our foreign policies and contemplated actions in the foreign field, and encourage those governments to consult more frankly with us.

3. As part of the foregoing consultations, explore with the free Asian governments at appropriate times possible solutions, where practicable within the UN framework, of such problems as the future of Korea, the future of Formosa, a peace treaty with Japan and arrangements for Japanese security, Chinese representation in the UN and the future of Indochina.

4. Keep the UK Government and, to a lesser extent, certain other Commonwealth governments and the French currently informed of our progress under this plan of action. At an appropriate stage, possibly in early 1951, hold top secret discussions with the UK Government looking toward the maximum practicable coordination of US, UK and Commonwealth policies and actions with respect to South and Southeast Asia.

5. Step up official output on Asia for the US public stressing the determination of the Asian peoples to control their own destinies, our historic interest in the political and economic progress of the peoples of Asia, and the current, urgent need of the free Asian countries for assistance in carrying out their plans for such progress. In the foreign field, intensify USIE operations in free Asia and covert psychological warfare activities in Communist China emphasizing the following themes: US interest in the welfare, progress and freedom of the Asian peoples, Soviet imperialism, and the importance of the UN as a growing force for world peace and progress.

6. Meet the most urgent requirements of the free Asian countries for military assistance not available from other sources and required to maintain internal stability and to strengthen resistance to Communism.

7. Encourage the free Asian governments to persuade the Chinese Communist regime that cooperation with the free nations of Asia is the only way to escape domination by the USSR, to participate in an Asian development program and to assure independence of all Asia from outside domination.

790.00/9–550

Memorandum by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)[1]

SECRET [WASHINGTON,] September 5, 1950.

Subject: Proposed Action Regarding PSA Nations "on the fence"

Several recent events seem to me to indicate that the time has come to make the issues in world politics so clear that the nations in the PSA area would realize that they must decide whether to side with Communism or against it; that they must take action in accordance with the fundamental truth that "He who is not with me is against me." Recent actions of the Burmese Government in connection with the Melby Survey Mission point up the fact that Burma is prepared to receive military and economic aid from the US while avoiding any appearance of commitment to the cause against Communism. The attached memorandum to Mr. Jessup and telegram from Djakarta are indications that Indonesia is in somewhat the same general situation.[2] The Philippine Government has been only slightly less reluctant than Indonesia and Burma, perhaps because impelled by fiscal troubles from which it hopes to be saved by the US. The other countries of Southeast Asia do not present the same problem. Thailand is forthrightly committed to the UN cause; the Governments of Indochina are aligned against the Viet Minh forces of Communism, and the British administration in Malaya is in full cooperation with us.

Burma, Indonesia, and the Philippines are organic situations, each different from the other. Consequently, action aimed to bring each of these countries into full cooperation with the United Nations must be patterned to suit each individual case. I suggest that some or all of the following actions be taken in regard to Burma, Indonesia, and the Philippines according to their suitability to each country:

1. We should begin an informational campaign, both through our Informational Services and our Chiefs of Mission to convince the governments and the peoples of the countries that we have a genuine interest in the welfare of the Far Eastern peoples and have had for the past century.

2. We should begin a well-considered campaign through the same media to convince the governments and peoples of the nations involved that isolation, neutrality or being a "third power" is impossible in the present world. It should be demonstrated that the present conflict is not of a sort which requires two to make a quarrel, and that there is a malicious and evil political force at work throughout the world which requires either subservience or conflict.

3. We should be prepared to make it known at the appropriate

[1] Drafted by Kenneth P. Landon of the Office of Philippine and Southeast Asian Affairs.

[2] The attachments do not accompany the source text.

time, which may be within the next few weeks, that we are considering drawing the lines more sharply between the supporters of the UN and its enemies in the firm conviction that those which are not with us are against us. This might be done initially simply by withholding military and economic aid from unfriendly or neutral nations. In the case of Indonesia and the Philippines, such action should be adequate. Burma, however, might require more emphatic treatment. The Burmese in their history have not shown themselves to be politically astute. Further steps might be necessary to convince the Burmese that the road to survival lies with the UN. PSA is prepared to study with the Policy Planning Staff additional steps which might be taken with respect to Burma. Consideration might be given, for instance, to treating an obdurate country as we treat a "curtain" country such as Poland.

Editorial Note

From September 12 to September 19, 1950, the Foreign Ministers of the United States, the United Kingdom, and France engaged in conversations in New York, discussing a wide range of problems of mutual concern, including matters relating to the East Asian-Pacific area. Documentation on the New York Foreign Ministers meetings and associated discussions is scheduled for publication in volume III. For a summary of the results of conversations on Indochina and Southeast Asia, see telegram 278 to Saigon, September 16, page 880.

Editorial Note

On September 13 and 14, Percy C. Spender, Australian Minister for External Affairs, visited Washington en route to New York to attend the Fifth Session of the United Nations General Assembly. He met with President Truman on the 13th and with a Congressional delegation the following day. On September 18, Spender conferred with Secretary of State Acheson in New York. For memoranda of these conversations, which dealt in part with regional security arrangements and other matters pertaining to the East Asian-Pacific area, see pages 212 ff.

124.05/9–1450 : Circular telegram

The Acting Secretary of State to Certain Diplomatic and Consular Offices [1]

CONFIDENTIAL WASHINGTON, September 14, 1950—3 p. m.

In view increased capability indigenous Commie movements in SEA, particularly Indochina, due closer collaboration with Chi Com-

[1] Sent for action to New Delhi, Karachi, Rangoon, Bangkok, Singapore, Djakarta, Hong Kong, Taipei, Tokyo, and Manila; sent to Saigon, Paris, London, and Moscow for information.

mies, Dept requests increased intelligence reporting be conducted by Service Atts and Polit Officers your post along fol lines:

The end of wet season in SEA, approx Sep–Oct, is expected offer increased opportunity anti-govt forces that area institute increased armed opposition. Because of ability such forces receive material assistance from Commie Chi, any info available from your post noting such activities will be exceedingly valuable, including negative reports.

Increased road and rail lines communication in South China are reported now sufficient to support not only troop movements to Indochina frontier but heavy war material. Info urgently needed to supply intelligence concerning Commie intentions in coordination with above cited evidence of increased capabilities.

In addition usual sources of info, Dept suggests fullest use Chi Language Officers, monitoring local Chi press, and reporting opinions leaders Chi communities (where applicable).

Reporting evidences increased anti-colonial line in liberal or left wing newspapers, likewise "Soviet peace offensive" line.

Dept requests special effort by posts to evaluate carefully info passed in response this request. Posts directed repeat to other concerned posts replies sent Dept this respect.

Services have been requested extend fullest cooperation this matter.

WEBB

890.00TA/9–2550

The Director of the Office of Foreign Agricultural Relations, Department of Agriculture (Andrews), to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

CONFIDENTIAL WASHINGTON, September 25, 1950.

DEAR MR. SECRETARY: The staff of this Office, as well as the other interested Bureaus of the Department of Agriculture, has been giving study to some of the fundamental problems which underlie a great deal of the discontent and disturbance in some so-called undeveloped areas of the world.

Inclosed is a memorandum which sets forth certain facts on this subject. In bringing this to you, we are not advocating that our Point IV Program be based upon any assumption or guarantee that world-wide land reform will have to be undertaken. As a matter of fact it is merely one phase of many difficult problems. In the implementation of Point IV, we must somehow, some way get over to the little fellow in these areas the idea that this program is directed to his welfare rather than—as sometimes turns out—we touch only a few of the more important people at the top economic levels of the country.

I am passing 5 copies to you for your perusal or any distribution you may desire among the staff members dealing with this particular problem.

Sincerely yours, STANLEY ANDREWS

[Enclosure]

Memorandum Prepared by the Office of Foreign Agricultural Relations, Department of Agriculture

CONFIDENTIAL [WASHINGTON,] April 17, 1950.

STATEMENT OF THE PROPOSED UNITED STATES POLICY WITH RESPECT TO LAND REFORM IN ASIA

I. The approaching implementation of the Point Four program, in the formulation of which the Department of Agriculture has been actively cooperating, makes it appropriate to focus attention on the question of land tenure and the peasant welfare in general in southeast Asia and the Middle East. These are crucial questions on the solution of which victory in the struggle against communism in Asia largely depends.

II. Four-fifths of Asia's vast population consists of peasants, and agriculture is the pivot of its economic and social life. Consequently, measures of assistance to be taken under the Point Four and related programs towards the improvement of the lot of the common man will necessarily have to be oriented in these regions towards agricultural problems. The central agricultural and, indeed, economic and social problem throughout Asia is the abject poverty of the large masses of the peasants, which the communist propaganda has been adroitly exploiting. One of the basic reasons for this widespread poverty and rural distress, apart from the pressure of population on the land, has been the landlord-tenant system in many parts of Asia, under which large groups of peasants are cultivating somebody else's land and paying exorbitant rents for it. These rents, which often take the major share of the crop, coupled with other abuses, make it impossible for the tenants to introduce any improvements. This is bound to constitute a serious drawback to the Point Four program. Such a system has been a fertile source of unrest and has provided the communists with an especially convenient target for attack, which they have not been slow to utilize in their propaganda.

III. The fact that the communist ideology is hostile to small peasant farming and land ownership and would do away with them at the first opportunity, as happened in Russia, does not hurt communists in

the eyes of the peasant of Asia. They can hardly be expected to be familiar with the writings of Marx, Engels, Lenin and Stalin, or with Bolshevism in action in Russia and other countries of Eastern Europe under the Soviet sway. The communist propaganda, which harps day in and day out on the necessity of abolition of the "feudal" landlord system and transfer of the land to the tillers of the soil, naturally has a tremendous appeal to the poverty-stricken tenant peasantry of Asia.

IV. The success of communists in China, where they largely won the support of the peasants by promising land to the landless in drastic revision of landlord-tenant relationships, may be repeated in other parts of Asia if the field of agrarian reform is left by default to the communist propaganda. The haste with which the Communists of North Korea are attempting to carry out a land reform program in the captured portions of South Korea, and the recent decision of the Communist Party of India to center all its attention on the agrarian problems of the country with the objective of winning recruits for "national liberation", are just two more illustrations of the manner in which the Communists attempt to gain the support of the peasantry. It should be fairly clear by now that the communist threat in Asia can be best met through an agricultural policy that emphasizes widespread land ownership among the peasants, provides reasonable terms of tenure for those who cultivate land as tenants, and other relevant actions that show in practical ways the concern of the respective governments with the improvement of status of the peasantry. Such measures would not only remove the principal peasant grievance which is at the bottom of the political unrest in Asia, would not only take the wind out of the sails of communist propaganda, but the prospects of expanding agricultural production would also be materially enhanced. Ownership of the land or reasonable tenure conditions would provide the peasant with the incentive to increase the productive power of the land.

V. Orderly agrarian reforms, with fair compensation of the landlord, are not socialist measures, but actually are probably the best contribution that could be made towards strengthening the system of free enterprise by diffusion of private property and re-inforcing the economic foundation of the State. It imparts greater stability to the whole social order. Ideologically, democratic agrarian reform stems from Thomas Jefferson and Abraham Lincoln, from John Stuart Mill and William Gladstone, and not from Marx, Lenin and Stalin. It has been carried out in the 19th Century in many countries of Europe, notably Ireland, and has also been successfully executed by United States occupation authorities in Japan since the war. Progressive rural legislation in Asia is the road to freedom and genuine democracy, and a formidable bulwark against communism.

VI. In southeast Asia and in the Middle East it is not necessary to split up into small and possibly uneconomic units large and efficiently operated farms, as was the case in parts of Eastern Europe. It is simply a matter of change in legal status, which entitle the small farmer, who already cultivates the land as a tenant or a sharecropper, to a larger share of the product of his labor, and in the end would make it possible for him to become the owner of the land. This is especially significant with respect to large areas of potential crop land. The fear, therefore, that is sometimes expressed that land re-distribution would spell disaster is groundless. On the contrary, it would not only be of the greatest significance politically, but in time would also have favorable economic effects, because they would stimulate the personal interest of the tillers of the soil.

VII. Measures benefiting the peasants are powerful political weapons. Native governments would be likely to win what so many of them lack—popular support—and popular support in Asia is peasant support or nothing. A native government, therefore, which deals boldly with these questions would be greatly buttressed against the attacks from Communists within or outside its borders. In short, the fate of non-communist Asia is bound up with the success or failure of its handling of the peasant problem.

VIII. The urgency of embarking upon a progressive agrarian policy as a challenge to communism in Asia is obvious, and in some countries the sands are running low. Myopic selfishness of some powerful interests tends to block the necessary reform, but there are important elements favoring land reform and they need and would greatly profit from our encouragement. It is, of course, for the native governments to initiate and carry out progressive farm legislation. However, since the vital interests and the national security of the United States are deeply affected by the threat of Communism in Asia, it seems proper that we should utilize all our diplomatic skill and resources to encourage the development of land policies which would lay the foundation for an economically and politically stable rural life. Thus we would help to ward off the Communist danger without infringing upon any other country's sovereignty.

IX. With the above end in view, the following steps are recommended:

1) All United States embassies, legations and consular representatives in the Middle East and southeast Asia should be informed that the United States Government is deeply concerned about the peasant problem in these countries, and that it is considering this problem as a major factor in the formulation of its Asiatic policy, since it is convinced that land reform and practical concern with the well-being of the farmer in general provide the most important alternatives to Com-

munism in many of these countries, and is a necessary foundation for Point Four and related programs.

2) All the embassies and legations concerned should be directed to make use of every opportunity to inform the governments and private organizations in the countries concerned of the United States Government's deep interest and policy with respect to land reform and peasant welfare.

3) State clearly and directly the concern of the United States Government with respect to widespread land ownership in Asia and its stand in harmony with the democratic aspirations of the people of those countries. It is desirable that such statements should be included in major foreign policy pronouncements by top level officials of the United States Government.

4) In the formulation and implementation of the Point Four program it should be made clear that those projects will be given priority which are aimed at the democratic solution of the land tenure problem and other causes of rural distress.

880.00/9–2650

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State [1]

SECRET [NEW YORK,] September 26, 1950.

Participants: Mr. Acheson
Mr. Bevin
Mr. Barclay [2]
Mr. Battle

In a conversation on other matters, Mr. Bevin mentioned his efforts to get Mr. Spender of Australia to take the lead in the Commonwealth program of aid to Southeast Asia. Mr. Bevin said that he had, when he was in Colombo, asked Mr. Spender to propose the program. He said that he thought that it was best for the proposal to come from another country rather than the United Kingdom. Mr. Bevin expressed the hope that an Asiatic organization would be created on which the United States might keep a free eye even though the United States might not be in it. He mentioned the possibility of a military pact but said he thought there was no military pact in Asia which could be the basis for a pact. He suggested to Mr. Spender that economic power be pulled together for common purposes.

Mr. Acheson said that he had also talked to Mr. Spender about this and that we looked with favor on the program.

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[1] This conversation occurred in New York. Secretary of State Acheson and Foreign Secretary Bevin were present for the Fifth Session of the North Atlantic Council, September 15–26.

[2] R. E. Barclay, private secretary to Mr. Bevin.

790.5/10–950

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Deputy Under Secretary of State for Political Affairs (Matthews)

TOP SECRET [WASHINGTON,] October 9, 1950.

Subject: Trilateral Agreement and Consultations with Australia and New Zealand.

We have been giving continuing consideration to the question of regional arrangements in the Far Eastern area, particularly to proposals for the formation of an association of Asian states and for the negotiation of a Pacific Pact. In accordance with the policy toward regional associations established in NSC 48/2, we have not taken the initiative to prod Asiatic states into organizing themselves or negotiating a treaty. Until there arises a clearer manifestation than exists now of desire on the part of Asian or Pacific states and of the practicality of forming a regional arrangement, it seems wise that the United States Government continue to remain open-minded on the subject and to refrain from pressing other governments to action.

Nevertheless it has become increasingly evident, most recently in conversations held with the Foreign Minister of Australia, that some diplomatic exchange between Australia and the United States which would include a more formal statement of mutual security commitments than now exists and would provide for military and political consultations, would be welcomed by the Australian Government. Mr. Spender has proposed a Pacific pact, to include Australia, New Zealand, the Philippines, the U.S. and the U.K. It seems to us that should we proceed to negotiate a pact of this nature, the choice of members would at the outset introduce problems which might vitiate our position in the Far East, considerably weaken the effect of the pact, and highlight rather than resolve the differences now existing between our own policies and those of certain of the Asian nations whose friendship and cooperation we desire to secure.

There appears to be merit, however, in tightening our relationships with Australia and New Zealand. The cooperation and support of these countries will be of increasing importance to us during the coming year as we face the peculiarly difficult problems of the post-hostilities security and reconstruction of Korea and the negotiation of a Japanese peace treaty. Therefore, if by trilateral agreement, the desires of Australia for some closer relationship can be met, it would appear to be likewise in our interest to proceed toward this objective. An agreement might set forth the general defense position of the United States in the Pacific area in case of war, such mutual military commitments as the JCS might propose or accept, and might provide for continuing tripartite conversations of a military and political char-

acter. These conversations might take the form of those recently held in the Department with the British and French.[1]

It is recognized that the JCS may not wish to enter into military commitments more specific than those implied in the general position of a defense line through Japan, Okinawa and the Philippines. It is unlikely that the Australians would press for more than this. They appear to be interested not so much in written assurances of military protection as in an opportunity to participate more closely in military and political planning. Their desires would therefore probably be met by an agreement as outlined above. Out of consultations might arise a discussion of a Pacific Pact and, depending upon developments in the Pacific area, some association of an acceptable type might eventuate. At the commencement of the consultations, this Government could indicate its willingness to discuss the problems of regional association and its desire to hear proposals which either the Australian or New Zealand governments might offer.

It is assumed that the United Kingdom would be informed and its sympathetic approval sought for any proposal for an Australian-New Zealand-U.S. agreement. In view of Commonwealth arrangements and the fact that no regional association is envisaged at this stage, it seems likely that the British would not object to the proposal as outlined.

It is suggested that, if the Secretary approves this project, Ambassador Jessup be authorized to discuss it informally with General Bradley, after which it be communicated formally to the Secretary of Defense for consideration.

[1] Regarding conversations with British representatives, see editorial note, p. 141. For information on discussions with the French, see pp. 690 ff.

790.5/10–1250 : Telegram

The Secretary of State to the United States Representative at the United Nations (Austin)[1]

SECRET PRIORITY WASHINGTON, October 12, 1950—11 a. m.

387. For Hickerson from Rusk. Suggest that with ref FonMin Spender's expressed desire receive prompt answer on Pacific Pact from US you might wish seek opportunity discuss this matter informally with him in order ascertain more specifically what he has in mind.[2] It shld be clear that formulation any plan with such vast

[1] Repeated to Canberra as telegram 91.

[2] In a memorandum of October 7, not printed, John C. Ross, Deputy United States Representative on the Security Council and Alternate Member of the United States Delegation to the General Assembly, informed Assistant Secretary Rusk that Spender was returning to Australia within a week or 10 days and wanted a definitive indication of United States views regarding a Pacific Pact before he departed (790.5/10–750).

implications as this one cannot be accomplished speedily. As example Spender shld recall length of time taken bring about North Atlantic Treaty.

As stated previously Dept open-minded on this subject but aware tremendous difficulties which must be overcome before any arrangements such as Pacific Pact cld be consummated. While no US position on Pacific Pact has been established, see no reason why you should not indicate our general sympathy with efforts non-Commie states to form regional associations (as expressed NSC 48/2). We have not felt US should take leadership in attempting organize such groupings particularly in view problems which naturally arise, such as possible misunderstanding US motives, varying conceptions and aims of states which might be concerned, and choice of members. Latter leads to complications to which Dept does not have answers, such as Pacific vs Asian association, inclusion or exclusion India, Nationalist China, France, Netherlands, Latin American west coast states, etc.

We shld be very grateful for Spender's considered views on these problems, and for an exposition from him of Australia's conception of a Pacific Pact, its membership, objectives, form of organization, and method of bringing it into being. You may wish to discuss with him whether type of pact he envisages might be correlated with implementation of any GA resolution on UN Action for Peace.

In general suggest you listen to what Spender has to say and on basis this discussion Dept can proceed further with study this question. [Rusk.]

ACHESON

790.5/10–1250

Memorandum of Conversation, by Mr. Ward P. Allen, Adviser, United States Delegation to the United Nations General Assembly [1]

SECRET [NEW YORK,] October 12, 1950.

Subject: Pacific Pact

Participants: Mr. Percy Spender, Minister of External Affairs, Australia
Sir Keith Officer, Australian Ambassador to France
Mr. John D. Hickerson, Assistant Secretary of State
Ward P. Allen, EUR

Mr. Hickerson opened the conversation by making clear that while, as the Vandenberg Resolution [2] shows, the United States has a general background of sympathetic interest with respect to regional pacts,

[1] Mr. Allen was Special Assistant on United Nations Affairs, Bureau of European Affairs.

[2] For the text of the Vandenberg Resolution and other documentation on the origins of the North Atlantic Treaty, see *Foreign Relations*, 1948, vol. III, pp. 135 ff.

nevertheless there are a large number of questions in our mind regarding any Pacific Pact relating to the participants, scope of the area, nature of obligations, etc., on which we would appreciate Mr. Spender's views.

Obligations in Pact: Mr. Spender stated that he envisaged as the "pivotal point" a provision substantially similar to Article Five of the North Atlantic Treaty, embodying a definitive and general obligation. He appreciated the scope of the Article as Mr. Hickerson explained it and felt that the same obligation was what was needed. In response to a question as to machinery, Mr. Spender stated that some sort of continuing council would be necessary with some adjunctive military mechanism, but nothing as "elaborate and cumbersome" as the NATO.

Participants: In Mr. Spender's view, there are three strategic areas of the world (leaving aside Latin America) : (1) North Atlantic, (2) Middle East, and (3) the Indian Ocean and Pacific. However, from a realistic point of view the Pact could not embrace the entire third area. He had recently made a public statement suggesting a Pact which would include the Commonwealth countries in the area (Pakistan, India, Burma, Ceylon) but this was purely "for political reasons." He stated that he was aware that India would not join. He referred to Nehru's expressed antipathy for such a Pact at the Colombo Conference and stated his conviction that if we waited for India "it is clear there won't be any Pact."

Therefore, within practical realistic limits, Mr. Spender believes the parties should be *Australia*, *New Zealand*, *the Philippines*, *United States*, *United Kingdom* and *Canada*, if she is willing—those states capable of undertaking military commitments in the area. *Indonesia* should be asked but would probably follow India's line and refuse. It is "important but not necessary" to have Asiatic non-white states as members "but the creation of the Pact should not be conditioned upon this." The question of China's participation is premature and cannot be answered now. He would be opposed to the participation of the Nationalist government "even assuming they have any probable remaining length of life" but felt that if the Peiping Government is generally recognized, it could be invited to adhere. *Japan* must be a party at some future time; it is obviously premature now. To exclude them would appear to make the Pact a "bloc anti", i.e., a bloc directed against some specific country. *France* and *the Netherlands* should not participate; their pacific interests are such that it would introduce the whole explosive colonial aspect. Thus the *Indochina States* could not be members because they could not be brought in except through France.

Thailand would not be a member at least initially. It is a power

vacuum, difficult to fill now except by economic means. Later, perhaps after the vacuum is filled they might become members.

There would be no great practical value in including *Chile* and other Latin American Pacific States, although there would be no objection if it were politically advisable and, from the point of view of the concept as a "Pacific Pact", the more the better. Mr. Hickerson raised the question as to whether without a non-white country there would be real danger of any Pact being regarded as a white Asian alliance, attendant undesirable implications and repercussions. Messrs. Spender and Officer replied that in their view we tend to emphasize such political aspects. "We cannot hold the Asians without strength which they respect". It can be sold to them on the theory that it would help prevent war and keep it from Asia. Mr. Hickerson also pointed out that with such a membership, as proposed, the Pact could hardly be effective to protect the mainland, to which Mr. Spender responded that it would probably be difficult defend in any case.

Operative Area: Mr. Allen indicated that the Rio [3] and NA treaties become operative in the event of an attack on certain countries within the region although they are not parties and wondered whether Mr. Spender had in mind embracing the same concept. Mr. Spender responded that the strategic area extended through Indonesia, Malaya, Thailand and Indonesia and that at or within those boundaries it might be provided that an attack would be considered an attack on the parties, but would not obligate them to the specific assistance of the non-party initially attacked. He added, however, that this would have to be further considered.

Need For Pact: In response to our doubts as to need, Mr. Spender stated that of course no Pacific war could be fought without Australia (and in this connection deplored United States Navy's thinking in World War II that Australia could be written off) and that the Pact would serve a real strategic purpose.

He pointed out it would also help Australia discharge its world responsibilities. He recalled that in World War II Australia had sent several divisions to the Middle East and with Japan's attack, "got caught with its pants down" and would have been lost but for the United States. He referred to the rising feeling in the Labor Party against overseas service and said that although if war came Australia would send its troops where needed, it would be much easier if they had the assurance of a Pact.

In response to questions, Mr. Spender stated that he personally realized that there was no danger of Australia being attacked and no

[3] For documentation on the Inter-American Treaty of Reciprocal Assistance, concluded at the Inter-American Conference for the Maintenance of Continental Peace and Security, Rio de Janeiro, August 15–September 2, 1947, see *Foreign Relations*, 1947, vol. VIII, pp. 1 ff.

probability that they would ever be attacked without simultaneous attack on the United States. But in his view "that is not the point". It is public opinion and the necessity of assurance of some assistance. He added that if there is no danger, then the United States commitment under the Pact would be less than that of Australia.

Messrs. Spender and Officer made two additional points regarding public opinion: (1) the Australians, with their affection for the United States, do not understand why, when they are prepared to stand with us if we are attacked, they get no response. It is a feeling that "friends don't get the same consideration as weak sisters" and that the Australians "are not getting a fair go". Every time we extend the NAT, as to Greece and Turkey, we strengthen that feeling. (2) Present United States ideas for a "soft" peace with Japan would be very difficult to sell without the counter balance of a pact.

Mr. Hickerson observed that in short the Australian Government's main concern is public opinion rather than any invocation of a Pact in the immediate future. Mr. Spender agreed with the qualification that of course a Pact would have preventive value and would improve general stability. He did not feel that other means, such as intensified diplomatic consultation to let Australia's voice be heard would serve the same purpose. (He referred to his defense against criticism for Australia's exclusion from Korean planning.) However, he did agree that some bilateral agreement would help.

Mr. Hickerson concluded on the note that we see their problems and are sympathetic but there are still major difficulties involved and we do not, at the moment, know the answers.

WARD P. ALLEN

Editorial Note

During the Wake Island Conference, October 15, 1950, President Truman, General MacArthur, and others present discussed various subjects pertaining to the East Asian-Pacific area. For a record consisting of the substance of statements made at that conference, see volume VII, page 948.

790.5/10–2050 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

CONFIDENTIAL BANGKOK, October 20, 1950—5 p. m.

442. If reports correct of major diversion to France and Indochina of funds presently available for military aid in general China area, I urge careful consideration following points:

1. Recent military developments Indochina point to probability if Viet Minh attacks increase in strength and frequency French will have to give up Tonkin and concentrate forces for defense Cochin-China in spite any increase military aid we may give.

2. Viet Minh infiltration into Laos and Cambodia will in consequence be virtually unopposed with result that Commies will have little difficulty seizing control these two territories thus outflanking French and directly threatening Thailand.

3. We expect here these developments will closely coincide with efforts by well-organized Commie groups in Thailand seize control this country.

4. Even greatly increased military aid France and Indochina unlikely enable French hold all Indochina including Laos and Cambodia and create secure bastion for all SEA.

5. Therefore logical that other countries SEA and Thailand in particular because its geographic and strategic position be strengthened in order prevent complete engulfment by Commies of SEA countries.

At Thailand considering antipathy Thai people for Communism, realize prosperity, veneration for King and religion, and friendship toward US/UN and western democracies [garble] comparatively solid foundation on which to build strength [*sic*].

We strongly urge therefore no cut in approved aid recommended 50–51 program for Thailand and that shipments be greatly expedited.

STANTON

Editorial Note

United States–United Kingdom political-military conversations occurred in Washington during October 1950. As in the July discussions (see editorial note, page 119), the United States principals were General Bradley and Ambassador Jessup, while the United Kingdom was represented by Ambassador Franks and Lord Tedder. Once again, subjects concerning the East Asian-Pacific area received consideration. Documentation is scheduled for publication in volume III.

SEAC Files : Lot 53D255

Memorandum by the Department of Defense Member on the Southeast Asia Aid Policy Committee (Malony)

SECRET WASHINGTON, October 31, 1950.[1]

SEAC D–27

Subject: U.S. Position With Respect to Thailand, Burma and Malaya

[1] Drafted on October 30 and circulated as document SEAC D–27 on October 31.

Problem

To determine what policies are required to strengthen the security of Thailand, Burma and Malaya, individually or together, in order both to increase the effectiveness of U.S. policies in Indochina and to anticipate the possible loss of all or part of Indochina.

Discussion

The security of Thailand is closely related to the security of Indochina. If Communist forces gain control of Laos and Tonkin, they would outflank and endanger Northeastern Thailand, develop a direct overland route for passage of arms from South China to Thailand, and, to a lesser extent, would threaten Eastern Burma. At the present time the Thailand government has inadequate internal forces to cope with such a threat.

Thailand is the one country in Southeast Asia that has remained free of colonial control. U.S. officials have formed a healthy respect for the independent thinking of the Thai government and the relatively competent manner in which the Thai people seem to handle their problems. Accordingly, and in view of the extremely complicated Indochina situation, it might be advisable for the U.S. government to consider its policy with respect to Thailand, in particular. As a long-term policy, the U.S. might well put greater effort and interest in Thailand insofar as Southeast Asia is concerned.

Burma is an area primarily of British interest and relationship. In view of the long common frontier between Burma and Thailand, the U.S. should take an interest, from the military point of view, in promoting closer relations between these two countries, in aiding The British Service Mission, and in establishing appropriate bilateral relations between Burma and the U.S.

Malaya is significant in this area because it is a large source of dollar earnings for the United Kingdom. These earnings, in turn, affect British capabilities within the North Atlantic Treaty Organization. Accordingly, it is important to strengthen the defense of Burma, Thailand and Indochina in order to keep the threat of Communist encroachment as far away from Malaya as possible.

Recommendations

It is recommended that the Southeast Asia Aid Policy Committee (*a*) consider the desirability of defining U.S. policy on the above problem, (*b*) establish a working group to draft a policy statement for NSC consideration, and (*c*) indicate the Committee's interest in this problem, through proper channels, to the Intelligence Advisory

Committee,[2] for the purpose of obtaining a national estimate of the U.S. security interests involved in the problem.[3]

H. J. MALONY
Major General, USA (Ret.)

[2] The interdepartmental Intelligence Advisory Committee, established in 1947 pursuant to a National Security Council directive, advised the Director of Central Intelligence on maintenance of coordination between the Central Intelligence Agency and other governmental intelligence organizations.

[3] This memorandum was approved by the Southeast Asia Aid Policy Committee at its Seventh Meeting, October 31 (SEAC Files: Lot 53D255).

Executive Secretariat Files: Lot 53D250: Under Secretary's Meetings

Minutes of the Under Secretary's Meeting, Department of State, November 8, 1950 [1]

[Extract]

TOP SECRET
UM M–266

. . . . . .

Mission to Southeast Asia [2]

7. Mr. Melby reported on his mission with General Erskine to Southeast Asia. This mission included State, military and ECA people.

8. When the mission was in Indochina the military situation was in a quiescent period and this condition permitted the mission to travel over a good part of Indochina. The French military forces are active during the day but retire to their defenses at night. At night the Viet Minh forces hold forth and carry on their normal operations which include not only raids on villages but the collection of taxes, rice, etc. The Viet Minh forces have lost considerable support by their vicious use of communist tactics. When the mission was first in Indochina the French were preparing for an offensive but the Viet Minh leadership apparently found out about this and it anticipated them by launching their own offensive. The serious situation in Indochina is evident by the fact that one-half of the French Army, one-half of the French air force, and one-fourth of the navy are tied up in Indochina, but they are still unable to control the country. The military representatives on the mission felt that the French were justified in recently

[1] This meeting of Under Secretary Webb and other principal officers of the Department was attended by the Secretary of State.

[2] For the joint Mutual Defense Assistance Program survey mission's final written report, December 6, see p. 164.

pulling back from some of their positions but the extent of their retreat was probably not warranted.

9. At the present time Hanoi and the Red River Delta are in jeopardy and the chances of this whole area being lost is possible. If the French can hold this area until a national Vietnamese Army is formed, there would be considerable support. The formation of a Vietnamese Army is important militarily and politically. In addition, if the Army is formed the psychology of the Vietnam would be completely changed. However, they need many arms and officers in order to form such an army. Because the loss of French officers in Indochina has been greater than the output of the French military schools, it is not hopeful that the French could supply the necessary training officers to form cadres for this national army. It cannot be expected that the French could or should make any more concessions. The problem is to instill confidence in the Vietnam and assist them in obtaining a realistic concept of their needs and the conduct of their affairs. The Vietnam must be compelled in every possible way to have a more responsible attitude toward their affairs. Of course it should be pointed out that if the French left, Ho Chi Minh would quickly take over the country.

10. The favorable position of Malaya should be credited to a considerable extent to the work of Malcolm MacDonald. The so-called Briggs plan is enforced now by which forces sweep the country of bandits, killing them and their assistants as they go along. As they move through the country and find people who have no land, land is deeded outright to them. Also local police are established and general economic and social reforms take place. Considerable progress has been made in giving some of the people basic education. The success of this experiment has been extremely good. The attitude of the people in Malaya is very good and they sincerely believe that the British are attempting to give them self-government. There is no opposition to the British except to the bandits which are systematically being cleaned out.

11. Siam is openly committed to our side and deserves our support. The Siamese military force consists of men who are excellently trained but who are without equipment. They have 19th century arms and no ammunition but take a great deal of pride in maintaining their equipment and vigorously following a most rigid training program. One of the problems in Siam is that there are too many old generals who have political influence. The Siamese feel that they should have 11 divisions but this is partly rationalized by the fact that such a number would take care of all the generals which they now have. The army is impressive because of their willingness to be trained and because of their excellent morale.

12. In Indonesia the mission was unable to make a complete investi-

gation, even though the reception was cordial. The government officials pointed out that their present policy is one of neutrality and therefore could not reach an understanding with the mission. Ambassador Cochran feels that given a reasonable period of time the Indonesians will come around to the acceptance of some U.S. support. It was pointed out that the Indian Ambassador here has made violent speeches against the U.S.

13. In the Philippines the problem is more one of correcting the corruption in the government and of assisting in the necessary social and economic reforms. We cannot afford failure in this area and the Filipinos want our help. The Huks are increasing in strength but it is almost certain that their strength would decline perceptibly if the economic situation in the Philippines improved.

14. In summary the people in Southeast Asia are sympathetic toward the U.S. and are not supporters of communism. However, it should be recognized that generally the people in this area are sympathetic toward Ho Chi Minh because he is now fighting the French. Among the possible recommendations which might be suggested are such proposals as having a stockpile program for Southeast Asia, probably located in the Philippines. Also, it might be wise, if conditions permit, for the U.S. to have two American divisions readied in the Philippines. Another possibility might be to reactivate the Philippine scouts, which has certain disadvantages, or provide payment for two or three Philippine divisions. In this regard it should be noted that the Philippine Government cannot support an enlarged army and some support would have to be given by the U.S. Another suggestion is to set up a regional MDAP organization which would operate in Southeast Asia as an American organization for coordinating political, economic and military problems in this area.

15. Mr. Melby was complimented by the Secretary for his excellent presentation. Mr. Ohly pointed out that the Melby mission is a good example of how such a group can work efficiently together.

790.001/11–950 : Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, November 9, 1950—8 p. m.

136. Chi commie invasion Tibet,[2] aggressive broadcasts aimed at Nepal, armed invasion North Korea, and known assistance Ho Chi Minh regime IC probably causing Asian countries reevaluate commie threat to themselves. Most Asian nations preoccupied with evils

[1] Sent to Manila, Karachi, Djakarta, Rangoon, and Colombo for action; sent to New Delhi, Saigon, Singapore, and Bangkok for information.

[2] For documentation on the invasion of Tibet, see pp. 256 ff.

colonialism and have minimized communism. Foregoing developments offer opportunity bring into focus commie menace to Govt to which accredited using IC as example where colonialism making exit and commie entrance.

As powers being transferred to Vietnam, Laos and Cambodia under orderly agreements with France part of IC nationalist movement was captured by commie Viet Minh. Viet Minh have disrupted progressive development independence IC nations under regularly constituted govts and have obscured threat of communism by magnifying evils colonialism inherent in remaining joint Fr-Vietnam opposition. Similar attempts unsuccessfully made Burma, Philippines and Indonesia but more successful IC because of commie Chi support.

US IC policy supports legitimate nationalist aspirations while opposing communism. US record Philippines and Indonesia demonstrates success such policy in other Asian nations. In IC US not supporting Fr colonialism but orderly withdrawal Fr controls and establishment nationalist govts within Fr Union in accordance voluntary agreements between States and Fr. US consequently extending mil and econ assistance to States and Fr to enable Fr hold back communism and enable States establish themselves against continuing commie effort.

US believes other Asian nations cannot remain neutral toward communism as neutrality amounts to supine acceptance commie domination and is regarded as weakness by enemy. All non-commie nations shld re-appraise communism and prepare support each other against enemy. For instance the non-commie nationalist States IC need sympathetic understanding and material support all free nations. Failure to secure such support may lead to their fall and provide corridor for extension commie menace other nations.

ACHESON

492.119/11–1050: Telegram

The Secretary of State to the Embassy in Thailand[1]

SECRET WASHINGTON, November 10, 1950—5 p. m.

481. From Commerce: Current deterioration of French position in Indochina focuses attention upon adequacy of United States export controls with respect to Indochina and Thailand. Your vigilance as indicated your message[2] regarding local controls, end use and consignee information regarding some proposed shipments and extent of reexports and smuggling strategic goods is appreciated. However, Commerce feels need for restating its obligation and concern regard-

[1] Repeated to Saigon as 547.
[2] Not identified.

ing final disposition United States strategic goods going to these areas and urges continuation and intensification your attention to efforts Commies obtaining strategic goods via transshipment and smuggling and reporting development for formulation policy and procedure changes here.

ACHESON

890.00/11–1450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL LONDON, November 14, 1950—4 p. m.

2813. Please pass ECA for Harlan Cleveland. Department's attention invited to fact that "Colombo Plan for cooperative economic development in South and Southeast Asia" will be published both in official and popular form November 21[1] and that British Government planning give wide publicity to it, thus raising in acute form question of US attitudes. We have found among Asian representatives here great curiosity about and interest in US position regarding plan and suggest that attitude of Asians toward US might immediately be favorably affected if US should express itself as in favor of aid to Asia and that conversely continued silence on our part might lead Asians to believe US not interested aid to Asia.

Embassy has been glad to learn from Joseph Jones[2] latest ECA and Department thinking on aid to Asia. Question arises whether Department may not wish to release to press statement tied to Colombo report at an appropriate time or in any case to give Embassy policy guidance for discussing matter with British Government and press which continues to display lively interest in matter.

Department may quite possibly not wish now give preview its development plan for aid to Asia. On other hand Embassy suggests that publication of Colombo report offers splendid opportunity for doing so and at same time for clarifying a few main points as to desirable relation of US aid to Commonwealth plan. Such a statement could include for example indication that Commonwealth conclusions as to scope and kinds of program seem reasonable from what we, without detailed investigation, have been able to judge. It could make it clear (if as Embassy understands it is our position) that US aid to Asian countries would be administered bilaterally in coordination with local plans and other aid accruing in the individual country, and that we

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[1] Cmd. 8080, *The Colombo Plan for Co-operative Economic Development in South and South-East Asia, Report by the Commonwealth Consultative Committee, London, September–October, 1950*, was published on November 28, 1950.

[2] Joseph M. Jones, Special Adviser, Economic Analysis Staff, Far East Program Division, Economic Cooperation Administration.

believe there need be no conflict with US or UN assistance. It could specify degree to which US feels it could participate in advisory and consultative group in Colombo. It might with advantage emphasize in same statement that US is already carrying on broad aid programs in SEA and that UN likewise has certain programs and plans for aid to Asia.

Incidentally in informal discussions here British have suggested that bilateral approach is only feasible approach for US aid to Asia. Also we gather impression that British are overwhelmingly interested in application of plan to India and have no design for re-establishing influence in SEA through plan and seem willing to have US continue carry main responsibility for this area.

We feel that substantial political advantage could accrue from clearing up these several points in an early public statement. We realize however that a large strategy is involved and that any public statement on Colombo plan must fit into it.

DOUGLAS

890.00/11–2250 : Telegram

The Secretary of State to the Embassy in London

CONFIDENTIAL WASHINGTON, November 22, 1950—6 p. m.

2698. Pls convey to UKGovt fol position relative to questions advanced by Gaitskell concerning US participation in Colombo Plan.[1]

USGovt is fully aware development aspirations of countries this area. It understands need for such development and has independently devoted much study to nature of problem, its necessary dimensions, and role which US might play in contributing to a solution. Participation of USGovt in arrangements for continuing consultation on development problems in South and SEA wld be natural consequence of US interest and work in this area. It must be emphasized, however, that such participation wld not imply approval or endorsement of particular development programs which have been submitted to the comite or a commitment by this Govt to provide financial aid for such programs.

USGovt believes that emphasis shld be on continuing consultation and not on formal organization as such. Believe it wld be undesirable contemplate substantial full-time secretariat. Periodic meetings of

[1] Hugh Gaitskell, British Minister of Economic Affairs, visited Washington from October 8 to October 12. In telegram 1930, October 13, not printed, the Department of State informed the Embassy in London that during a meeting with Under Secretary Webb and other Department officials on October 10, Gaitskell had put forth certain questions regarding the United States attitude toward the Colombo Plan. He had asked whether the United States would "come in"; if so, what type of organization it desired; whether the Philippines should participate; and what procedure should be followed henceforth. (890.00/10–1350)

participating govts shld be the means by which reviews of progress and other exchanges of info wld be accomplished rather than thru services of a permanent central staff.

Foregoing wld be consistent with understanding of USGovt that functions Consultative Comite will continue to be exploratory, advisory, and consultative and that comite will remain informal as at present. It is the view of this Govt that any material or technical contribution which US might make (other than that provided thru UN agencies) wld be directed bilaterally toward recipient countries. Believe also that avoidance of duplication in various bilateral and UN programs in any country will have to be worked out primarily among those concerned in that country rather than from a central org.

Further believe any reports which might emerge from consultative comite must carefully avoid any implication of certification of relative needs of participating countries and any implication of endorsement of claims for external assistance.

Question of inviting participation of other Asian govts is, of course, for consultative comite to determine. USGovt believes, however, that it wld be desirable that non-Commonwealth countries in the region be participants in consultative comite if US is also to be invited, in order to avoid possible misapprehensions in area of an exclusive Commonwealth–US club.

On assumption foregoing views consistent with those of and acceptable to other members of Consultative Comite, USGovt is willing, with agreement of all member countries, participate with other govts in future meetings of consultative comite.

In period immed ahead, USGovt intends continue study programs of Commonwealth countries. In this regard it may informally seek additional detailed info from technical representatives of the particular countries which have formulated development programs. This Govt believes that other govts which may be in a position to contribute to programs shld formulate specifically as possible the nature and level of their possible assistance.

When the Colombo Plan Report is publicly released this Govt will be prepared to express publicly its views along lines summarized above.

Apart from above suggestions US at this time has no further opinion concerning procedures to be fol.

Re Philippines: As indicated above USGovt believes question of inviting Phil participation in program, or participation of any other Asian Govt is for consultative comite to determine. Discussions between US and Phil on econ problems of latter Govt now taking place. USGovt doubts that there wld be an inconsistency between these developments and Phil participation in Colombo Plan.

ACHESON

790.00/11–3050

Memorandum by Mr. John Foster Dulles [1] *to the Secretary of State*

SECRET WASHINGTON, November 30, 1950.

Between my morning and afternoon meetings with Senators Taft [2] and Millikin,[3] I jotted down the enclosed notes which I read to Millikin and Taft in the afternoon, indicative of my own initial reactions to the Korean developments.[4]

JOHN FOSTER DULLES

[Annex]

Paper Prepared by Mr. John Foster Dulles, Consultant to the Secretary of State

SECRET [WASHINGTON, November 30, 1950.]

ESTIMATE OF SITUATION

1. Developments in Asia confirm that there is a comprehensive program, in which the Soviet and Chinese communists are cooperating, designed as a present phase to eliminate all Western influence on the Asiatic mainland, and probably also in relation to the islands of Japan, Formosa, the Philippines, and Indonesia. It would be reckless not to assume that such a program has been carefully worked out and that steps are being prepared to implement all its various aspects. What has happened shows that our policies have been sound in so far as they have recognized the impossibility of separating the Chinese and Soviet communists, at least for the predictable future. The mistake has been inadequate appraisal of the danger that resulted from the hostile alliance. Through underestimating the risks, we may have been sucked into a major military disaster in Korea which could not only gravely impair, for a time, the military capability of the United States everywhere, but which would have grave psychological repercussions upon the Japanese nation and the countries and islands of South East Asia.

The repercussions will not be limited to Asia, but will extend to Western Europe and the British Commonwealth. These countries have misjudged the situation in China even more seriously than have we. Nevertheless, they have until now deferred to our policies, particularly in relation to Korea. If these policies lead to a major disaster, they

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[1] Consultant to the Secretary of State.
[2] Senator Robert A. Taft of Ohio.
[3] Senator Eugene D. Millikin of Colorado.
[4] During the last week in November, United Nations forces advancing toward the Yalu River were driven back by Chinese Communist counterattacks: for documentation on Chinese intervention in the Korean War, see volume VII.

may be less disposed to follow us in the future, despite the fact that in reality our policies were more nearly right than were theirs.

2. As far as the future position in Asia is concerned, it would seem that we must now more closely limit ourselves to areas subject to sea and air power, which fits our natural role.

3. The question of whether we can hold on in Korea and if so, where, is of course a military one. From a political standpoint, however, it is important to hold at least a sizable beachhead in south Korea so as to deny this area to communist military concentrations which, with the concentration already present in Sakhalin Island, would put Japan in position where the nation would probably reconcile itself to falling into the Soviet communist orbit. It would not now seem practical to proceed with a formal Japanese peace treaty, but if Japan is not to fall under communist control, a major political effort is required. This would doubtless involve some sort of agreement with Japan which, while short of a formal peace treaty, would restore to Japan a large measure of self-government together with the capacity and, we might hope, the will to use her strength in the cause of the free world, or at least to make the exertions necessary to prevent communist conquest of this area, which with its industrial power and trained and disciplined manpower is a dominate [*dominant*] factor in Asia and the Pacific.

4. As regards Vietnam, it would seem that this situation would need to be reconsidered in the light of what might be a hopeless military situation, given the efforts which the Chinese communists seem prepared to make.

5. It would seem that there should be a review of our attitude towards Formosa. Our sea and air power and the presence of the Chinese Nationalists, should make it possible to salvage Formosa, and perhaps use it as a base for covert and perhaps open Chinese activities against the China mainland, which would at least divert the Chinese government (communist).

6. Consideration should be given to the possibility of stimulating guerrilla and insurrectional activities in China against the Communist government. We presently have good will and friends, but this will not be indefinitely available in the face of propaganda and purge.

7. It would seem important to accelerate some understanding with Australia and New Zealand, the only two dependable countries in the Pacific area.

8. So far as Europe is concerned, it must, I think, be taken as doubtful that there will be time to create an effective European army at the rate this is now moving, or perhaps even at the optimum rate. If so, the question of the best use of our economic, military and manpower resources would need to be reconsidered.

9. In general, it would seem that consideration should be given to the possibility of stepping up subversive activities within areas of

Soviet control, where ever there are any elements available for such purposes. We can not safely go on playing a purely defensive role, as this enables the potential enemy to organize themselves at one place or another with a pre-arranged time table which we have no will or capacity to disarrange. Our best defense lies in exploiting potential jealousies, rivalries, and disaffections within the present area of Soviet communist control so as to divert them from external adventures to the problem of attempting to consolidate an already over-extended position.

Editorial Note

Clement R. Attlee, Prime Minister of the United Kingdom, visited Washington from December 4 to December 8, 1950, conferring with President Truman and other United States officials. The discussions which occurred covered a wide range of subjects, certain of which concerned the East Asian-Pacific area. Documentation on these conversations is scheduled for publication in volume III. Certain conference documentation on discussions pertaining largely to the Korean situation appears in volume VII.

FMACC Files: Lot 54D5

Final Report of the Joint MDAP Survey Mission to Southeast Asia [1]

SECRET WASHINGTON, December 6, 1950.

To: The FMACC

I have the honor to submit herewith the final recommendations and report of the Joint State–Defense Mutual Defense Assistance Program Survey Mission to Southeast Asia,[2] together with my own final comments. The country reports for Indochina, Malaya, Thailand, the Philippines, and Indonesia have already been submitted.[3] Due to internal developments it was not possible for the Mission to visit or make a report on Burma. This final report includes our observations on an area basis together with a few changes in detail on the various country reports. Contrary to our expectations, we have found no call out of our area experience to revise any of our major judgments on any given country. Rather, developments in recent weeks in Indochina, for example, have only served to reinforce our conviction on the magnitude

[1] Circulated in the Foreign Military Assistance Coordinating Committee as FMACC D–33/11 Final Report, December 11, 1950.

[2] Enclosure 1, "Area Report on Southeast Asia by the Military Group of the Joint State-Survey Mission to Southeast Asia," is not printed.

[3] With the exception of the covering letter of the Mission's report on Indochina, August 6 (p. 840), none of the reports on individual nations is printed.

of the general problem, its growing difficulties, the importance of the area to the United States, and the serious menace which the threats and the disturbances in the area present to American security and interests.

In each report submitted by the Mission every member has been given the opportunity to express his views and recommendations. It will have been noted that although on numerous occasions these views and recommendations have differed on various phases and specific details of a given problem, these differences to a large extent have arisen from the particular viewpoint and the specific technical competence of the individual concerned. I am convinced, however, that out of our observations and experience, both singular and collective, the Mission has completed its task with an extraordinary community of views on the broad, general problem of Southeast Asia, its complexities, and its indicated solutions. Despite this general agreement I, of course, assume sole responsibility for the political interpretations and recommendations herein contained.

Throughout the entire extent of our travels, our observations, and our conversations, one major impression grew and developed, namely, the lack of definition and of coordination of American policy and objectives in Southeast Asia. The closest we could come in finding any precision of approach in policy was that American policy is designed to deny to the enemy the area and its resources, both human and material. This is legitimate as far as it goes, but it is not good enough, being both negative and vague. Unless this policy is developed further it will in all probability fail. And it will fail in an atmosphere in which, despite the magnitude of the problems to be solved, a positive and vigorous policy can succeed. We observed political, military, economic and propaganda programs, each doing the best it could in the given circumstances, and each at the same time failing to contribute that which should be expected and that which is obtainable. Wherein arises the difficulty? Wherefrom the failure?

I am convinced that the basic difficulty arises from the failure in responsible American policy circles to answer and define in detail two basic questions: (1) What is Southeast Asia worth to the United States? (2) What is the United States able and willing within the confines of its over-all commitments and its over-all resources to pay for Southeast Asia? Despite various attempts which have been made to answer these two questions we have found nowhere anything other than a reluctance to face up to them or than general and sometimes contradictory answers. Until these questions are answered and American activities oriented in line with the answers, we can only expect that American activities will be aimless, conflicting, and self-defeating. It is of course beyond the competence, the knowledge, and the terms of reference of the Survey Mission to provide the answers; nor will we attempt to do so. We suggest the problem because our own military

recommendations for the area have been hypothecated on the intention of the United States to attach the countries of Southeast Asia firmly to the democratic bloc, and our specific military recommendations are designed to secure that objective. We have realized, however, that military activity is only one aspect of the problem and that without precise area and particular objectives, and coordinated over-all programs, the military effort is not only futile but will almost certainly fail at a not negligible cost. I would indicate the area alternatives, as we see them, which should be taken into account in placing the problem of Southeast Asia in the American world context.

There would appear to be three major alternatives of policy. These alternatives are presented on the assumption that loss of any one of the countries to the enemy would almost certainly result in the loss of all the other countries, with the possible exception of the Philippines which presents a specialized problem and where the unique American position and responsibility would, we assume, indicate a kind of intervention different from what we might undertake in other countries:

1. To cut our losses and disengage ourselves entirely from the mainland of Southeast Asia and probably also Indonesia. This decision would be based on a lack of resources to hold the area or a belief that it could not be held regardless of the cost. We have no opinion on available resources, but we are convinced that the area can be held if we are determined to do so. We are also convinced that the broad base of the area wishes to remain with us and to be assisted in doing so.

2. A holding operation which does not anticipate full success on its own merits but which would envisage holding as much as possible, even at a high price, and long enough for some other eventuality to develop which would of its own weight and magnitude automatically solve the general problems or, at least, the menace of Southeast Asia for the United States. However fumbling, open to criticism, and expensive such a solution might be, it could well be justified if there were some definite and properly timed eventuality in mind and planned. It could hardly be justified if that eventuality were only the "miracle solution", which at times has appeared to be too much the last despairing and defeatist French hope in Indochina.

3. The third solution is the decision that Southeast Asia can be held and that the United States can pay the price. It is not for us to attempt an answer on American ability to pay the price. As I have stated before, we are convinced that the area is willing and able to become and remain in a community of interests and relationship with the United States if we will do the necessary. We are equally persuaded that American interests dictate the accession of the area to the American camp if it is within our capability to bring this about. The local factors which argue for workability of this solution are simple and persuasive.

(*a*) The strategic location of the area on the communications lines of Asia is self-evident.

(*b*) The manpower of the countries concerned is larger than

that of the United States itself. Its peoples are industrious, intelligent, and in most parts possess ancient and impressive cultural traditions.

(*c*) Though largely undeveloped, the area possesses great natural wealth and many strategic materials of basic importance to the United States.

(*d*) Although the standards of living do not begin to approach those of the Atlantic community, the problem of Southeast Asia is nowhere complicated by the corrosive poverty which so tragically characterizes the masses of China and India. Nowhere is there the gnawing cancer of the land problem, except in the Central Luzon plains and in Java, and in these two instances there is a solution to be found in adjacent empty lands—again in distinction to China and India where there are too many people for the land available and simply no plausible place for the large surplus population to migrate.

(*e*) The overwhelming motif of Southeast Asian thought and emotion is nationalism. There is no need here to explore its whys and wherefores. It is a fact which dominates all Southeast Asian life and a wind which can be slowed-down or speeded-up, changed somewhat in course, but now never reversed or brought to a halt. Now, whatever the cost or whatever the time interval involved, the peoples of Southeast Asia will for all practical purposes in the end become self-determining. The United States has never denied the validity of this concept, and in general has for that matter expressed its sympathy with the movement, thereby incurring the regrettable, if understandable, resentment of the slowly receding colonial powers. The peoples of Asia, on the other hand, are quite aware of this American attitude and have given us a full measure of appreciation for our understanding. Where we have lost sympathy—and we are losing it today at an alarming rate—it is because we have been less vigorous in our support of nationalism than Asia would have wished and because, be it admitted, the problem for us is not simply one of Southeast Asia versus the colonial powers, but has been gravely complicated by issues which are larger than just Southeast Asia. The tragedy is that in several of the countries the Communists have succeeded in capturing the leadership in the nationalist movement and in identifying themselves with it. The Communists have been and are the one organized force which has bitterly and uncompromisingly fought colonialism. Communism as an ideology is understood only by pitifully small groups, and in the areas where the impact of its practices and excesses have been felt it retains its hold only because it can still persuade that it is centrally nationalist and only peripherally something else. Sufficient effort has yet to be made to demonstrate that it represents a tyranny far more onerous and degrading than European colonialism at its worst and the complete negation of those values of religion, community organization, and personal worth which are the very heart-beat of Asian life and culture. If Southeast Asia could be convinced of these ugly facts and strengthened in its inherent belief that they are also the core of America and of American interest in self-determination, there would be no question of which way it would go.

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Full recognition should coincidentally be given to the difficulties which would confront this solution. Granted the emphasis in Asiatic thinking on the all-important goal of nationalism, it will be exceedingly difficult for the United States to sell the menace of communism unless it can identify itself with nationalism. In most of Southeast Asia there is no fear of communism as we understand it. For them communism so far is the by-product of nationalism whose ideological doctrines, in so far as they are known at all, do not appear necessarily evil and, in some respects, appear to offer acceptable solutions for some of the many pressing economic problems which beset the area. The task of persuasion will be the more difficult for the lack of experience with their practical application. Although it appears as a unit on the map, the area has historically been largely a prey to centrifugal pulls. Since the war against Japan, progress has been made in building up a cohesiveness largely, it is true, through the impact of nationalism and, in more aware circles, the fear of communism. Much yet remains to be done, however, and must be reckoned with in any area program. Most important perhaps is the appalling amount of illiteracy, the lack of communication among the broad masses, and the absence of any real starvation pressures which result in a significant and widespread apathy. The spoils will go to the leader who can promise something more that is understandable and within the limited horizons of the recipient. In this respect, the appeals and the approach of local leaders have much to teach us. On balance, however, we believe that the strength of our position can be greater than our weakness.

Arising from the foregoing generalities, certain specific problems must be considered. These concern not only the military aspect but also corollary problems and solutions. I should state at this point that in so far as my lack of military competence permits, I concur entirely with the military observations and recommendations made by General Erskine, as attached. (It was apparent from all my own observations and conversations that General Erskine, by his own abilities, accomplishments, understanding and growth, commanded the unqualified respect, confidence and admiration of all officials, both civilian and military, with whom he came in contact. His usefulness in and knowledge of Southeast Asia should by all means be put to the best possible use.)

1. *Regional organization.* Balancing the arguments for and against which are listed in enclosure 2.[4] General Erskine has recommended the establishment of a regional MDAP organization. I concur with his reasoning and his recommendation. He of course assumes that the MDAP for Southeast Asia will be on a scale at least as large as that

[4] Enclosure 2, Memorandum from Maj. Gen. Graves B. Erskine, U.S.M.C., re "Regional Group", is not printed.

recommended by the Mission or its equivalent. A program of this scope seems to me obviously to require an area approach which would be unnecessary were the program to be limited in size to that of fiscal year 1950. To his reasons I would only add my conviction that even though Burma and Indonesia at present do not figure in the picture there are important political forces which can before long bring them in. My own preference would be for a separate theatre of operations rather than having Southeast Asia under CINCPAC or CINCFE. The problems of Southeast Asia are sufficiently unique, and there is enough growing cohesiveness in the area, to warrant its treatment as an area and avoid complicating it by the inclusion of such disparate areas as Formosa, Korea, Australia and New Zealand. The same applies at the moment to India, although it is not inconceivable that developments in the predictable future would counsel a reappraisal.

Although I would agree that the commanding military officer in the theatre should have appropriate rank and authority over strictly military matters, I could not agree that his authority should extend into other realms. His relationship to the various ambassadors should be that of a partnership, with each having authority in his own field and differences to be resolved on a high level in Washington. This raises the question of a broader regional organization which I would recommend along the following lines:

Some time ago consideration was given to the establishment of a regional organization, possibly along lines somewhat comparable to the British organization in Southeast Asia which surrounds the person of Malcolm MacDonald. At that time the idea was discarded for good and sufficient reasons. I believe the time has now come when it might be profitable to reconsider that proposal. With the present state of the China debacle; with the events in Korea, Japan, and Formosa; with the unsettled attitude of India; and with the growing closeness of Southeast Asian countries, I believe that some form of regional American organization in the area could perform a useful function, not only for our own representatives but also to encourage the local countries to strengthen their own intra-area relationships, of which the first sign was the Baguio meeting last spring. Every one of our ambassadors with whom we worked at one time or another expressed the need for closer cooperation of the countries concerned and for a greater exchange of ideas and opinions among our own people in the area. None of this reflected any criticism of the coordinating work of the Department in Washington but, rather, a belief that there was a type of coordination to supplement Washington to be done in the area, arising from a greater closeness to the actual scene. The person designated for this job would have coordinating and advisory responsibilities, but without executive or administrative authority, similar to the case with the British Commissioner-General for Southeast Asia who must rely largely for his authority on his own personal persuasiveness and the common sense of his recommendations. He would necessarily spend much of his time traveling so that he could speak with the authority of intimate first-hand knowledge. He by no means necessarily need be a famous name in the United States and, in fact, might better not be too well known in order to avoid arousing undue suspicions of American intentions. His interests would include the political, economic, military and propaganda; and the regional MDAP organization would be attached to his office. In other respects his staff would be kept to

an absolute minimum, probably not exceeding two or three officers with appropriate supporting staff. His headquarters should be in Manila since that is the focus of American activities in the area and has the most adequate administrative facilities. The reasons against locating him in any other country are obvious. I would suggest that the title of commissioner-general or commissioner not be used in order to avoid the association with British and French colonialism. He might be an ambassador-at-large, or better, diplomatic agent, with appropriate rank. Concentration of appropriate functions in his office could eliminate many of the conflicts and contradictions which will inevitably arise with expanding American activities in various fields.

2. *Native troops.* One of the most serious weaknesses in all countries has been the failure properly to develop the use of native troops. This has been particularly striking in Indochina. The arguments on the incompetence of these troops are too well known to need recapitulation. The answer is that the Viet Minh uses them exclusively. The bandits in Malaya, the dissidents in Indonesia, and the Huks in the Philippines all demonstrate that native troops can and will fight if they believe that they have something to fight for. Furthermore, white troops will always be associated with colonialism, and even granting as most Southeast Asians do that withdrawal of white troops now would precipitate an immediate Communist victory, the new governments and peoples cannot be expected to cooperate fully in the anti-Communist struggle until they are given that kind of confidence and psychological fillip which can come from having their own armies, and with it the knowledge that their views and opinions will carry the weight which they can acquire from having force at their disposal. There is, of course, danger that this force will be turned against us, but as contrasted with the certain danger arising from Southeast Asian determination that its peoples will be independent, it appears the lesser of the risks. The former is a risk, the latter well-nigh a certainty. It might even prove possible in time to organize a Southeast Asian expeditionary force available for use anywhere in the area.

White manpower is strictly limited and its commitments are heavy. The Russians have learned the trick of using others to fight their battles. It is time that we learned the trick of at least having Asians fight Asian battles before we find that our manpower resources have reached the danger point of exhaustion. Even though there is and will continue to be great need for American aid in various forms, it is now in order that Asia learn to do more for itself in the military as well as in other fields. It is also high time that those Asiatics who are allied with our enemy learn that they do not represent all Asia and that most of Asia opposes them when given the chance. Much of the stigma of colonialism can be removed if, where necessary, yellow men will be killed by yellow men rather than by white men alone.

3. *Counterpart funds.* Consideration should be given to greater flexibility in the counterpart funds expected from the countries in the area. Despite their basic wealth, none of these countries is today in the kind of financial position where it can afford the cost of modern warfare on anything approaching the scale to which we are accustomed. By no means the least important aspect of denying Southeast Asia to communism is that the countries must be self-supporting and prosperous. That is the aim of our economic program. If, at the same time,

the military phase requires unduly onerous contributions from the recipient governments, the economic program will be defeated. It can be accepted as axiomatic that no amount of force will succeed unless there is a reasonable minimum of economic stability. Forces which are now at work in Southeast Asia are greater and more powerful than force itself. It is therefore recommended that financial contribution to be made by Southeast Asia be adjusted in the light of its capacities.

4. *Caliber of MAAG personnel.* Since our recommendations for matériel necessarily include provision for widespread training by American cadres, selection of personnel is of supreme importance. With the spread of nationalism American training must be far more persuasion than compulsion. The extent of persuasion will in no small measure depend upon the abilities, caliber, and understanding of the men selected. They should therefore be among the finest in the American armed services. In this respect, the selections made so far are anything but encouraging and must be remedied at the earliest possible moment unless much of our impact is to be wasted, if not positively harmful.

5. *Intelligence.* One of the most depressing lacks we encountered was the quality of intelligence available to us wherever we traveled. Almost without exception we were compelled to do the basic work which should have been available in each office we visited. Not only was the information inadequate, its interpretation was faulty. These observations apply not only to Southeast Asia, but also to Hong Kong which we visited briefly. In the latter case, we expected comprehensive coverage and understanding of developments in China and of our particular interest in the Indochina border. We did not find them. This deficiency applied to all agencies concerned with intelligence work. None were performing satisfactorily and, with only a few honorable exceptions, the individuals concerned were not qualified to discharge their responsibilities. Considering the imminent peril in which the United States finds itself, it is at best shocking that those who are charged with formulating policy should be forced to do so on the basis of faulty and even misleading information. It is little exaggeration to say that in the circumstances the situation approaches malfeasance. The dreadful lesson of Korea should be enough, but even a drastic improvement in personnel is not enough.

We also found a great need for intelligence coordination on an area basis. Although there is some exchange between countries and some between services, it is inadequate. Much of the exchange which does exist goes from a given country back to Washington and thence is returned to other countries. When it is received it is frequently too late to be of value and lacks in the kind of intimate area understanding which comes best from within the area. It is therefore recommended that a central coordinating intelligence organization for all concerned services be established in Manila through which all information would be filtered for checking, correlation, evaluation and dissemination within the area. The output, in addition to local dissemination, could be sent directly to Washington, if any particular service so desired it. But we do feel strongly that the process described above should be going on coincidentally within the area.

6. *The Philippines.* The unique American record and position in the Philippines creates a special problem. To Asia the Philippines is

the American show window on Asia and the tangible evidence of American intentions and performance. Asia does not find the results encouraging at the moment. The President and the Secretary of State have said publicly that aggression against the Philippines will not be tolerated. We assume this includes internal as well as external aggression. We assume that communism, however Filipinized it might appear, will be considered as aggression and a threat to the security of the United States. In brief, we assume that the Philippine experiment must and will succeed, and that any measure necessary thereto will be undertaken. I shall not consider here the economic aspects of the problem, which have been so ably analyzed and handled by the Bell Mission [5] and whose report is now in process of implementation. I shall suggest three points on the military side which are in addition to our general military recommendations for matériel and training:

(*a*) *Stockpiling.* Wherever we went in Southeast Asia we found a disposition to believe that the United States means what it says about military aid. There was, however, a skepticism as to our ability to provide such aid in a crisis, due to an intervening distance of more than 10,000 miles. This skepticism suggested to us the possibility of stockpiling in the Philippines, where the matériel would be available on short notice and would provide a certain flexibility in the redistribution of equipment between various countries in the light of developing circumstances. Stockpiling would not only have beneficial results throughout the area, but would have a particularly sobering effect upon certain undesirable and ambitious Philippine elements.

(*b*) It is further recommended that two American divisions be stationed in the Philippines. The presence of American troops would help to alleviate the military burden which the Philippine Government is now carrying and which is greater than its resources can long stand, it would discourage unruly elements, and would add greater stability. The President of the Philippines indicated to me that he would welcome additional American troops.

(*c*) *Additional Philippine troops.* The suggestion has been advanced that the Philippine Scouts be reactivated. There is much to be said for this proposal although it possesses the old disadvantage of American officers commanding Filipinos and Filipinos receiving advantages denied Philippine troops. Perhaps a better alternative would be for the United States to organize, train and entirely pay for two additional Philippine divisions for as long as necessary, thus establishing a future hard core of a good army which could be reduced in size when the Communist threat has been removed. During the period of danger the United States would at the same time, of course, need to be importantly concerned with the organization, training, and promotion system of the entire army, to ensure that it reached satisfactory standards.

[5] For documentation on the economic survey mission to the Philippines headed by Daniel W. Bell, which submitted its report in October 1950, see pp. 1399 ff.

7. *Propaganda.* If American activities are to have the desired impact, they must be well and properly advertised. Such is not the case at present. I recognize the handicaps under which the USIS is operating, its difficulties, and the limitations on its activities, but this must be changed. At present we are talking over the heads of Southeast Asia, and doing so inadequately. Wherever we went we found the same story—a mass of material of which relatively little was pointed directly at Southeast Asia and, therefore, was not only missing the mark but also causing important Southeast Asian elements to ask just what we were after, what did we think we were doing anyway, and what did all this mean? Everywhere we found agreement that the most effective instrument of USIS so far is the libraries. This is all well and good as a long-range program which by all means should be continued and increased, but it does not produce results today. Current activities need advertising today—not tomorrow.

Most importantly in talking to Southeast Asia today, we must learn the psychology of poor people—at best a difficult lesson for Americans to learn—a lesson which the Russians have already learned altogether too well. It is not enough that we try to teach Southeast Asia to understand us; it is perhaps even more important that we learn to understand them. Until we do learn that, we will never understand their apathy in the face of communism, nor will we ever really learn how to interpret America and American democracy to peoples for whom the United States is still a legendary land half-way around the world. Nor will we learn that we must first make clear to them the menace of Chinese and Russian imperialism, which they can understand, and thence identify communism with those imperialisms.

8. *Economic.* Since the economic aspects of the Southeast Asian problem have been most adequately covered in the report of the Griffin Mission, I shall not consider them here.

In conclusion I would state that if we are to ally Southeast Asia to ourselves, the decision to do so must be taken now. The issue of China has been settled. The future and meaning of Korea are still unsettled and uneasy. The role and attitude of India are a growing shadow across the face of Asia, influenced by events in China and, in turn, influencing Southeast Asia. Under these pressures the time of decision on the future of Southeast Asia has long since arisen above the horizon and is reaching for the zenith. Everything we have seen and heard convinces us that the area can be held if we will it. But it must be done now. In the eyes of Asia, failure will for the predictable future compromise, if not destroy, American influence and prestige. America without Asia will have been reduced to the Western Hemisphere and a precarious foothold on the western fringe of the Eurasian continent. Success will vindicate and give added meaning to America and the American way of life.

Respectfully submitted,

JOHN FREMONT MELBY
Chairman, Joint State–Defense
MDAP Survey Mission

800.2395/12–1150

Memorandum of Conversation, by Mr. George H. Alexander of the Economic Resources and Security Staff

CONFIDENTIAL WASHINGTON, December 11, 1950.

Subject: Anglo-American cooperation in rubber.

Participants: E—Mr. O'Gara
ER—Messrs. Armstrong and Alexander
BNA—Mr. Labouisse [1]
General Services, Administration—General Wilson, Messrs. Walsh [2] and Casto [3]
British Embassy—Messrs. McDougall [4] and Christelow [5]

The meeting was called at the request of the Department to consider informally the necessity and desirability of a unified Anglo-American approach to world rubber problems.

Mr. Armstrong explained that the United States is seriously concerned about three problems involving natural rubber;

1. Sales to the Soviet bloc.
2. The necessity for acquiring large quantities immediately for the United States.
3. Exorbitant prices.

He opined that the United Kingdom and continental European buyers must be concerned by the same phenomena and added that the United States considers these problems sufficiently grave to justify the British in putting Malayan rubber under export control immediately without waiting for other countries to agree to international allocation or some other form of control system for rubber. The United States has proposed an intergovernmental meeting for January to consider broader measures.

The British were told that GSA shortly would be designated as sole legal importer of rubber for United States industry and stockpile. The effective date probably will be January 1. Messrs. Walsh and Casto stated that United States requirements are covered for December and January delivery but that GSA must enter the market shortly to buy for February and March delivery. GSA has not been in the market since October 17.

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[1] Henry R. Labouisse, Jr., Director of the Office of British Commonwealth and Northern European Affairs.

[2] Aloysius T. Walsh, Commissioner, Emergency Procurement Service, General Services Administration.

[3] George K. Casto, Assistant to the Director of the Rubber Division, General Services Administration.

[4] Mr. G. E. M. McDougall, First Secretary, British Embassy.

[5] Mr. A. Christelow, Counselor, British Embassy.

Mr. McDougall said that the British favored the idea of a January meeting to discuss some form of international control and added that effective control will require all rubber markets to be closed. This, however, cannot be done overnight. He pointed out that any controls established in Malaya are likely to be ineffective if the Indonesian market remains uncontrolled and a price differential develops that makes it profitable to smuggle rubber from Malaya. He offered to inquire whether London had any suggestions as to how to secure cooperation from Indonesia. Mr. Armstrong observed that if the January talks fail because Indonesia won't cooperate it may be necessary for the United States, the United Kingdom, and other buyers to buy together preclusively in the Indonesian market. This method of control obviously would be expensive and least desirable.

Mr. McDougall also recognized the need of Anglo-British cooperation during the short run before a broader international control scheme can become effective. He promised to consult London regarding measures that could be taken at once in cooperation with the United States to meet the tight February–March position.

Mr. Armstrong pointed out that the immediate and longer term problems are related because if either the United States or the United Kingdom enters the market too aggressively in buying rubber for February–March delivery, both may face increased prices when a control scheme is being discussed next month. He called attention to the uncertainty and high cost of operating on the basis of spot purchases and suggested the need for long term contracts negotiated at a fair price.

In response to a question from Mr. O'Gara, Mr. McDougall expressed the opinion that the United States would not jeopardize a future allocation scheme if it were to negotiate bilateral, Government-to-government contracts now, provided that the contracts were not in excess of probable allocations and would be pooled once the scheme went into operation. The merits of buying spot rubber in Burma, Indochina, Thailand, and Ceylon (leaving Indonesia as an off-shore hedge) were discussed.

Mr. McDougall suggested that United States officials go to London immediately to discuss the possibility of US–UK cooperation in meeting GSA's requirements for February–March delivery and to develop a unified Anglo-American position in preparation for the proposed January talks. He stated that the British probably would be agreeable to having the latter meeting also held in London.

Mr. McDougall also stated that the UK would attempt to secure the cooperation of Ceylon. In fact, the British already had talked with the Ceylonese, whose initial reaction was hostile. As the price for agreeing to an international control scheme they apparently want the

protection of a long-term price guarantee and some agreement that the production of synthetic rubber will be reduced if a rubber surplus develops. Rightly or wrongly they feel they received a raw deal in regard to rubber during World War II.

Mr. Casto stated that the GSA hopes to obtain 75,000 long tons of rubber for delivery during February and an additional 75,000 tons for delivery during March, although 35,000 tons each month would be sufficient to support industrial consumption alone with no allowance for stockpiling. He stated that GSA plans to adjust its selling price to industry monthly during the first quarter of 1951 and quarterly thereafter. It is recognized that while markets remain open in other countries the United States selling price will establish a floor for natural rubber prices. Mr. Casto added that there is no intention to subsidize industry or to use rubber from the stockpile as a price weapon.

General Wilson stated that the United States also is thinking of going into the public purchase of tin and wants the International Tin Committee reconstituted. It was generally agreed that tin is an easier commodity to control than rubber because the necessity of smelting tin ore and the scarcity of smelters provide a bottleneck where controls can be enforced.

SEAC Files: Lot 53D255

Report Prepared by the Economic Cooperation Administration

CONFIDENTIAL [WASHINGTON,] December 15, 1950.
SEAC D–33

ECONOMIC COOPERATION ADMINISTRATION
STEM STATUS REPORT AS OF DECEMBER 4, 1950

GENERAL

After returning from visits to Formosa and Southeast Asia, Mr. William C. Foster, ECA Administrator, has stressed the importance of the ECA Far East program and has directed that efforts be made to expedite all phases of program implementation related to that area.[1] Mr. R. Allen Griffin, Director of the ECA Far East Program Division, is currently making a second circuit trip to discuss

[1] Foster visited the Philippines, Indochina, Indonesia, Burma, Thailand, Formosa, Japan, and Korea during November. For the White House press release announcing the Foster trip, see Department of State *Bulletin*, November 13, 1950, p. 777.

major program developments and problems with each Southeast Asia STEM and the China Mission.[2]

MAJOR DEVELOPMENTS

In part because higher priorities are now placed upon the Far East program within ECA/Washington, and in part because Southeast Asia program operations in the field have been moving from the planning stage to the implementation stage, procurement of commodities and materials for the Far East program have reached a new high. Procurement authorizations issued during the week ending December 8 were the highest, both in number and dollar value, for any week to date.

The *China* Mission has made firm requests for additional commodity aid, to arrive in January and early February. The arrival of these commodities is considered of great importance due to the continued difficulty of the Chinese Government in raising local currency to meet budget requirements. A minor factor in early arrival is the desire to build up some food stocks in time for the Chinese New Year (February 5, 1951). The China Mission has also forwarded to ECA/W for consideration a series of proposed recommendations to the Chinese Government which, if implemented, would achieve major reforms in exchange control, taxation, central banking, and budgeting. These measures, it is believed, would better qualify the Chinese Government to receive and use additional ECA aid, which it needs during FY 1951.

The *Indochina* STEM has submitted a firm program of specific projects for FY 1951 which will involve the expenditure of approximately $16 million for Vietnam ($7.9 million for material and equipment to be used by the Vietnamese in ECA approved projects and $8.1 million for a commodity program to produce local currency counterpart funds); programs aggregating $4 million for Cambodia and $2 million for Laos are expected to be sent to ECA/W shortly. Implementation of many of the projects in this program is now under way in Vietnam, and considerable progress has been made by the Vietnamese Government in establishing local organization to carry out the projects. Procurement providing supplies is being pushed by ECA/W, and in particular completion of negotiations for four prefabricated hospitals will speed up the public health program. Authority has been given to STEM to expend 14 million piastres out of the counterpart fund to finance local currency expenses of programs during FY 1951 in North Vietnam; these funds will be used principally for the North Vietnam relief program.

[2] Griffin accompanied Foster on his Far Eastern tour.

The *Thailand* STEM has made progress toward getting tentative programs in shape, and it has formulated definite procedures for screening and presentation of firm project requests from the Thai Government. Recruitment of medical personnel, due to arrive in Thailand by the end of this year, and procurement of needed medical supplies will speed up the Thai public health program, and ECA/W is in contact with engineers who may be sent to Bangkok in response to a Thai request for assistance in constructing freezing and cold-storage facilities to benefit the sea fishing industries.

The *Burma* STEM has formulated a general outline of program philosophy and criteria to serve as a guide for development of definite projects; this outline indicates that rural health work will be a principal feature of the program, and that health work will be first initiated by mobile units moving between the larger villages in the Kachin State. A request for medical technical assistance is now being processed by ECA/W. ECA/W is also expediting procurement of cotton requested by Burma. Meanwhile, the Burma STEM is urging the Economic Aid Council of the Burmese Government to formulate and present a full program so that advance planning and project implementation can move more rapidly.

The *Indonesia* STEM is still hampered by staff shortages and lack of adequate housing, but it continues to develop its program and has submitted to ECA/W a preliminary outline for a malaria control project. ECA/W is pushing procurement of agricultural implements, super-phosphate for control of the "mentek" rice disease, and fishing vessels and diesel engines for the fishery project. In Washington, conversations have been carried out between ECA representatives and the Indonesian Finance Minister concerning the best use of 500 million rupiahs ($44 million equivalent) of local currency counterpart funds; these negotiations will be continued in Djakarta. NAC has approved the transfer of obligations related to the Indonesian counterpart and $17.2 million of Export-Import loans from the Netherlands to Indonesia.

The Special Representative of ECA in the *Philippines* has outlined the aims of a three-phase program: (1) until January 1951: to persuade the Philippine Government to act upon the Foster–Quirino Agreement;[3] this requires passage of tax and minimum wage legislation and endorsement of the objectives and methods of the Bell Report; (2) January 1 to June 30, 1951: to take action reinforcing public morale and confidence; this should include tax enforcement measures

[3] For the text of the Foster–Quirino Agreement, November 14, 1950, see p. 1521.

by the Philippine Government, U.S. assistance for selected development and rehabilitation projects, well-publicized measures to aid the farm population, and modifications of Philippine policies on remittances and import controls; (3) longer-term phase; to place large numbers of technicians in the Philippine Government, implement social and agrarian reform, and push major development projects proposed in the Bell Report. Phase (1) is being pushed, and tentative estimates of the dollar requirements for Phase (2) have been forwarded to ECA/W.

MAJOR PROBLEMS

The rate of expenditure for Formosa and Southeast Asia countries has increased markedly. By December 15, approximately $32 million will have been obligated for the China program, leaving only $8 million available for the remaining 6½ months of FY 1951. The need for funds for the new Philippine program is obvious. These facts clearly indicate the need for additional funds for the Far East program for FY 1951, and the means for providing such funds are being explored. A great deal of work has already been done, and more will continue to be done, toward preparation and justification of budget figures both for 1951 and for 1952; Mr. Griffin is now working on budget problems with the STEMs in Southeast Asia and is gathering firm data.

Personnel recruitment is a serious problem affecting all the Far East missions. Formosa needs the recruitment of top-flight financial, central banking and tax specialists to help strengthen the economy of Formosa. Health personnel is the top priority need in Burma and Thailand. The lack of a mission chief and other key personnel is still hampering development of the Indonesian program. The difficulty of recruiting needed personnel for Indochina has been increased by deterioration of the military situation in North Vietnam. Recruitment of the large number of technicians contemplated for the Philippine program will present major difficulties. In addition, recent developments in Korea affecting the entire Far East and world situations have made personnel recruitment even more difficult than heretofore.

Procurement of requested commodities and supplies has also presented many problems. Procedural difficulties in ECA/W in procurement for the Far East have been lessened by steps recently taken, but the deteriorating world supply situation of many commodities and supplies may create new problems. Steps are now being taken to obtain forward estimates of probable needs of critical goods in short supply

to facilitate procurement and, where procurement becomes impossible, necessary program modifications.

Negotiations of contracts for engineering advisory services between the J. G. White Company and the Chinese and the Indonesians continue, but progress is slow. The major hold-up is determination of means whereby the White Company may meet costs in the event of war internment. The Indonesia contract is important for development of the entire program in that country, and the Formosa contract has taken a new importance with the increased emphasis placed upon industrial growth in Formosa during recent months.

A number of counterpart problems have arisen in all of the Far East countries, and careful analysis is being made of the best solutions. The shortage of needed counterpart funds both for administrative costs and for program expenditures is a serious problem in Indochina. The French five percent counterpart fund can be used for some administrative costs and can be borrowed for program costs. However, a commercial import program is being studied, and consideration is being given to whether or not some of the French dollar costs in Indochina might be taken over to alleviate the problem. It is estimated that peso costs of the Philippine program may be two to three times the dollar costs, and the serious problem of raising the necessary local currency is now being studied.

One overall problem, related to the entire Far East program, which is of particular concern, is the problem of adjusting the economic aid program to the military aid program in Southeast Asia. The economies of many countries in the area cannot support greatly increased military aid without additional economic assistance. The necessity of coordinating economic and military assistance is clear and needs recognition, particularly on the part of local governments.

Efforts to get the Philippine program underway have encountered considerable opposition to the tax program called for by the Foster–Quirino Agreement, and some leading Filipinos, as well as U.S. business interests in Manila, have come out in favor of raising revenue by improved tax collection rather than by enacting a new tax program. Some difficulty may be encountered also in forthcoming negotiation of a bilateral agreement, a rough preliminary draft of which has been drawn up by the General Counsel of ECA/W. An additional problem, currently being studied, is the ratio which should be established between loans and grants in the Philippine program.

The military situation in Vietnam presents a problem of uncertainty for the future. Although the Indochina program is continuing without major reorientation to date, further deterioration of the military situation in North Vietnam may necessitate modification of the program.

[Annex]

UNITED STATES ECONOMIC COOPERATION ADMINISTRATION

FAR EAST PROGRAM DIVISION

Statement of Allotments and Obligations (China Area Aid Act 1950) as of December 12, 1950 (in thousands U.S. dollars)

Country	Allotment	Procurement Authorizations Issued		Unobligated balance
		Thru 11/22/50	11/23/50–12/11/50	
Burma	$3,850	$1,931	$730	$1,189
China	32,087	23,461	4,869	3,757
Indochina	7,250	3,078	1,018	3,154
Indonesia	5,973	659	1,387	3,927
Thailand	3,550	1,462	57	2,031
General Account—Public Health	190		190	
Inventory	1,000	845		155
India	4,500	4,500		
Voluntary Foreign Aid	100			100
Total	*$58,500	$35,936	$8,251	$14,313

*In addition to the above figure, $1,270,000 was allotted to the Budget Division for Administrative Expenses and $8,000,000 is held in the Voluntary Aid Fund, which leaves $24,500,000 of the total $92,270,000 to be allotted for the Far East Aid Program for the remainder of Fiscal Year 1951. [Footnote in the source text.]

746F.00/12–1650 : Telegram

The Consul General at Singapore (Langdon) to the Secretary of State

SECRET SINGAPORE, December 16, 1950—noon.

459. MacDonald gave me following résumé of UK diplomatic conference here December 7 through 12.

1. Mission chiefs, colonial governors reported situation and problems respective countries, among them: Burma continuing improvement, Siam rising opposition to Phibun [1] and anxiety over commentments to west but Phibun thinks can ride it out, Indochina very gloomy, Indonesia unsettled but not hopeless with much hinging on New Guinea outcome.[2] Conference agreed that whole SEA anti-Communist structure shored by Tonkin, that Tonkin rather neck of IC vital and must be held since red forces could advance south on either side of neck but had no answer as to how to help beyond going over same ground MacDonald covered in Paris and urging more effective anti-VM propaganda. Estimated Ho Chi Minh would launch

[1] Field Marshal Phibun Songgram (Pibulsonggram), Prime Minister of Thailand.

[2] For documentation on the disposition of Western New Guinea, see pp. 964 ff.

attack within 2 months and whatever was to be done to stop it would have to be done in next few weeks.

2. Conference was asked by FonOff to give opinion on whether (*a*) any differences existing between Peking and Moscow (*b*) there is any hope of splitting them (*c*) anything can be done divide Chinese people from Mao. It toyed with these conundrums and made guesses but had no answers. It recognized full bloodedness of Chinese expansionism and found no basis for supposing rift existed between China and USSR but agreed there was always chance of such rift if west was patient and did not push China into arms of USSR. As to dividing people from Mao, conference agreed there was very little the outside could do and anything it might do would have to be done in the most subtle and cunning way.

3. FonOff asked what effect Chinese invasion of Tibet and Korea and help Ho Chi Minh had on *South* Asia and FE peoples, whether any revulsion. Conference replied revulsion none except in India but some leaders had become critical of China who had not been so before. This was more than offset by wide view that Chinese solely to blame but also UN and US for provoking her and by fear and admiration of Chinese might and progress especially among overseas Chinese. In fact the more successfully aggressive China was the more support she was getting.

4. FonOff asked what would be reaction if Chinese crossed 38th parallel in Korea, if ignored 13 power resolution,[3] if able hold territory below parallel, if forced US out of Korea altogether by (30 characters missing)[4] not only be bad but progressively bad in that admiration and fear of China would mount in ratio to each. Exceptions were Pakistan who is wholly on our side and to lesser degree India where fraternal spirit for UK growing.

5. Also taken up were rice supply in SEA, Colombo plan and illegal arms traffic. How to get participation in Colombo plan by non-Commonwealth nations was discussed but no answer found beyond waiting for right opportunity. Sub-committee was set up for study problems arms traffic.

Department pass London, sent Department 459; repeated information London 36.

LANGDON

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[3] On December 14, the General Assembly adopted a resolution sponsored by 13 Asian nations calling upon the President of the General Assembly to constitute a committee to determine the basis for a cease-fire in Korea; see editorial note, vol. VII, p. 1542.

[4] Notation in the source text.

SEAC Files: Lot 53D255

Minutes of the Ninth Meeting of the Southeast Asia Aid Policy Committee, Department of State, December 21, 1950, 3: 30 p. m.

[Extract]

TOP SECRET
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6. The Committee considered the question raised by Mr. Cleveland whether, in light of Chinese Communist military effectiveness, the U.S. Government was still justified in feeling that small Southeast Asian forces should be built up even though they might be overrun readily by superior forces. The similarities and differences with the problems involved in the granting of U.S. military assistance to Europe were discussed at length, differences of geography and in capacity for establishing regional security arrangements being stressed. The Committee also considered the nature of the NSC decision concerning the Defense of Korea which preceded the Communist attack of June 25,[1] and the absence of a present commitment (unlike in the cases of Europe and Japan) on the part of the U.S. to consider an attack on any free nation in Southeast Asia an attack on all the free countries. The specific purposes to which military assistance in the region addressed itself was then analyzed; and it was generally agreed that these arms were aimed at providing internal security, and creating a deterrent to outside aggression against the countries.

7. The Committee considered the degree of possibility of military cooperation, or even unification, in Southeast Asia. MR. RUSK pointed out that while the United States was willing to face the possibilities of further military reverses in Southeast Asia, certain unwise "assumptions" had been given wide currency. These were that: (*a*) if Tonkin falls, Indo-China will fall; and (*b*) if Indo-China falls, all of Southeast Asia will fall. MR. LACY added that the countries of the region, (Thailand and perhaps Viet Nam being the exceptions) simply refused to consider the U.S. views on the necessity of concerted action against current and future aggression. It was very unlikely that the free countries of Asia would see the necessity of their binding together with the United States to defend Indo-China.

8. MR. LACY agreed with the objective of greater unity in Southeast Asia raised by Mr. Cleveland and stated that some progress had been made over the past year and a half. MR. RUSK remarked that, while only a relatively small force could be mustered in the region, the countries of the area were not unaware of the problem of regional coopera-

[1] For documentation on United States policy toward Korea prior to the outbreak of the Korean War, see volume VII.

tion. Moreover, the U.S. was now talking with Indian officials concerning the problem. Prospects, however, of any marked advance in the near future were very limited. MR. CLEVELAND stated that, while the chances for economic unification were nil, it was essential that all possible efforts be made for further political cooperation.

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790.00/12–2150

Memorandum of Conversation, by the Ambassador in Thailand (Stanton)

CONFIDENTIAL BANGKOK, December 21, 1950.

Subject: Conditions in the Far East

Participants: Sir Esler Dening,
British Foreign Office
Mr. Richard Whittington,
Chargé d'Affaires, British Embassy
Edwin F. Stanton

Sir Esler Dening of the British Foreign Office, who has been visiting Bangkok briefly, called to see me and we had a general talk about conditions in the Far East.

Sir Esler said he had made repeated efforts to get to Peiping but no replies whatever had been received from the Chinese Communist Government. He said Mr. Bevin, the British Foreign Secretary, had felt it would be worth while to send some one from the Foreign Office to Peiping who could speak directly to Chou En-lai, the Chinese Communist Foreign Minister, and make clear to him the British Government's views and policies with respect to China and other Far Eastern problems. However, he said these efforts had been thwarted at Peiping but that the British position had been explained to General Wu, the Chinese representative sent to the United Nations, by Mr. Younger [1] and Sir Gladwyn Jebb.[2] We had some discussion regarding Soviet influence upon the Chinese Communist Government. Dening expressed the view that although in international affairs it was evident that the Soviets were able to impose their will upon Mao Tse-tung and his Government, nevertheless the pattern of events in China itself was, in his opinion, strictly Chinese. This view seemed to be a comforting one to Sir Esler. I said what ever the pattern of internal events in China, it seemed clear that for the present and probably for some time to come, Mao would be doing the Kremlin's bidding and the latter had

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[1] Kenneth G. Younger, Minister of State; Member of the British Delegation to the Fifth Session of the General Assembly, 1950.

[2] Permanent British Representative at the United Nations.

apparently been very successful in convincing Mao that the Soviet Government was China's only friend.

Speaking of Indian Ambassador Pannikar's [3] efforts to convince the Chinese Communists of Nehru's great friendship for Communist China, Sir Esler said their information indicated that Chinese Communist leaders paid little attention to Pannikar's views and were not interested in Nehru's efforts to woo them. Dening said that the Chinese Communist propaganda line had for so many years branded India as a "running dog" of Imperialist Britain that the Chinese were not convinced of India's new position in the world and the genuineness of overtures being made to them by Nehru. Dening added that the Soviets had been very successful in persuading Chinese Communist leaders that India, at the instigation of Great Britain, had designs on Tibet, and that in consequence the Chinese Communists rationalized the present invasion of Tibet as a move to forestall the Indians.

With respect to Indochina I found Sir Esler quite optimistic, evidently basing his views on reports received from Mr. Malcolm MacDonald in Singapore. As regards the military situation in Indochina he said the French would most certainly hold their own unless the Chinese intervened. I pointed out that although the French were holding the Hanoi–Haiphong area, Saigon, and a goodly portion of Cochin China, that the rest of Indochina and more specifically the Kingdoms of Laos and Cambodia were quite inadequately protected. I said that in Laos all information being received indicated growing strength of Vietminh and dissident Laos forces, and that this development was coupled with increasing rumors and reports of the overthrow in the near future of the present Laos Government and establishment of a Communist dominated Government in that State. I said that this development would constitute a direct threat to Thailand where there are more Laos than in the present Kingdom of Laos. I asked Sir Esler whether he thought intervention by the Chinese in Indochina was likely. He replied he did not think so. We had some further general discussion about conditions in Indochina, during which Dening said that the recent concessions made by the French Government to Bao Dai's Government and the Governments of Laos and Cambodia should have a good effect but might be "too late". With regard to the appointment of General de Tassigny,[4] Sir Esler remarked that the appointment of a military man to the post of High Commissioner scarcely seemed to be a happy one.

I asked Dening what he judged the Kremlin's strategy to be and whether he thought it was their intention to precipitate a third world war. He said he thought the strategy was to achieve their aims and

[3] K. M. Panikkar, Indian Ambassador in the People's Republic of China.
[4] Général d'Armée Jean de Lattre de Tassigny was appointed High Commissioner and Commander in Chief in Indochina on December 7.

objectives in so far as possible through the use of satellites who, as so successfully demonstrated in the case of China, might be induced to fight in Russia's behalf and to seize objectives which the Soviets desire. He said these tactics were proving very successful and he thought that from the Kremlin's point of view there was no need to precipitate a world war. He said Stalin was aware of the fact that industrial production was the key to victory in modern warfare and that Stalin realized, in spite of the superhuman efforts made to build up the war industry of the USSR, they were still far behind the combined production output of the United States and the United Kingdom.

EDWIN F. STANTON

790.5 MAP/1–251

The Consul General at Singapore (Langdon) to the Secretary of State

SECRET SINGAPORE, January 2, 1951.

No. 398

Subject: Comment on Report to Foreign Military Assistance Coordinating Committee of Joint MDAP Survey Mission to Southeast Asia.

I have read with considerable interest the final report to the *Foreign Military Assistance Coordinating Committee* of Mr. John P. Melby, Chairman of the Joint State-Defense Assistance Program Survey Mission to Southeast Asia, dated December 6, 1950, and venture to comment on certain assumptions and conclusions therein:

1. On Page 3 it is said:

> "There would appear to be three major alternatives of policy. These alternatives are presented on the assumption that loss of any one of the countries to the enemy would almost certainly result in the loss of all the other countries, with the possible exception of the Philippines which presents a specialized problem and where the unique American position and responsibility would, we assume, indicate a kind of intervention different from what we might undertake in other countries."

2. In the foregoing assumption (underscoring mine), (a) the political influence and military potentialities of the British Commonwealth in Southeast Asia are ignored, whereas I believe that they should be reckoned with, no matter how much they might be discounted; (b) it is not clear who the "enemy" is: whether it is the internal Communist organization in each country or the Chinese Red Army, which it is thought makes a vast amount of difference in the context.

With respect to (a), assuming that the enemy is the Chinese Red Army, either with its own formations or by means of "volunteers" as in Korea, I am not at all persuaded that Malaya will fall. When United Kingdom Commissioner-General Malcolm MacDonald as is his wont

tells his American callers that if Indo-China falls to the Communists, Siam will go first and then Burma, he stops there and says, "Malaya will be next". I have never heard him complete the sentence with the words "to go" or "to fall", and at the closed regular periodic meetings of the British Defense Coordinating Committee Far East which I have attended in the past two years, I have not at any time detected any fear on the part of Mr. MacDonald, its Chairman, or the UK Armed Forces Commanders-in-Chief in the Far East, of losing Malaya to anybody. In this connection, as an illustration of the fear of an undetermined enemy and the poor opinion of British military power on the part of the local public, and of the confidence in their ability to defend Malaya on the part of the British military, I repeat an incident which was reported to the Department at the time by Ambassador Jessup.[1]

At a dinner party in February 1950 given by Mr. MacDonald for all the local Asian and British personages to meet Dr. Jessup, which developed into a question-and-answer forum, a Mr. Jumabhoy, prominent Muslim Indian Councillor of the Singapore Legislative Council, at one point blurted out, "Dr. Jessup, when is the United States going to protect us?" Before Dr. Jessup could reply, General Sir John Harding, Commander-in-Chief of the United Kingdom Far Eastern Land Forces, flushed red and called aloud across the table to his air colleague, "Did you hear that, Hugh (Marshal Sir Hugh Lloyd)? You and I might as well pack up and go home with our chaps tomorrow."

The Air Vice-Marshal commanding the RAF in Malaya, charged with the air defenses of the country, has told me that his command has absolute control of the air approaches to Malaya by any likely enemy. The Commander-in-Chief of the Far East Station (Royal Navy) makes the same claim in respect to the sea approaches, and while both Commanders may be bragging, it is a fact that Communist China has no long range air force, no surface navy and no seagoing transports. While the Soviet Far East Navy is probably no match for the Royal Navy's forces in the Far East, I am not in position to compare the air strength of the two powers in the region. Even were Russian Far East strength superior, it would seem to take more than air power to invade Malaya and support such an invasion.

Assuming that the worst happens, that the Red Chinese Army by open aggression or through "volunteers" establishes Communist national Governments successively in Indo-China, Burma and Siam and stands after a long trek overland at the borders of Malaya, at the thin neck of the Malay Peninsula since it has no wings or ships to land troops along the coast or behind the border as the Japanese Army in 1941: even if by then formal war will not have been declared, it is scarcely likely that strong British defenses will not have been prepared to meet the aggressive mass.

I have no ground for any speculation as to what India or Pakistan might do in such an event, but as we have reported from time to time, task forces of the Royal Pakistan Navy and the Indian Navy call at Singapore at intervals to take part with the Royal Navy in Combined Naval Exercises in surrounding seas. The reasonable assumption is that such exercises are predicated on training in resisting a common

[1] See memorandum of conversation by Ambassador Jessup, February 6, p. 11.

enemy. Australia presently contributes one bomber and one transport squadron to RAF operations in Malaya, and New Zealand one transport squadron. If Malaya were threatened and their link with the United Kingdom in danger, these two countries might well once more make an important war effort in Malaya as they did in 1941–1942. It must be remembered that it was the British 14th Army which put most men in the field in Southeast Asia in the last war, and that this Army was made up largely of dominion and colonial troops. There seems to be no ground for supposing the same scale of Commonwealth effort would not be made to save Malaya. Because of her dependence on Burma for rice and her territorial contiguity, it is even conceivable that India might intervene in Burma long before Malaya was attacked.

It will now be postulated that the enemy is internal Communism supported only morally and with smuggled arms by Communist China. Indigenous Communists have been getting moral support for many months now, but they have steadily been losing ground in Burma according to my British sources. In Siam they do not appear from Bangkok Embassy reports to be making any headway either. In Malaya the Chinese Communist guerrillas are a nuisance and a police rather than a military problem, and have not prevented the country from producing the greatest quantities of goods and having the biggest prosperity boom in its history, even though they may have slowed down state programs for improved social services. While it is possible that the Government of the Federation of Malaya may be oversanguine in expecting to suppress Communist militant activities by the end of 1951, it is also unlikely these activities will grow in troublesomeness.

Thus it would appear to me that the assumption that "all the other countries in Southeast Asia will fall if one of them falls" is unwarranted if only internal Communism is predicated. Even though occupation of a country or massive support of its internal Communist organization by the Chinese Red Army is hypothecated, it is my opinion, resting on two years' association with the British Defense Coordinating Committee, that Malaya will not fall or at worst will be retaken if it falls in the beginning.

WILLIAM R. LANGDON

AUSTRALIA

POLICIES AND PROBLEMS IN RELATIONS BETWEEN THE UNITED STATES AND AUSTRALIA

611.43/4–2150

Department of State Policy Statement [1]

SECRET [WASHINGTON,] April 21, 1950.

AUSTRALIA

A. OBJECTIVES

The fundamental objectives of US policy toward Australia are: (1) to obtain support for the policies which we are pursuing in the furtherance of international cooperation, in the development of a democratic order in Japan and Germany and in the protection of our own liberties and those of the rest of the free world from Russian aggression; (2) to discourage Australia from taking positions which hinder us in achieving these objectives, particularly in the case of the Japanese occupation; (3) to encourage the economic development of Australia and the growth of its foreign trade in accordance with the principles of the ITO Charter, bearing in mind the contribution which this development can make to the economic recovery of Great Britain and also the role in military matters which Australia as a friendly power can play in the Pacific.

B. POLICIES

Relations between the US and Australia, which had always been friendly, became even more so during World War II when the two countries cooperated to the fullest in the common war effort. In the immediate post war period these friendly relations were strained or impaired by differences of opinion rising from dissimiliar views of the Japanese occupation policy, by the initial efforts to Australia to lead a third force in the growing conflict between East and West, and by the

[1] Department of State Policy Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. The Statements provided information and guidance for officers in missions abroad. The Statements were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department of State and were referred to appropriate diplomatic posts abroad for comment and criticism.

difficult personality of the Australian Minister of External Affairs, Dr. Herbert Evatt.[2]

Since the advent in December 1949 of the Liberal-Country party coalition there has been a marked change in the orientation and direction of Australian foreign policy. The new Minister of External Affairs, Mr. Percy Spender, is desirious of establishing the closest and most cooperative relations with the United States and has in effect made this objective a cardinal point of his foreign policy. Apart from this Mr. Spender has indicated that Australian effort in the field of foreign relations will not, as was the case under Dr. Evatt, be exerted primarily through the United Nations nor will it be spread so thin throughout the world. The major Australian interest is now taken to be in the area of South and Southeast Asia, and it is there according to Mr. Spender that Australia's efforts should be concentrated. One of the immediate manifestations of this altered emphasis in Australian thinking was the role played by Mr. Spender at Colombo in connection with the plan for economic assistance to South and Southeast Asia and Australian leadership in Commonwealth efforts to implement the recommendations adopted at Colombo.[3]

Political. Australia in the past has taken a very independent line in UN affairs and has attempted, with considerable success, to avoid giving any suggestion of subordination to UK or US policies. It is, however, strongly affected by its constitutional, racial and sentimental attachment to Great Britain and by its strategic dependence upon the US. Furthermore, in view of the importance which the present Australian Government attaches to relations with the US, the emphasis on independence in UN is likely to be subordinated to an effort to achieve a greater measure of agreement with the US and with the UK in the more important issues which arise. The lessened emphasis on the UN aspects of Australian foreign policy, the removal from the scene of Dr. Evatt and his personal ambitions and the more unqualified recognition of the nature of Soviet aims and techniques make possible a greater measure of agreement in UN matters between the US and Australia.

In the Indonesian conflict there was a pronounced Australian tendency to regard the US as the sponsor of the Dutch and Australia as the protector of the Indonesian Republic. This attitude was not helpful to our efforts to obtain a satisfactory solution of the Indonesian problem. The present government, however, will be faced with different

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[2] Herbert V. Evatt, Australian Attorney General and Minister for External Affairs, 1941–1949; Deputy Prime Minister 1946–1949; leader in the Australian Labour Party.

[3] For documentation on the Commonwealth Foreign Ministers meeting at Colombo, Ceylon, January 9–14, 1950 and the Commonwealth Conference on economic aid for Southeast Asia held at Sydney, Austrialia, May 15–19, 1950, see pp. 1 ff.

problems in its relations with Indonesia which will require a modification of Australian policy. Indonesian aspirations with respect to Netherlands New Guinea run counter to what Australia considers to be her security interests in the area. While this may develop into a serious point of difference, Australia does apparently attach considerable importance to a continuance of her close and friendly relationship with the new state. As an illustration of this, Australia at the Colombo Conference indicated that its major contribution to economic assistance for Southeast Asia would be Indonesia.[4]

As a permanent member of the Trusteeship Council and as administering power for New Guinea and Nauru, Australia has taken an active and responsible part in the work of the Council. It would seem, however, that current public interest in the territories is not so strong as the interest displayed by military and governmental leaders. Although it is clear that Australia's chief concern in both territories is rooted in national interest, Australian administration has been consistent with the obligations assumed under the Charter and the trusteeship agreements.

While displaying an interest in making the Trusteeship Council an effective organ of the United Nations, Australia has argued strenuously that there was no Australian obligation to consult the Council prior to the introduction of Australian legislation for the administrative union of Papua and New Guinea. Australia, however, did submit to the Council copies of the bill and subsequently modified it to meet most of the objections voiced by Council members.

Apparently the Australian delegation in the Trusteeship Council receives definite instructions on matters affecting the Australian trust territories but it is not instructed on numerous other matters considered by the Council. Although Australia can be classed as one of the more conservative Council members, the delegation has not in all instances joined with the UK to present a common front.[5]

Australia sees itself as spokesman for the British Commonwealth and senior member of the Anzac partnership in all matters relating to the Pacific area, and especially in the problems of non-self-governing peoples. It was largely through the initiative of the Australian Government that the South Seas Conference met in Canberra in 1946 to establish the South Pacific Commission. Australia has continued to take an active interest in the work of the Commission and its policy in this regard has been a source of satisfaction to us.[6] Australia has dis-

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[4] For papers on the attitude of Australia toward Indonesia and the question of Netherlands New Guinea, see pp. 964 ff.

[5] For documentation on matters arising under Chapters XI, XII, and XIII of the Charter of the United Nations (Trusteeship and Non-Self-Governing Territories), see vol. II, pp. 434 ff.

[6] Regarding the South Pacific Commission, see the editorial note, p. 84.

played an active interest in the Point 4 program and in the contribution which this program can make to the improvement of the conditions of the native peoples of the islands of the South Pacific.

Australia represents the entire British Commonwealth on the Allied Council in Japan, and the British Commonwealth occupation force in Japan is manned by Australians. Australian policy with regard to Japan is directed toward strengthening the FEC as opposed to SCAP, and thereby gaining for Australia a greater voice in determination of policy toward Japan. Despite expanding Soviet influence in Asia and, in fact, on the direct approaches to Australia through Indochina, Australia has in the past adhered to the view that the principal threat to its security comes from Japan rather than from Russia. The present government is much more aware than its predecessor of the threat to Australian security inherent in the Communist advances in Asia and, without any fundamental change in its attitude toward Japan, can be expected to give greater weight in its calculations to the Soviet danger. Australia is anxious to see the US military position in the western Pacific strengthened and, in matters involving Australian security, cannot afford to oppose major US policy toward Japan.[7]

Since Australia fears commercial competition with Japan, it tends to pursue economic policies toward Japan which inhibit Japan's economic revival, and it has opposed steps which we feel are necessary to make the Japanese economy self-supporting and thus to lighten the burdens of the Japanese occupation. Basically, Australia's criticism of SCAP policy has been that Japan is being built up as a US bastion against the USSR and that no practical problem is allowed to be decided solely on its merits, but always in relation to Soviet-American relations.

As Australian support for our policy in Japan is highly desirable and can usually be counted upon to involve New Zealand and often UK support as well, every effort should be made to prepare the ground through diplomatic channels before new measures are adopted which might be misunderstood by the Australian Government. Since the Australian public fears a revival of Japanese power, and since the government's actions must be justified to the public, an effort should be made to brief Australian correspondents both here and in Japan on reasons for SCAP policies.

Australia suggested that the UK take the lead in recognizing the Chinese Communist government. This suggestion was based on the idea that a Communist government controlling most of China is inevitable, but that the pattern of dependence on Moscow does not apply as in the case of the satellite countries. The anti-Communist attitude

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[7] For documentation on United States efforts to secure a Japanese peace treaty, see pp. 1109 ff.

of the Liberal-County party coalition and the desire of Mr. Spender to achieve a closer cooperation with the United States in the Far East have together caused Australia to fail to follow through with a recognition of the Chinese Communist government despite the action of the UK. Mr. Spender has informed us that Australian recognition of the Communist regime will not take place until after consultation with the US.

Economic. An adverse balance of dollar payments, though greatly reduced by rigid import controls, remains the outstanding economic problem affecting our policy toward Australia. We recognize the necessity of present import restrictions, which are being maintained for balance-of-payment reasons, but we urge the elimination of these controls as soon as possible. Rather than see US exports to Australia curtailed further, it would be to the mutual benefit of the two countries that US imports from Australia be increased to aid in closing the sterling area dollar gap. Australia's balances of over 300,000,000 Australian pounds held in London make more difficult the solution to Australia's dollar problem, which must be considered in its relation to the dollar problem of the whole sterling area.

We also recognize that Australia's commercial policy is characterized by its long-standing policy of Empire preference. In addition there is the desire for protection against imports in order to develop Australian industry. In recent years, however, Australia has given increasing evidence of its willingness to cooperate with other countries in bringing about freer world trading conditions. Australia is a contracting party to GATT and in December 1948 the Australian parliament ratified the ITO Charter, subject to prior acceptance by the US and the UK. We hope the Australia's formal adherence to the principles of the elimination of trade barriers will gradually counteract the narrow trade concepts of the past. Australia has agreed to enter into further trade negotiations with the US and other countries at the third round of GATT negotiations beginning in September 1950.

While we fully understand Australia's desire to assure a steady, favorable market for its large exportable surpluses of meat, grain, and dairy products, we understand that the UK will probably continue to be the largest purchaser of these products. We are concerned over Australia's practice of entering into long-term bulk-purchase agreements, such as those concluded with the UK, India, and New Zealand on wheat, and we take exception to the meat purchase agreement between Australia and the UK. We feel that such agreements, by channelizing trade and fixing prices, tend to undermine the structure of international trade and to impede its revival. On suitable occasions we should continue to point out to Australian officials the economic objections to such arrangements.

The rapid liquidation of large stocks of Dominion wool held by

the joint UK–Dominion wool organization as a result of strong world demand and the reduction in our wool tariffs have eased the friction between the US and Australia which had developed as a result of the high protectionist policy of our wool industry. Although US consumption of wool has declined since the war-time high, it is still over twice as great as in the pre-war period and is likely to remain at a high level and necessitate continued high imports.

In general we look favorably on private dollar investments in Australia for the development of resources, basic industries, or other enterprises which would contribute to the economic well-being of that country. However, Australia for many years has been opposed to the investment of foreign equity capital and the recent Labor government took the position that in view of labor shortage, substantial new investments could not be absorbed. The present Australian government is not in accord with these views and has manifested an interest in encouraging American investment in Australia. We consider Australia a good risk and if the Australian Government applies to the International Bank or to the Export-Import Bank for assistance in financing sound projects we would support the request. As a part of its general policy of strengthening relations with the US, the present Australian Government has expressed renewed interest in both an FCN treaty and double taxation conventions. We have presented a revised draft FCN treaty which is now being studied by the Australian Government.[8] Our Embassy has been instructed to suggest at an appropriate time that Australian tax experts be sent to Washington for exploratory talks to determine the basis and scope of tax conventions.

In addition to our readiness to support requests for financial assistance for worthwhile undertakings, we are prepared to make available technical assistance for basic economic developments under the Point Four program. We have agreed to undertake discussion on a technical level leading to providing technical assistance for the Snowy River project, which would divert the Snowy River for irrigation and power. The Australian Government is prepared to pay for any assistance it gets for this project.

Australia has followed a restrictive policy in international civil aviation. We will use all appropriate means to induce Australia to adopt a more liberal attitude.

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[8] Following indications that the Australian Government would respond favorably, the United States submitted a new draft treaty of friendship, commerce, and navigation to Australia in February 1950. Detailed discussions regarding the draft began in June 1950 in Canberra between American Embassy representatives and Australian officials. Documentation on the negotiations regarding the proposed treaty is included under Department of State file number 611.434.

C. RELATIONS WITH OTHER STATES

Based on a common outlook, a common racial stock, and a similar geographic position, Australia's relations with nearby New Zealand have always been close. This intimacy was formalized in the Australia–New Zealand Agreement of 1944, which provided for continuous consultation on policy and amounted to an Anzac "Monroe Doctrine" for the South Pacific. Both countries recognize their strategic dependence on the US as the dominant Pacific power and their economic dependence on the UK as the chief market for their agricultural produce and chief source of manufactured goods. The 1949 agreement to permit citizens of either country living in the other to share social insurance benefits is evidence of this identity of interest and attitude.

A strong British Commonwealth is a fundamental aim of Australian foreign policy. For this reason Australia welcomed the decision to keep India in the Commonwealth, even though Australians generally regretted the concomitant diminution of the Crown's prerogatives. Australia is concerned about the weakened economic and strategic position of the UK, and has viewed the increasing economic and military links between the UK and continental Europe with some misgivings.

Australia has favored a Pacific counterpart of the North Atlantic Pact modified to meet the different circumstances of Pacific security. At the same time it maintains that no Pacific Pact will be of any value without US participation or support. Australia has not favored the efforts of the Philippines to form a regional association, excluding military commitments, and it in effect declined an invitation to attend the Baguio Conference. The present Australian position apparently is to await US initiative in this matter.[9]

Apart from heavy but sporadic Soviet purchases of Australian wool and an Australian order for Soviet manganese, commercial relations between Australia and the Soviet Union are slight. Prolonged negotiations during 1948 for the barter of Australian wheat for Soviet wood products and seafood were largely unsuccessful. Although in 1948 both countries raised their Legations to Embassies, at Australia's suggestion, political relations have been almost wholly confined to the UN.

The Communist party in Australia closely follows the Cominform line, but evidence of any connection with the Soviet Embassy in Canberra is lacking. In case of war with the USSR, the Australian

[9] Representatives from Australia, Ceylon, India, Indonesia, Pakistan, the Philippines, and Thailand met at Baguio, the Philippines, May 26–30, 1950, to discuss possible organization of a Southeast Asian union. For documentation on the attitude of the United States toward this meeting and the general question of a "Pacific Pact", see pp. 1 ff.

Communists, through their control of key labor unions in heavy industry and transport, could temporarily cripple the national economy. This ability now appears to be diminishing chiefly because moderate unionists have been aroused by a series of political strikes and by the crudity of Communist tactics in manipulating union affairs. Numerically the party is weak, and its political representation is limited to one member of a State parliament. The present government is considering outlawing the Communist party in accordance with its pre-election pledge.

The Australian public is sensitive to the possible danger in the proximity of heavily peopled Asia to the inviting vacuum of their own relatively unpopulated continent. While liberal opinion in Australia is embarrassed in any attempt to make a purely ethical justification of the "white immigration" policy, it is nevertheless a policy which on practical grounds commands the overwhelming support of the people. The Australians are eager to win the friendship of the native peoples of Southeast Asia for reasons of both security and commerce, but wish to do this without compromising their fixed policy of restrictive immigration.

Australia claims sovereignty over a third of the Antarctic continent. Its interest in Antarctica is based on considerations of prestige, weather forecasting, whaling and defense. We sought Australian cooperation in our project for the internationalization of the Antarctic continent, but without success. Australia, however, was not alone in rejecting our plan for internationalization. We are now considering other proposals which will serve to remove the immediate cause for rivalry in the Antarctic and which will perhaps increase the possibility of achieving internationalization at some later date.[10]

D. POLICY EVALUATION

Our relations with Australia traditionally have been friendly. Americans visiting or residing there find the atmosphere congenial and hospitable. Australians and Americans share a common western orientation and a common distaste for arbitrary power and violent change. Our national interests are fundamentally the same. Hence in any issue on which the Australians are fully acquainted with the facts and which involves a matter of principle, their reactions are apt to parallel our own.

At the same time there are points of disagreement between our two countries. The scope of "free enterprise" is more narrowly defined and the concept does not enjoy the same veneration in Australia as in the US. Suspicion of American financial and military power has deep

[10] The United States proposal regarding the internationalization of Antarctica was advanced in 1948. Documentation on the policy of the United States during 1950 with regard to the Antarctic is scheduled for publication in volume I.

roots in Australia and can result in unfavorable reactions to our policies.

Our approach both to the government and, in our information program, to public opinion should be designed to remove any suspicion that our policy in Europe and the Far East is dictated by class bias or that in endeavoring to contain Soviet expansion we subordinate principles to military requirements. With the government, such an approach should be on a basis of candor and informality, which the Australians appreciate and understand. In our information program, a more effective contribution to increased understanding of our policies might be rendered by a bolder approach and less reluctance to discuss controversial subjects.

The degree of our support from Australia frequently will be influenced by the intimacy of our relations with the UK. In those cases where differences arise between the US and the UK, care should be taken to explain our position fully, having in mind the Australian tendency in the past to suspect that we are taking unfair advantage of the UK's postwar economic difficulties to advance our own interests within the British Commonwealth. We now have in the Australian Government, in contrast with recent years, a friendly spirit and a desire for cooperation in the field of foreign policy which should be preserved, in so far as it lies within our power. This new attitude is of value to us in our bilateral relations with Australia, in our relations with the Commonwealth, in our efforts to resist further Communist subversion in South and Southeast Asia, and in UN. It should not be undervalued nor taken for granted.

743.13/7–550 : Telegram

The Ambassador in Australia (Jarman) to the Secretary of State

SECRET CANBERRA, July 5, 1950—5 p. m.

6. Prime Minister Menzies told me last night he leaves Australia July 9 for London and would like return via Washington discuss number issues with President and Cabinet members. Said he had in mind particularly Pacific and world defense and contribution Australia might make in short run and long run towards common objectives. Also "certain economic questions including those arising out of Australian economic development and the immigration program". He would hope arrive US about July 25 "and would be able spend week or so in Washington if this plan would be suitable to US administration".

Prime Minister added that in day or two he would talk to me about details (at which point I will, of course, telegraph Department again). We gather he is now reviewing with Cabinet Chief subjects (possibly

including substantial dollar credits) he plans discuss in Washington.[1]

Prime Minister will be accompanied by following (all bearing diplomatic passports with diplomatic visas from Embassy):

Allen S. Brown, Secretary, Prime Minister's Department; Commander Robert G. A. Jackson, Secretary, National Development Department; Fred K. H. Wheeler, First Secretary, Treasury (Treasury's top policy man); Francis Anthony Meere, Assistant Comptroller General, Department Trade and Customs; Trevor W. Swan of Prime Minister's Department; J. R. Willoughby, personal assistant to Prime Minister; Henry G. Rourke, officer of Australian Military Forces. As Department knows, Commander Jackson was recently "seconded" from UK to assist Casey [2] in program of general economic development.

While Menzies away, Fadden [3] will be Acting Prime Minister.

Menzies' visit obviously will steal some of Spender's thunder in connection latter's visit in September. When I saw Spender today, I thought he seemed accept this in reasonable good humor. Incidentally I reminded him we are anxious send word Department well in advance concerning purposes his trip and subjects he wants discuss.

Prime Minister has made these plans without requesting us ascertain whether Washington considers his visit desirable and convenient at this time and has, therefore, presented us in a sense with a *fait accompli*. Nevertheless, we hope Department will agree with us that visit is desirable and will, therefore, telegraph Embassy soonest (bearing in mind his departure 9th), a message for him expressing gratification his visit and opportunity review outstanding problems at first hand with him.

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[1] Telegram 11, July 7, from Canberra, not printed, reported that Prime Minister Menzies had publicly announced the previous evening that he planned a quick visit to London, Washington, Ottawa, and Wellington to discuss defense cooperation, migration, and certain financial questions. Menzies was scheduled to arrive in New York on July 27. The telegram also reported that Counselor of Embassy Andrew B. Foster had discussed the proposed visit with Allen S. Brown, Secretary of the Prime Minister's Department. Foster tactfully pointed out the unusual length of the proposed visit and the lack of opportunity for American officials to prepare adequately for the visit on such short notice. Brown, after consulting with Menzies, offered to split the proposed visit to Washington with a visit to Ottawa (743.13/7–750). Telegram 12, July 7, from Canberra, not printed, reported that Brown had informed Foster that the purpose of Menzies' visit to Washington was to get better acquainted with President Truman and with the Secretaries of State, Treasury, and Defense and other ranking officials; to gain a general idea of American thinking on certain security and economic problems; and to present a picture of Australia's current position. Menzies had neither the expectation nor the intention of obtaining any commitments nor reaching any agreements during the visit (743.13/7–750).

[2] Richard G. Casey, Australian Minister for National Development and Minister for Works and Housing.

[3] Arthur W. Fadden, Australian Treasurer.

Department pass London. Sent Department 6; repeated info London 1.

JARMAN

743.13/7–1250 : Telegram

The Secretary of State to the Embassy in Australia [1]

SECRET PRIORITY WASHINGTON, July 12, 1950—2 p. m.

7. Urtels 6 July 5,[2] 11 July 7, and 12 July 7.[3] Inform Austral Govt visit Menzies agreeable President who will welcome opportunity discuss matters common interest. Austral Emb, Wash advising Menzies at London [4] of foregoing.

In discussing visit with Austral officials believed desirable you again express view conversations Menzies must necessarily be of gen character in view short time available US officials prepare before his arrival. On question duration visit Dept agrees with you that eleven days rather long visit Wash. Dept however doubts useful purpose wld be served by breaking visit as suggested. Such a break wld probably involve duplication appts President and Secy and Menzies might expect as suggested urtel 11 July 7 that US officials wld be prepared on his return make more specific statements US position on points raised. We have suggested Austral Emb visit New York and Wash from July 27 through Aug 4 or 5.

Visit not regarded as state visit and formal entertaining not planned. In circumstances Menzies will not be invited spend night as guest of Pres. Pres however will entertain Menzies at lunch.

Embtel 12 July 7 furnished useful info on subjs Menzies likely introduce discussion officials this Govt. Dept considers visit will be most helpful and is desirous assuring that it contributes maintenance present friendly attitude Austral Govt toward US. Info supplied by you will be helpful assuring this result.

ACHESON

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[1] The text of this telegram was repeated as telegram 269, July 15, to London, not printed (743.13/7–1250).

[2] *Supra.*

[3] Neither telegram 11 or 12 is printed, but see footnote 1 to telegram 6, *supra.*

[4] Prime Minister Menzies visited London from July 13 to July 22. Telegrams 448, July 21, and 489, July 24, from London, neither printed, reported upon the London visit and the topics most likely to arise in Menzies' visit to Washington. These topics included possible United States assistance for Australian irrigation, hydroelectric installations, and transportation facilities; the problem of defense in the Pacific area; and United States financial assistance to facilitate continued European migration to Australia (743.13/7–2150 and 743.13/7–2450).

743.13/7–2450

Background Memoranda Prepared in the Department of State [1]

SECRET [WASHINGTON,] July 24, 1950.

I. IMPORTANCE OF PRIME MINISTER ROBERT MENZIES' VISIT

UNITED STATES INTERESTS IN AUSTRALIA

Our interests in Australia arise from the fact that it is an important member of the British Commonwealth, basically friendly toward the United States, sharing the same democratic traditions and aspirations and aligned with us in the present struggle against communist imperialism. Australia, as a loyal member of the Commonwealth, has contributed to the economic recovery of the United Kingdom and by so doing has furthered our own objectives in this respect.

We recognize that Australia's economic development, in addition to the bearing which it has on British recovery, enhances the role which Australia can play in military matters in the Pacific. Our cooperation with Australia in World War II was particularly close, and we could expect such cooperation in any future conflict to be of comparable value. The prompt reaction of Australia to the invasion of Korea and the unanimous vote of approval given by the Australian parliament to the military measures taken by the Government afford a good indication of the close identity of views between the United States and Australia on matters of fundamental importance.

Australia is vitally interested in the future of Japan, has taken an active part in the Far Eastern Commission and at the present

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[1] The source text bears a cover sheet with the following title: "Background Memoranda on Visit to the United States of the Right Honorable Robert G. Menzies Prime Minister of Australia July 1950." A copy of this "Background Memoranda" was sent to President Truman on July 26 for his "information and reference." References in other papers in the files of the Department of State indicate that this compendium was prepared by the Bureau of European Affairs with the assistance of the Bureau of Far Eastern Affairs.

The text of only three of the 32 double-spaced, typewritten pages of the source text are presented here. Part II (four pages in length) consisted of biographic sketches of Prime Minister Menzies and members of his party. Part III was a brief, one-page summary of the political situation in Australia. Part IV (four pages in the source text) was a review of Australian foreign policy with particular reference to Australian relations with China, Japan, New Guinea, the United Kingdom, the United States, and the United Nations. The points made in Part IV are covered in greater detail in the Policy Statement on Australia, April 21, p. 189. Part V (18 pages in the source text) reviewed in some detail the main topics which Prime Minister Menzies might wish to discuss. These included the question of a Pacific Pact, military cooperation in Korea, the Australian offer of base facilities on Manus Island, the release of classified military information to Australia, the Japanese peace treaty, the Australian immigration program, and dollar financing of Australian economic development. The principal recommendations on all these topics are set forth in Assistant Secretary Perkins' memorandum of July 27 to the Secretary of State, *infra*.

time supplies all the personnel constituting the British Commonwealth Occupation Forces in Japan. We are naturally interested in achieving the greatest possible measure of Australian understanding and support for our policies relating to Japan.

Australia is very conscious of the dangers of communist expansion in South East Asia. Australian initiation of plans for Commonwealth technical and economic assistance in this area was prompted in the first instance by a desire to ameliorate conditions of poverty and underdevelopment which are conducive to the spread of communism. We, of course, share the Australian interest in maintaining the stability of this area.

ATTITUDE OF PRESENT AUSTRALIAN GOVERNMENT TOWARD UNITED STATES

Since the coming to power in December, 1949 of the Liberal-Country Party coalition, there has been a marked change in the attitude of the Australian government toward the United States. The change results from an altered emphasis in Australian foreign policy. The previous Labor government, in which Dr. Evatt was Minister for External Affairs, tended to neglect United States-Australian relations, or in any case to subordinate them to a foreign policy which found its primary expression in the United Nations.

The government of Prime Minister Menzies, however, has made the achievement of close relations with the United States a cardinal point of Australian foreign policy. Leading members of the government have repeatedly stated that it is essential for Australia to maintain the best possible relations with the United States and, in so far as possible, to initiate and carry out Pacific policies in cooperation with this country.

The explanation for this emphasis on United States-Australian relations lies in the keener appreciation by the Menzies government of the dangers to Australian security attendant upon communist advances in Asia. The leaders of the Australian government are well aware that Australia alone, or even in conjunction with the United Kingdom, does not have the power to ensure its own safety. This being the case, the Menzies government has determined that, given present circumstances, Australian security interests will be best served by close association with the United States. The Minister for External Affairs, Mr. Percy Spender, expressed this idea in his first foreign policy speech. At that time he went so far as to state that it was the objective of his government to build up with the United States somewhat the same relationship as exists within the British Commonwealth.

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743.13/7–2750

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

TOP SECRET [WASHINGTON,] July 27, 1950.

Subject: Appointment for Prime Minister Menzies of Australia, July 28, 1950.

Discussion

Prime Minister Menzies of Australia has an appointment to see you on July 28 [1] and presumably will introduce at that time a number of subjects he wishes to discuss with officials of this Government.

Recommendations

(1) That you encourage Mr. Menzies to state what problems or points of common interest he wishes to discuss during his visit.

(2) That you offer to arrange appointments for him to discuss these various subjects in more detail with appropriate officers of the Department and other agencies.

(3) That in any general discussion of the following topics which the Prime Minister may introduce you take the line indicated:

Pacific Pact: Mr. Menzies might be told that this government has an open mind on the subject. We have not as yet, however, seen how the many problems involved, particularly those relating to membership and purposes of a Pacific Pact, can be satisfactorily solved. The views of Mr. Menzies, therefore, would be most welcome to us.[2]

Korea: Australia has just announced its intention to supply ground troops to Korea. Mr. Menzies should be told that we appreciate this further Australian contribution.[3]

Australian offer of base facilities on Manus Island: We have learned informally and unofficially the Joint Chiefs of Staff have determined that, in view of the events in Korea, the United States would not be prepared at this time to accept the Australian offer. In the event of a spread of hostilities we would be interested in considering joint operation of the base facilities.[4]

. . . . . .

Netherlands New Guinea: Mr. Menzies may cite the Indonesian policy of neutrality in the Korean war as a justification of Australia's contention that its vital security interests are involved in the future disposition of Netherlands New Guinea and that Australia cannot acquiesce in the extension of Indonesian control over the territory. In reply to any remarks by Mr. Menzies on the subject, you might say

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[1] Secretary Acheson joined President Truman in receiving Prime Minister Menzies at the White House on July 28; for the memorandum of that conversation, see *infra*. For the Secretary's memorandum of his conversation with Menzies on July 31, see p. 205.

[2] For documentation on a possible "Pacific Pact", see pp. 1 ff.

[3] For documentation on Korea, see volume VII.

[4] Regarding the Australian offer under reference here and the American response thereto, see telegram 24, August 14, to Canberra, p. 211.

that our representations to Australia of a few months ago expressing concern at the manner in which Australian interests were being asserted was prompted by our belief the two parties, Netherlands and Indonesia, should be permitted to continue their efforts to reach agreement between themselves as provided at the Hague Round Table Conference. We continue to feel that this is the best procedure to be followed.[5]

Japanese Peace Treaty: We would be happy to have the benefit of Mr. Menzies' views. I understand from FE that you are fully briefed on the subject of the Treaty.

Australian immigration program: Australia may wish to obtain financial assistance in some form for an expanded immigration program. We should express our willingness to discuss the Australian immigration program if Mr. Menzies raises the matter. We are very much interested in the resettlement of European peoples and the relation of this project to the Australian plans but are unable to determine in what manner we can be of assistance until we know more about the Australian plans.[6]

Australian Economic Development, dollar financing: There have been indications that Mr. Menzies intends to explore the possibility of obtaining dollar financing in the United States for certain Australian development projects. If it appears that he has the International Bank for Reconstruction and Development in mind as the prospective source of dollars, it need only be indicated that this would meet with the entire approval of this Government. If he is thinking of applying to the Export-Import Bank, or if he seeks an indication as to which bank would be preferable from the point of view of the U.S., it should be explained to him that it is the usual policy of this Government to refer members of the IBRD to that institution for dollar accommodation in the first instance rather than to the Export-Import Bank.

Commonwealth Plan aid South and Southeast Asia: We welcome the initiative taken by the Commonwealth as a result of the Colombo and Sydney Conference and are willing to discuss with Mr. Menzies our own plans for the area.[7]

Wool Organization: Australia wants an International Wool Agreement which would maintain a reserve or floor price system on raw wool sales in order to stabilize prices. We should tell the Prime Minister, if he raises the matter, that the present situation in Korea would prevent the United States from considering such an agreement at this time.

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[5] For papers on the attitude of Australia toward Indonesia and the question of Netherlands New Guinea, see pp. 964 ff.

[6] Five pages of the unprinted portion of the Background Memoranda Prepared by the Department of State (*supra*) was devoted to a review of the Australian immigration program. According to that memorandum, Australia had embarked upon a large scale European immigration program aimed at increasing the population of the country and by so doing furthering Australian security interests and developing the national resources. In 1949 approximately 160,000 immigrants had entered Australia. The plan for 1950 called for 200,000 new settlers, of whom 100,000 would come from the United Kingdom and 50,000 would be displaced persons from Europe.

[7] For documentation on the Commonwealth Foreign Ministers meeting at Colombo, Ceylon, January 9–14, 1950, and the Commonwealth Conference on economic aid for Southeast Asia held at Sydney, Australia, May 15–19, 1950, see pp. 1 ff.

Friendship Commerce and Economic Development Treaty: We should take the line that such a treaty would provide a more healthful climate for American investment and that we hope technical discussions on a treaty can begin at an early date.[8]

[8] Regarding the proposed treaty of friendship, commerce and navigation under reference here, see footnote 8 to the Department of State Policy Statement on Australia, April 21, p. 194.

843.00/7–2850

Memorandum of Conversation, by the Secretary of State

SECRET WASHINGTON, July 28, 1950.

Subject: Internal Development in Australia

Participants: The President
Prime Minister Robert Menzies of Australia [1]
Secretary Acheson

The Prime Minister brought up the subject of Australia's need for development and tied this in, as he had with his talks at the Department, with the program for large immigration. He stressed the importance of development in the basic industries and housing, and in irrigation projects which would broaden the base of agricultural production. He spoke of the urgency of this problem and the need for dollar funds. He thought that the dollar amount over a period of five years might be $250,000,000. He said that the International Bank from many points of view seemed to him the best source for these funds. However, the great difficulty with this source was that the International Bank wished to finance projects, and that would require an interminable time with engineering reports, etc.

The Prime Minister said that Australia had a number of projects, one of which the Snowy Mountain project, was already being undertaken and others would soon be ready. To carry these forward and to get materials for basic industry expansion could best be served by a line of credit to be drawn on as needed for commodities. He thought that the Export-Import Bank seemed better suited to accomplish this purpose within practicable limits of time.

The Secretary stated that a working party had been organized from the various Departments of the Government to meet with the Prime Minister's staff, analyze these needs and make recommendations. The Prime Minister spoke with appreciation of this work and

[1] Prime Minister Menzies, who visited the United States from July 27 to August 7, called on President Truman at the White House on July 28 for a one-hour conversation. Secretary of State Acheson's memorandum of the earlier part of the conversation, which was concerned with the sending of Australian troops to Korea, is not printed. For a comprehensive review of the Menzies visit, see the Report Prepared by the Department of State, p. 207.

agreed that beyond stating the urgency and importance of the need he did not wish to go into details with the President.

No other matters of substance were dealt with in the conversation.

795.00/7–3150

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] July 31, 1950.

Subject: Korea; Migration Program; Requirement for Funds

Participants: Prime Minister of Australia, Robert G. Menzies
Secretary of State, Dean Acheson
Assistant Secretary of State Thorp [1]
Assistant Secretary of State Rusk [2]
Assistant Secretary of State Perkins

The Prime Minister stated there were three principal items, with which Australia was concerned, which they wished to discuss with the U.S. The first was Korea. He stated that as of course we knew Australia was wholeheartedly with the UN and the U.S. in the Korean situation. He skipped over briefly the fact that they intended to send further help to Korea and went on to say that they were planning, and in fact had been planning before the Korean incident, to build up their military strength, and believed that some kind of universal training of adequate duration would have to be adopted to carry this out. In this connection and in connection with any forces they might send to Korea, they were very anxious to work closely with us on what they should do and what equipment they should provide. This, he said they proposed to discuss with Defense.

The second point which he wished to mention was their migration program. He stated that Australia was undertaking a program which in proportion to their existing population was larger than any immigration into the U.S. at any time. This was putting a great load on the Australian continent in housing and in demands on basic commodities. He indicated that it was important for their own interests and for the interests of the other nations of the free world for Australia to be strong and they would probably not develop in strength without additional population. He indicated that they could take 200,000 immigrants a year and might even raise this to 250,000 per year in time.

The third point which he made was largely related to the second although not wholly dependent upon the second, and this was their requirement for funds for developing the country. He stated that their basic industries needed expansion, that they required public works,

[1] Willard L. Thorp, Assistant Secretary of State for Economic Affairs.
[2] Dean Rusk, Assistant Secretary of State for Far Eastern Affairs.

particularly hydro-electric facilities which would serve the double purpose of irrigation and power production. He specifically mentioned the need for earth-moving machinery which they could only buy in the U.S. He said they did not feel in a position to ask for more dollars than were now allotted to them in the sterling pool and that, therefore, additional dollar requirements must come from other sources. He mentioned that they had considered Wall Street, which he did not think was possible; a Government loan from the U.S., the difficulties of which he recognized; the International Bank; or the Ex-Im Bank. He said in his conversations with the British they had seen no objection to Australia attempting to obtain credit and that the British had favored the International Bank as the source thereof. He had doubts, however, about the International Bank as he understood they usually operated on a project basis and this involved detailed studies which in turn took appreciable periods of time and that he felt there was an urgency in their migration program which made prompt action essential. In reply to my question he indicated that the amount of money they were thinking of was 250 million dollars over a 5 year period or 50 million a year. I told him that we would be very glad to give him such help as we could in studying the details of his suggestions. It was agreed that Mr. Thorp would arrange a meeting at which State, Treasury, and Commerce representatives would meet with his representatives to study the problem.[3]

DEAN ACHESON

[3] Regarding the meetings on July 31 between the American "working party" and members of the Menzies party, see the Department report, p. 207.

743.13/8–350: Telegram

The Secretary of State to the Embassy in Australia

SECRET WASHINGTON, August 3, 1950—6 p. m.

19. Fol FYI only. In talks with Pres, SecState, SecTreas and at lower levels in Dept,[1] Menzies and party have raised question of dollar financing needed to implement 5 yr Australian immigration and development program. Latter as yet described only in broad outline, but dol aspects have been discussed in more detail. Total dol credit requirements of $300–350 million estimated by subtracting from total external cost of program value of materials procurable in soft-currency areas and with dollars from sterling dollar pool. PM has indicated that if such a sum not obtainable, program cld probably be carried out with $250 million, but this rock-bottom dol figure. Wld like line of credit available over 5 yr period. First $50 million wld cover such items as agric mchnry, tractors, earth moving and mining equipt, timber, steel, and plant for iron and steel industry.

[1] For a comprehensive Department of State report on the Menzies visit, including accounts of the meetings under reference here, see *infra*.

In outlining program Australians have stressed desirability from viewpoints of building up manpower and econ potential in Australia, relief for population pressures and problems in Eur, optimum utilization total resources. In view probable scarcity key materials here, have emphasized urgency early consideration dollar problem.

Dept has participated in talks on fact-finding basis but at same time has made clear wld prefer application be made to IBRD rather than to Eximbank. (British, who also apparently favor IBRD approach, said to have assured PM in London that such a dollar transaction would be welcomed and that service charges would be given priority if necessary as regards dollar pool resources.) PM talked Wed with Eugene Black, Pres IBRD, whose preliminary reaction, subject to further study, was encouraging.[2]

Party departs for Ottawa evening Aug 3, but probable one or more will remain Washington some time to follow matter through. Summary any further developments will be cabled, full details by pouch.

No mention has been made Pacific Pact presumably because of Spender's impending visit and emphasis Menzies placing on dollar financing Australian economic program. Menzies and party have made excellent impression on all officials with whom they have talked and Menzies' speeches before Press Group and Congress particularly well received.[3] Dept considers visit has been success and will confirm present friendly attitude Menzies' Government toward US.

Sent Canberra, repeated London.

ACHESON

[2] Regarding the August 2 conversation between Menzies and Black under reference here, see the Report Prepared by the Department of State, *infra*.

[3] Prime Minister Menzies delivered a luncheon address to the National Press Club on July 31. He also made separate addresses to the Senate and the House of Representatives on August 1 following a luncheon at the Capitol. For the texts of Menzies' addresses to the Senate and the House of Representatives, see Australian Department of External Affairs, *Current Notes on International Affairs*, August 1950, pp. 572–576.

743.13/8–750

Report Prepared by the Department of State [1]

TOP SECRET [WASHINGTON, undated.]

SUMMARY

Our Embassy at Canberra was informed on July 4, 1950 that following a visit to London Prime Minister Menzies wished to visit Washington for the purpose of discussing a number of matters with the President and officials of this Government. The Prime Minister in-

[1] The source text is accompanied by a cover sheet entitled "Visit to the United States of the Right Honorable Robert G. Menzies Prime Minister of Australia July 27–August 7, 1950." There is no indication of the offices responsible for the preparation of the report. The summary section of the report printed here consists of five typewritten pages in the source text. The remainder of the report consisted of 23 pages of attachments identified in the section printed here.

dicated that he had in mind questions of Pacific and world defense and economic matters related to the Australian development and immigration program.[2] The question of Mr. Menzies' visit was referred to the President and, upon receipt of his approval, our Embassy at Canberra was instructed to inform the Australian Government that we would welcome the Prime Minister's visit.[3]

Prime Minister Menzies arrived in New York on July 27 and proceeded to Washington on the same day. He left Washington on August 3, 1950 for New York, where he remained until August 7 and then left for Ottawa.

During his visit to Washington Prime Minister Menzies was entertained at luncheon by the President, at which time he was awarded the Legion of Merit.[4] He was also given a dinner by the Secretary at Prospect House.[5] Other entertainment accorded him during his visit, addresses which he delivered and other activities in which he participated are listed in the program of his visit immediately following.[6]

In addition to his calls on the President and the Secretary, Mr. Menzies called on Secretary Johnson, Secretary Snyder, and Mr. Averell Harriman.[7] Memoranda of the conversations between the Prime Minister and the President and the Prime Minister and the Secretary are attached.[8] There are also included with this paper, memoranda of conversations between officers of the Department and

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[2] See telegram 6, July 5, from Canberra, p. 197.

[3] See telegram 7, July 12, to Canberra, p. 199.

[4] Prime Minister Menzies lunched with President Truman on July 28.

[5] Secretary of State Acheson's dinner for Menzies was held on July 31.

[6] The program of the Menzies' visit is not printed. Regarding Menzies' address to the National Press Club on July 31 and his addresses to the Senate and the House of Representatives on August 1, see footnote 3, to telegram 19, August 3, to Canberra, *supra*.

[7] According to the program of the Menzies' visit, the Prime Minister had an appointment with W. Averell Harriman, Special Assistant to President Truman, on the morning of July 29, and he had appointments with Secretary of Defense Louis Johnson and Secretary of the Treasury John W. Snyder on the morning of July 31. No records have been found of those meetings.

[8] President Truman, with Secretary of State Acheson, conferred with Prime Minister Menzies at the White House for approximately 1 hour on the afternoon of July 28. For the Secretary of State's memorandum of that part of the discussion devoted to economic development in Australia, see p. 204. A separate memorandum of conversation (the original of which is filed under 795.00/7–2850 and a copy of which is included as an attachment to the source text) dealing with the discussion of the sending of Australian troops to Korea is not printed. For the Secretary of State's memorandum of his conversation with Menzies on July 31, see p. 205. During and after a dinner at the Australian Embassy on the evening of July 28, Secretary of State Acheson, together with Presidential Special Assistant Harriman, Ambassador at Large Philip C. Jessup, and John Foster Dulles, Special Assistant to the Secretary of State, discussed a number of topics with Prime Minister Menzies and Australian Ambassador Norman J. O. Makin. For Dulles' memorandum of that portion of the conversation devoted to a Japanese peace treaty (a copy of which was attached to the source text), see p. 1261. Jessup's memorandum of that portion of the conversation given over to various efforts to achieve peace in Korea (a copy of which was also attached to the source text) is not printed.

members of the Prime Minister's party.[9] No memoranda of the conversations with Secretary Johnson, Secretary Snyder and Mr. Harriman are available.

When the Prime Minister called on the President on July 28 he raised only two matters, Australia's plan to send ground forces to Korea and Australia's need for dollar financing to carry out a five year development and immigration program. In discussing the decision to send ground forces to Korea, the Prime Minister mentioned the larger problem of strengthening Australia's defense forces. He observed that in the event of a general war Australian troops might be needed in the Near East and the Far East beyond areas where service is now permissible. In his remarks on Australia's development and immigration program, Mr. Menzies stated that $250 million would be required over a 5 year period for the development of basic industries, improvement of transport, provision of housing and for irrigation projects. In other conversations with members of the Prime Minister's party the figure $350 million was also used, but it was explained that Mr. Menzies considered $250 million as the minimum amount required if the program were to be carried out.

As regards the source of this dollar financing, the Prime Minister stated in his conversations with the President and with the Secretary that the British had suggested he make his request to the International Bank. While agreeing that this was probably the best source in view of the nature of the Australian program, Mr. Menzies expressed doubt that the Bank would be able to act promptly enough to meet the urgency of the situation. He pointed out that the flow of immigrants to Australia had already reached a rate of 200,000 per annum and that his Government wished to maintain this rate over a period of ten years.

A working party was organized from the various interested Departments of the Government to meet with Prime Minister Menzies' staff for the purpose of receiving and analyzing information on Australia's needs. The first meeting of this working party with the Australian representatives took place on July 28 in Mr. Thorp's office. There was a further meeting of the same group on July 31. The Prime Minister and his party were obviously favorably impressed by the expeditious manner in which the Department organized these discussions and proceeded to consideration of the Australian problem.

Prior to Mr. Menzies' arrival, the Department had determined that he should be advised to take up the question of dollar financing in the first instance with the International Bank rather than with the

[9] Assistant Secretary of State Willard L. Thorp, officers of the Department of State, and representatives of the Departments of Commerce and the Treasury met with members of the Menzies' party on July 28. Two further meetings were held on July 31. The memoranda of conversation covering those meetings, attached to the source text, are not printed.

Export-Import Bank. This position was agreed to by the Export-Import Bank and the Treasury Department.

On August 2 Prime Minister Menzies saw Mr. Black, President of the International Bank, and outlined the Australian need for $250 million in dollar financing over the next five years. He stated that assurances as regards at least $100 million of this amount were needed immediately and asked whether the Bank would be able to give him an answer prior to his departure from the United States. Mr. Black told the Prime Minister that on the assumption that the Australian delegation then in Washington could provide an economic justification for the program and an analysis of its effect on the Australian economy and could satisfy the Bank on the repayment prospects, the Bank would be prepared to give priority to a study of the proposals with a view to negotiating a loan to cover certain immediate dollar needs.

On August 8 the United States Executive Director of the International Bank requested NAC consideration of a proposal by the management of the Bank that a loan of from $50 million to $70 million be made to Australia to finance some costs of the Australian development program. On August 11 [*14?*] the NAC advised the United States Executive Director that it approved his consideration in the Board of Directors of loans up to $100 million with terms of 20 or 25 years at an interest rate not to exceed 4¼ percent.[10]

The President of the Bank informed the Executive Directors on August 10 that he proposed to inform the Australian Government that, (1) the Bank is willing, in principle, to participate over the next five years in the financing of the Australian development program; (2) the Bank is prepared to enter into negotiations at once for an initial loan of $100 million with repayment on the basis of a maximum life of 20 or 25 years; and (3) that the Bank is prepared to send representatives to Australia in the fall of 1950 to examine the Australian development plans in more detail to determine the extent to which Bank participation in the full five year program is justified. The President stated that if negotiations with Australian representatives could be concluded in time, he proposed to submit

[10] The National Advisory Council on International Monetary and Financial Problems, composed of the Secretary of the Treasury (Chairman), the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and the Administrator of the Economic Cooperation Administration, coordinated the policies and operations of the representatives of the United States on the International Monetary Fund and the International Bank for Reconstruction and Development. In National Advisory Council Document No. 1029, August 14, 1950, the National Advisory Council Staff Committee favorably reviewed the proposed International Bank loan to Australia. At its meeting on August 14, the National Advisory Council, without discussion, made the decision described here. Documentation of the National Advisory Council is preserved in Lot file 71A6682.

recommendations and a draft of a definitive loan agreement to the Directors on August 22, 1950.[11]

APPRAISAL OF THE VISIT

Prime Minister Menzies, contrary to original expectations, did not bring up during his visit to Washington any matters other than Australian participation in the Korean operations and the question of a dollar loan. It is probably that he confined his discussions to these two matters because of his desire to concentrate on the loan question and because the Minister of External Affairs, Mr. Percy Spender, may wish to cover the broad range of political problems in which the United States and Australia are interested during his forthcoming visit to the United States.

There can be no question that the visit of the Prime Minister was an outstanding success and that it has contributed to closer and more cooperative relations between Australia and the United States. We can expect to benefit from this attitude in our relations with Australia in the UN, in obtaining understanding and a greater measure of support than in the past for our Far Eastern policies in general and particularly as they relate to Japan, and in obtaining such agreements as an FCED Treaty and Double Taxation Conventions.

[11] The text of the communication from Eugene R. Black, President of the International Bank for Reconstruction and Development, to Executive Directors of the Bank, summarized here, is included as an attachment to the source text, not printed. On August 22, following 7 days of negotiations, the International Bank and the Australian Government concluded in Washington a $100 million loan agreement for the purchase of imported capital equipment. The loan was for a term of 25 years and carried an interest rate of 4½ percent. For official descriptions of the loan, see Supplement to *International Bank for Reconstruction and Development, Fifth Annual Report, 1949–50* and *International Bank for Reconstruction and Development, Sixth Annual Report, 1950–1951*, pp. 25–26.

741.022/8–1450 : Telegram

The Secretary of State to the Embassy in Australia

SECRET WASHINGTON, August 14, 1950—2 p. m.

24. Re Deptel 56 Mar 27.[1] Please inform Spender Austral offer establish joint bases with US on Manus and elsewhere that area has recd careful consideration this Govt. Joint Chiefs of Staff have determined that from mil point of view estab such joint bases in Austral

[1] In his telegram 25, February 3, from Canberra, not printed, Ambassador Jarman reported that during a wide-ranging discussion, held the previous day, Australian External Affairs Minister Percy Spender volunteered that Australia would be happy to establish joint bases with the United States at Manus Island and elsewhere in the area. Spender indicated that Australia would raise no question of sovereignty (741.022/2–350). Telegram 56, March 27, to Canberra, not printed, authorized Ambassador Jarman to inform Spender that his offer was appreciated and was being considered (741.022/2–350).

terr not necessary. JCS however consider it desirable US ships and aircraft be permitted use Austral bases when and as occasions might arise. Conversely they consider it desirable Austral ships and aircraft be permitted use of US base when and as the occasion arises. In conveying reply please express warm appreciation this Govt Austral offer.[2]

ACHESON

[2] Telegram 57, August 16, from Canberra, not printed, reported that the message authorized here had been delivered to the Australian External Affairs Ministry with the request that it be relayed to Spender and to Australian Acting Prime Minister Fadden (741.022/8–1650).

611.43/3–1350

Memorandum of Conversation, by the Chief of Protocol (Simmons)

CONFIDENTIAL [WASHINGTON,] September 13, 1950.

Participants: The President
The Australian Foreign Minister [1]
The Chief of Protocol

The President received at 12:15 p. m. today the Australian Foreign Minister, the Honorable P. C. Spender.[2]

Early in the conversation general remarks were exchanged by the President and Mr. Spender, including expressions of satisfaction at the possibility, here illustrated, that representatives of free nations such as Australia and the United States could talk together frankly and without the old-style diplomatic reservations, concerning important matters of mutual international interest. The President illustrated this point by citing the record of the Senate Special Committee to Investigate the National Defense Program, of which he was once chairman, and which never, during that time, presented a minority report.

Mr. Spender then came to the principal point which he had in mind. This he described as the basic difficulty now being experienced by Australia in "not having a say" in most of the important international decisions now being made by the friendly powers. He described this as a great handicap to his country. He indicated the existence of a

[1] Australian External Affairs Minister Percy C. Spender visited Washington on September 13 and 14 before taking up in New York his duties as head of the Australian Delegation to the Fifth United Nations General Assembly which opened on September 19. For his own account of the visit, see Sir Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan* (New York University Press, n.d.), pp. 37–42.

[2] For his own account of this conversation, see *ibid.*, pp. 40–41.

local feeling of frustration that, in a world crisis such as now exists, many important decisions affecting Australia were being made, without Australian participation, by the Atlantic Pact powers and the European powers under the leadership of the "Big Three". He added that he was frequently being put on the defensive, vis-à-vis local public opinion, on this point.

As regards some form of Pacific agreement similar to the Atlantic Pact, he said that he realized that Great Britain and the United States were disposed to work toward the formation of some organization of this type. He deplored what he indicated as the obstructive attitude of India, which attitude provided the chief stumbling block toward the formation of such a pact. At this point, he advanced the idea that after all India was not, strictly speaking, a Pacific power. He then briefly summed up his concept of a logical geographic division of the four chief power groups outside of the Western Hemisphere. These groups he classified under the headings of Atlantic, European, Indian Ocean and Pacific. He apparently made this point to emphasize his view that India should belong to the third, rather than the fourth, of these groups.[3]

Mr. Spender continued by expressing the thought that Australia had narrowly escaped a Japanese invasion in the last war, had thrown all she had into that conflict and could be counted upon in any emergency to give the utmost of her manpower and equipment to meet all new crises. This, he believed, should merit a greater degree of consideration in matters of consultation among the great powers. He did not specifically indicate just what form such increased participation might take. He did not, for example, make a plea for the inclusion of Australia as a member of the Security Council.

The President expressed sincere admiration for the people and Government of Australia, adding that his attitude was most sympathetic towards any problems, including the present one, with which Australia might be confronted. He suggested to Mr. Spender that these matters might be taken up in greater detail with Secretary Acheson, who would, of course, be glad to go into the matter more thoroughly and attempt to ascertain whether a satisfactory solution might be found.

The interview closed, as it had begun, in an atmosphere of friendliness and cordiality.

JOHN F. SIMMONS

[3] For further documentation on the establishment of some sort of "Pacific Pact," see pp. 1 ff.

611.43/9–1450

Memorandum of Conversation, by Mr. Horace H. Smith, Senate Liaison Officer, Office of the Assistant Secretary of State for Congressional Relations [1]

SECRET [WASHINGTON,] September 14, 1950.

Participants: The Honorable Norman J. O. Makin, the Australian Ambassador
The Honorable Percy C. Spender, the Australian Foreign Minister
Mr. Douglas J. Billington, Secretary to Australian Foreign Minister
Senator Tom Connally (D., Tex.)
Senator Alexander Wiley (R., Wisc.)
Senator J. William Fulbright (D., Ark.)
Senator Bourke B. Hickenlooper (R., Ia.)
Representative Thurmond Chatham (D., No. Car.)
Mr. Francis Wilcox, Chief of Staff, Sen. For. Rel. Com.
Mr. Boyd Crawford, Adm. Officer, House For. Affairs Com.
Asst. Sec. Jack K. McFall
Mr. Horace Smith, Senate Liaison Officer

At 3 p. m. on Thursday, September 14, the Australian Foreign Minister, accompanied by his secretary, Mr. Billington, and the Australian Ambassador, by virtue of previous arrangements made by Assistant Secretary McFall, arrived at the Committee on Foreign Relations for a joint meeting of that group with the House Foreign Affairs Committee. As none of the Senate or House Members had arrived by that time, Mr. Spender and party were ushered into the Chairman's private office, where preliminary discussions took place with Messrs. McFall, Francis Wilcox, and Boyd Crawford until the arrival of Senator Connally and Senator Wiley, when conversation covering substantive matters began. During the course of the conversation, Senators Fulbright and Hickenlooper and Representative Thurmond Chatham joined the group, the latter being the only representative of the House Foreign Affairs Committee. Urgent last-minute legislative developments in the House of Representatives caused this unfortunate development.

The Australian Foreign Minister said that his visit was in a sense

[1] For the Australian External Affairs Minister's own brief account of this conversation, see Spender, *Exercises in Diplomacy*, pp. 41–42. Regarding Spender's two-day visit to Washington, see Assistant Secretary of State Perkins' memorandum of September 15 to the Secretary of State, *infra*.

following up on the visit of the Prime Minister six weeks before. He had seen and talked with the President and hoped to have an opportunity to have a talk with Secretary Acheson in New York.[2] He had particularly looked forward, however, to the opportunity to talk with the Senate and House Committees dealing with foreign affairs, for he wished to bring to their attention the conviction he and his Government have formed to the effect that the time has come for the negotiation of a Pacific Pact, similar in terms to the Atlantic Pact, which would make it possible for Australia and New Zealand and other interested countries to act more freely and effectively in the event of the outbreak of a global war or larger-scale outbreaks in the Pacific or the Middle East in taking immediate action that would be effective. He pointed out that Australia had fought in the Middle East throughout the last war, even though its homeland had been under extremely serious threat from Japan during most of that time, and as evidenced by the Australian action in sending troops and naval and air support to fight in Korea, Australia continues to stand ready to send her men to fight on foreign shores. He stated, however, that her Government does not wish to see Australia again placed in a position where they are obviously badly needed and withholding them for the defense of Australia's own shores in the face of a lack of any guarantee that, in the event an aggressor moved against Australia at a time when Australian forces were engaged elsewhere, the United States and other powerful allies would be clearly obligated to come to Australia's aid without delay.

The Foreign Minister pointed out that Australia was in fact frequently placed in the position of having to accept the decisions of the Atlantic Pact countries with regard to world strategy and to play an inescapable part in the implementation of these decisions without having the right to sit in on the formulation and discussion of the decisions before they are finalized. He said that the thought sometimes expressed that the British Government could be expected to maintain consultation in advance with the Australian Government did not always work out in practice. Frequently on matters of great interest to Australia she has been presented with a *fait accompli* on matters in which she felt a special competence to advise and was left no alternative but to accept and go along or reject entirely solutions that could have been much improved with her prior advice. He pointed out that in any world conflict, even though it started in the Atlantic, Australia

[2] Regarding Spender's meeting with President Truman on September 14, see Simmons' memorandum of conversation, *supra*. For the Secretary of State's memorandum of his conversation with Spender in New York on September 18, see p. 222.

should certainly be counted upon to play a part much greater than any part that could be played by several of the smaller nation members of the Atlantic Pact put together, and even Luxembourg has a right under the Pact to participate in the formulation of world strategy that is denied to Australia. He urged that this was an additional reason for the formulation of a Pacific Pact and stated that he thought that if this was not possible, consideration should be given to some method of providing better Australian representation in Atlantic Pact consultations.

The Foreign Minister then went over the articles of the Atlantic Pact, item by item, and pointed out that with a very minimum of alteration he considered that its provisions could be used as a basis for the negotiation of a Pacific Pact. He pointed out that even though the Atlantic Pact was in fact a very loose obligation, it was the type of obligation that would be much more satisfying to Australia than the more nebulous, though sincerely intended, statements made from time to time by American officials and leading citizens that, if Australia were attacked, we of course would come to her aid.

The Foreign Minister suggested that Australia, New Zealand, the Philippines, Canada, Great Britain, the United States, Mexico, and appropriate South and Central American states bordering upon the Pacific might well become the original members of the Pacific Pact. He stated that he realized that it would be helpful to have India and other Asiatic countries in the organization eventually, but he felt that there were many reasons why this might not be advisable at the present time. He pointed out that India would probably be the most desirable additional member from many points of view, but that he was convinced that Nehru would not be able to swing his countrymen behind him in joining such a Pact, and he was even doubtful if Nehru himself would wish to do so at this time.

Senator Connally thanked the Foreign Minister for his frank expression of his views on this matter and said that, as the Foreign Minister was no doubt aware, the desirability of some such Pact had long been under consideration in the United States but that this discussion had not yet reached the point of action, so far as the Senator was aware. The Senator thought that it was most helpful to have the views of the Foreign Minister, and he felt sure that his colleagues would wish to draw out in more detail the Minister's opinion with regard to the current state of affairs in the Pacific.

Senator Connally inquired about the number of Australian ground

forces that were scheduled to be thrown into the Korean fight and when it was expected that they would actually arrive. The Foreign Minister explained that over 2,000 have volunteered to fight for the United Nations in Korea and that he believed a force of 1,000 men was already in Japan or en route there for training prior to being staged into the Korean battle by the U.N. Commander.

Senator Wiley then asked the Foreign Minister about progress in building the economic strength of Australia, the progress of the large-scale immigration and settlement program, and the plans made for increasing the strength of the armed forces.

Senator Fulbright asked for information as to the exact size of the Australian armed forces and what total forces could be expected from the conscription program mentioned by the Foreign Minister.

Senator Hickenlooper inquired about the methods used by the Australians in ferreting out Communist subversives within the country and the program for dealing with them. The Foreign Minister described the system of proclamation of individuals considered to be Communists or Communist sympathizers, who, once proclaimed, were thereafter prevented from holding any job as a union official in a key industry or a Government job unless they went to court and obtained an order for their removal from the proclaimed list. He pointed out that if the individual charged took the witness stand and under oath swore that he was not a Communist, the burden of proof of Communist affiliation rested with the State. On the other hand, if an individual chose not to deny his Communist membership, under oath, then the burden of proof that he was not a Communist or a dangerous fellow traveller who should remain on the proclaimed list remained with him.[3]

In closing the conversation, the Foreign Minister, after answering the questions of the Senators, again stressed the importance of bringing into being at this time, with the utmost expedition possible, a Pacific Pact which would not only strengthen the determination of the countries concerned to resist but would increase their ability to do so by freeing them from the uncertainties that at present beset them with regard to the action that other countries facing their common enemy could be unequivocably counted upon to take.

The Chairman again thanked the Foreign Minister for his visit.

[HORACE H. SMITH]

[3] A handwritten marginal notation in the source text opposite this paragraph reads as follows: "This is the outline of the Bill *not yet* passed by the Aust. Parliament." A law to proscribe the Communist Party in Australia was passed by the Parliament but was rejected in a nationwide referendum in 1951.

743.13/9–1550

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State[1]

SECRET [NEW YORK,] September 15, 1950.

Subject: Visit of Mr. Percy C. Spender, Australian Minister for External Affairs.

Mr. Spender has been in Washington for two days during the course of which he has seen the President,* Messrs. Harriman and Webb[2] and a number of Departmental officers. The most urgent problem he has on his mind is the lack of Australian participation in global planning. The Department reports that he discussed this with the President, who suggested he take it up with you. The Australian Embassy has indicated a list of other topics he wishes to mention. The number he in fact touches on will depend on how long you can see him. The list, not in order of importance except for the first three, follows:

1. *Absence of any organic political machinery to enable Australia to participate in global planning.*

Mr. Spender has expressed the view that Australia, which has demonstrated in Korea its readiness to contribute to the common cause, should have some way of participating in global planning which he believes is largely done by the U.S., U.K. and France. He would have little sympathy with the idea that Australia's interests are covered through the U.K. representation of the Commonwealth.

It is recommended that you ask him to expound his ideas of how such participation might be worked out. He will probably mention a Pacific Pact as his principal proposal and less importantly, the establishing of some consultative group, outside the UN, consisting of countries making the major contributions in Korea. These are

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[1] Secretary of State Acheson was in New York for meetings with British Foreign Secretary Ernest Bevin and French Foreign Minister Robert Schuman (September 12–18), for the Fifth Session of the North Atlantic Treaty Organization Council (September 15–26), and for the opening of the Fifth Session of the United Nations General Assembly. Assistant Secretary of State Perkins was a member of the United States Delegation to the meetings of the Foreign Ministers.

*See telegram—Tab A. [Footnote in source text. The reference was to telegram Telac 6, September 15, to the United States Mission at the United Nations in New York, for the Secretary of State, not printed, summarizing the conversation between President Truman and External Affairs Minister Spender on September 13 (see p. 212).]

[2] No records have been found of Spender's meetings with Presidential Special Assistant Harriman and Acting Secretary of State James C. Webb.

discussed immediately below. (See memo of conversation with Mr. Jessup. Tab B [3])

2. *Pacific Pact.*

Although Prime Minister Menzies is understood not to believe a Pacific Pact necessary now, Mr. Spender has consistently advocated it. He has favored the Commonwealth countries taking the initiative to form the nucleus of a pact which the U.S. would be invited to support.

It is recommended that you tell him the U.S. has an open mind on this subject. While we have given the matter a good deal of thought, there are problems such as membership, geographical scope and the nature of the commitments to be included which appear very real and to which we have no answers.

3. *Establishment of an Advisory Committee of countries making the largest contribution in Korea.*

Such a committee would not be of Security Council members (Australia not being one) and would deal with

(*a*) questions of coordination of offers of assistance and related matters;

(*b*) military liaison between contributing countries and the Supreme Command, and

(*c*) political and other matters (such as political responsibility for South Korea excesses and their future prevention) and supply of information generally in connection with UN action in Korea.

This proposal reflects a strong belief that Australia, which is making a major contribution in Korea, has no participation in the political or military direction or planning.

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[3] External Affairs Minister Spender and Australian Ambassador Makin met with Ambassador at Large Philip C. Jessup and Wayne G. Jackson, Officer in Charge of United Kingdom and Ireland Affairs in the Office of British Commonwealth and Northern European Affairs, in New York where Jessup and Jackson were serving as members of the United States Delegation to the meetings of the American, British, and French Foreign Ministers. During the conversation, Spender raised the question of Chinese representation in the United Nations, the Formosa question, the absence of any organic political machinery which would enable Australia to participate in global planning (upon which Spender laid the greatest emphasis), the matter of a Pacific Pact, the Australian offer for the reciprocal use of military bases, the possibility of the establishment of an advisory organization of countries making substantial contributions in the Korean War, and the Netherlands New Guinea problem about which Spender spoke at some length and with considerable feeling. Jackson's memorandum of the conversation, under reference here, is not printed. The portion of that memorandum dealing with the discussion of the Pacific Pact corresponds closely to the account in Spender, *Exercises in Diplomacy*, p. 43.

It is recommended that you express understanding of the validity of the Australian views and interest in this idea, but that you indicate we would be reluctant to change the established focal points of the UN and the Secretary-General, which seem to be functioning satisfactorily and preserve the wide degree of UN support in Korea.

4. *UN General Assembly.*

(*a*) Mr. Spender may mention the Australian desire for a vice-presidency and for representation on ECOSOC. We have given a negative answer on ECOSOC in view of the heavy Commonwealth representation.

It is recommended that you express the hope that Australia and Canada can work out between them their respective desires for a vice-presidency. We would presumably have to support Canada (Pearson [4]) who approached us first.

(*b*) Mr. Spender may touch on Soviet strategy and other UN problems generally. He discussed these with Departmental officials. Australia has not placed any items on the agenda except for joining with the U.S. and U.K. on the war prisoners item.

It is recommended that you avoid discussing any specific items and suggest he may want to continue his discussions of the agenda further with Mr. Hickerson.[5]

5. *Japanese Peace Treaty.*

The views Mr. Menzies expressed when he was in Washington were in large measure close to ours.

It is recommended that you repeat to Mr. Spender about what you said to Messrs. Bevin and Schuman,[6] including the suggestion that he discuss the matter further with Mr. Dulles next week.[7]

6. *Commonwealth Aid to South and Southeast Asia.*

Mr. Spender discussed this at length in Washington with Mr. Thorp and others.[8] He will probably not wish to say much more.

It is recommended that you welcome the Commonwealth initiative, largely spearheaded by Australia, in working out an aid program and

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[4] Lester B. Pearson, Canadian Secretary of State for External Affairs.

[5] John D. Hickerson, Assistant Secretary of State for United Nations Affairs. For documentation on matters of general constitutional, administrative, and political significance affecting the United Nations and of particular interest to the United States, see volume II.

[6] Documentation on the meetings of the American, British, and French Foreign Ministers in New York, September 12–19 is scheduled for publication in volume III.

[7] For documentation on the efforts of the United States to secure a Japanese peace treaty, see pp. 1109 ff. Regarding Spender's meeting with John Foster Dulles, Special Assistant to the Secretary of State, on September 22, see the editorial note, p. 1308.

[8] For an account of the conversations under reference here, see the Report Prepared by the Department of State, p. 207.

assure him of our willingness to coordinate any program we may have with the Commonwealth efforts.[9]

7. *Netherlands New Guinea.*

Australia has actively voiced its opposition to Indonesian control over Netherlands New Guinea. We joined with the British several months ago in urging Australian moderation. The Dutch and Indonesians are beginning negotiations on this on September 30 and both hope the issue will not be brought up in the UN. If Mr. Spender expresses the active Australian concern in this matter, *it is recommended* that you reiterate our previous urgings that the Dutch and Indonesians be permitted to try to work this out bilaterally without outside intervention.[10]

8. *Policy with relation to Formosa.*[11]

9. *Chinese representation at the UN.*[12]

10. *Continued recognition of the Chinese Nationalist Government.*

No special Australian angle on these is known and *it is recommended* you take the same positions as with the British and the French.

11. *Policy of "continuance" in Korea.*

This item is believed to refer to the status of the Rhee[13] Government both in relation to North Korea and after hostilities cease. The Australians have no sympathy with the Rhee Government and even question whether it is still a government.

It is recommended that you point out that the Rhee Government was legally established under UN supervision and we understand continues to receive the support of the South Koreans. The question of the political set-up in Korea after hostilities should be worked out through the UN.[14]

12. *Use of Australian bases by Naval forces.*

The Australians offered to share bases with the U.S. on Manus Island. We have told the Australians, pursuant to a JCS decision, that we believed the establishment of joint bases not necessary militarily but that it was desirable that U.S. and Australian ships be able to use each other's bases when occasions arise.[15] Mr. Spender left Australia

[9] For additional documentation on general United States policies respecting the East Asian-Pacific area, see pp. 1 ff.

[10] For additional documentation on United States relations with Indonesia, including materials on the attitude of Australia toward the Netherlands New Guinea question, see pp. 964 ff.

[11] For documentation on United States relations with the Republic of China, see pp. 256 ff.

[12] For documentation on this subject, see vol. II, pp. 186 ff.

[13] Syngman Rhee, President of the Republic of Korea.

[14] Documentation on Korea is presented in volume VII.

[15] See telegram 24, August 14, to Canberra, p. 211.

before we told the Australians this and *it is recommended* that you express appreciation of any offer he may suggest but discourage the idea of joint bases.

13. *European and Middle Eastern strategy.*

It is believed Mr. Spender will only wish to express some general views.

It is recommended that all you need do is listen.

14. *Wool.*

You have a separate memo on wool.—Tab C [16]

[16] The memorandum of September 12 from Assistant Secretary of State Perkins to the Secretary of State under reference here, not printed, reviewed the position to be taken if the United States wool allocation proposal was raised by External Affairs Minister Spender. In view of a significant expansion of United States wool requirements resulting from the Korean War and an anticipated short world wool supply, the United States in August 1950 proposed international collaboration among producers and consumers of apparel wool in order to allocate the current season's supply. Immediate action was urged inasmuch as a substantial portion of new wool would be marketed in late August. Australia did not favor such an allocation program but agreed to discuss it in secret meetings in London prior to the regular session of the International Wool Study Group in early October. Regarding those discussions, see the editorial note, p. 223.

Executive Secretariat Files: Lot 53D444: File—Secretary's Memoranda

Memorandum of Conversation, by the Secretary of State [1]

SECRET [NEW YORK,] September 18, 1950.

Participants: Mr. Percy C. Spender, Australian Minister for External Affairs
Mr. Norman J. O. Makin, Australian Ambassador
The Secretary of State
Mr. George W. Perkins, Assistant Secretary

Mr. Spender asked, before taking up the matters he had in mind, whether or not I had anything I wished to discuss with him. I mentioned the Japanese peace treaty and that we were proposing to get on with this now. We hoped to do it through the Far Eastern Commission, but it was not yet determined who would attend the talks. However, we hoped it would be a large group as we did not want to be in a small group with Russia. I mentioned that our principal objective was to turn sovereignty back to Japan so far as possible and at the same time make adequate provisions for security. Mr. Spender said that their chief concern was to prevent the resurgence of militarism in Japan.

Mr. Spender went on to say that he did not feel this was the time to admit Communist China to the UN. I outlined our position to him and

[1] See Assistant Secretary of State Perkins' memorandum of September 15 to the Secretary of State (*supra*) preparing the Secretary for this meeting. For Spender's own brief account of this conversation, see Spender, *Exercises in Diplomacy*, p. 44.

told him briefly of Romulo's thought that the Chinese Communist question should not be voted on at the beginning of the Assembly but that it might be referred to the General Committee. Mr. Spender said he would consider this situation and would inform us of their views as soon as possible.

He brought up the question of some kind of an arrangement in the Pacific, pointing out that they were very eager for some form of participation in the decisions affecting their welfare. They did not feel that the consultations which they had now with the UK were sufficient, that they found themselves faced with decisions without having taken part in making these decisions.

Mr. Spender also mentioned the possibility of a bilateral declaration by the United States and Australia. I told him of the difficulties in which we found ourselves in making bilateral declarations and referred briefly to the consequences that might arise in other SEA countries should we do this. I suggested that perhaps the best place to discuss these matters was in the treaty negotiations. I told him that, of course, we were glad to consider his suggestions and that I felt more talks were needed in connection with the situation in the Middle East. I also outlined to him how I felt the building up the strength in Europe would help in strengthening the whole free world.

Mr. Spender then brought up the question of Korea. He said that they felt that the countries contributing to the UN action in Korea should be formed into a committee to steer the Korean situation.

He also mentioned New Guinea and outlined their position on this matter. I told him that we felt that for the time being it should go through the Round Table procedure, and that if this failed, we could then consider what else should be done.

In closing, I said that I would arrange for him to have a talk with Mr. Dulles.[2]

[2] Regarding Spender's meeting with Dulles on September 22, see the editorial note, p. 1308.

Editorial Note

As a result of consultation among the United States, United Kingdom, Australia, New Zealand, and South Africa in confidential sessions prior to and concurrently with the International Wool Study Group meeting at London, October 2–10, 1950, a memorandum was agreed upon providing for a set-aside program to insure the adequate provision of wool needs for Western defense. The proposed program was based upon an Australian counterproposal to the United States recommendation for a system of international wool allocation to divide the world supplies of wool equitably. At their meetings, the 27 participants of the Wool Study Group adopted a joint United

States-French proposal that the Management Committee of the Study Group study and draft an international allocation plan for possible later use. The Wool Study Group also adopted, with some modifications, the proposals submitted by Australia, New Zealand, and South Africa for a reserve price scheme on wool.

Discussions in Melbourne, Australia, November 15–24, 1950, among representatives of the United States, United Kingdom, Australia, New Zealand, and South Africa resulted in agreement that a system for the preemption (setting-aside) of international wool supplies raised legal and administrative problems that could not be surmounted in time to permit such a system to assist the United States in meeting its emergency wool requirements. The conference reviewed current United States plans to meet emergency military wool needs.

For a more detailed description of the conferences discussed here, see Division of International Conferences, Department of State, *Participation of the United States Government in International Conferences, July 1, 1950–June 30, 1951: Including the Composition of United States Delegations and Summaries of the Proceedings* (Washington: Government Printing Office, 1952), pages 134–140. Documentation on the wool negotiations and meetings mentioned here are found principally in block 398.24222 of the files of the Department of State.

743.5811/10–2750

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State [1]

SECRET [WASHINGTON,] October 27, 1950.

Subject: Course of Action To Be Followed To Meet Spender's Desire for Pacific Pact and Closer Participation in United States Military Planning Involving Australia and the Pacific.

Problem

When Spender originally brought forward last year his plan for a Pacific Pact, the emphasis was on obtaining some assurance that the United States would defend Australia in the event of aggression from Russia. This emphasis is no longer important in Spender's or other Australian eyes since our defense of South Korea is more than ample proof to Australia that we would defend them if attacked. Thus, while Spender is still interested in the Pacific Pact, what he really wants is closer participation in all stages of high level Washington planning which might later involve the disposition of Australian forces or

[1] This memorandum, drafted by Livingston Satterthwaite, Deputy Director of the Office of British Commonwealth and Northern European Affairs, was concurred in by the Office of European Regional Affairs and the Bureau of Far Eastern Affairs. The source text bears the handwritten endorsement "Approved Dean Acheson."

material. He uses as an example of Australian exclusion the fact that Luxembourg and Portugal, through the Atlantic Pact, participate in planning which may eventually involve Australian forces—(He doubtless has in mind that if the United Kingdom becomes involved in war along with other NAT countries, Australia will be called upon to assist, particularly in the Middle East.)

Another example advanced by Spender was that Egypt, through the Security Council, participated in planning which resulted in Australia's sending forces to Korea while Australia has no machinery or channel through which it could make its influence as a Pacific power felt. Nearly all of the nations, even the smallest, have some machinery such as the Organization of American States, and North Atlantic Treaty in which to plan defense action with the United States, while Australia has none.

It is out of the question to make Australia a member of the Atlantic organization nor would Australia consider it sufficient to participate in the Atlantic Pact second-handed through the British (although they may do this too).

We believe that Spender's and Australia's needs would be substantially met if we were to accept in Washington a high level Australian military mission with perhaps a civilian or civilian members which had direct access to top echelons and participated in formulating decisions which involved its major interests. . . .

Recommendation

That EUR, with other interested Bureaus, discuss[2] the Pentagon the acceptance of an Australian Military Mission.

[2] At this point in the source text the phrase "with Spender and" is crossed out.

743.5811/11–2450

The Secretary of State to the Secretary of Defense (Marshall)[1]

SECRET [WASHINGTON,] November 24, 1950.

MY DEAR MR. SECRETARY: The purpose of this letter is to submit for the consideration and recommendations of the Department of

[1] This letter, which was drafted by J. Harold Shullaw of the Office of British Commonwealth and Northern European Affairs, was submitted to the Secretary of State for approval under cover of a brief memorandum from Assistant Secretary of State for European Affairs Perkins concurred in by the Bureau of Far Eastern Affairs, the Munitions Division, and the Office of Deputy Under Secretary of State H. Freeman Matthews. Perkins' memorandum, not printed, explained that the question of meeting the Australian desire for closer participation in United States military planning involving Australia and the Pacific was discussed informally with officers of the Department of Defense following Secretary Acheson's approval of Perkins' memorandum of October 27 (*supra*). Officers of the Department of Defense had suggested that the views of the Department of State be set forth in a letter from the Secretary of State to the Secretary of Defense (743.5811/10–2750).

Defense a proposal that the Australian Government be invited to send a high level military mission to Washington. This mission, perhaps including a civilian member or members, would have access to top echelons of this Government and would have an opportunity to participate in policy planning involving major Australian interests. The mission would not be expected to participate in planning or have access to information not involving Australian interests. Furthermore, existing policies respecting the disclosure of classified military information would, of course, govern the classification and character of information given the mission.

The foreign policy of the Australian Government has stressed increasingly since World War II the importance of closer and friendlier relations with the United States. We have profited from the implementation of this policy both in our bilateral relations with Australia and in international bodies where Australia has made an effort to achieve an increasing measure of agreement between our two countries.

The discussions which we have had in recent months with the Prime Minister and Foreign Minister of Australia have served to underscore the following basic factors in the Australian-United States relationship: The Australian Government sincerely wishes to achieve a closer relationship with the United States, and it stands ready to contribute to the extent of its ability to those measures necessary for the maintenance of peace and security. This willingness to share the burden of resisting Communist aggression has been demonstrated in the case of Korea where the Australian response has been prompt and, considering Australian resources, substantial. At the same time, the present Government of Australia is very mindful of the fact that Australia is not a member of any organic body, such as the NATO, dealing with security and related questions, and among nations of its size and orientation is almost unique in this respect. As a consequence Australia, although ready to discharge its international responsibilities for the maintenance of world security, is hardly able to play even a minor role in influencing those policies and events which condition world peace.

In stating these views to the President during his recent visit to the United States,[2] the Australian Foreign Minister, Mr. Spender, reiterated his frequently expressed arguments in favor of a Pacific Pact providing firm collective security arrangements. It has become increasingly clear, however, that Mr. Spender is primarily interested in a Pacific Pact, not for security reasons, but as a vehicle to achieve a closer participation for Australia in all stages of high level Wash-

[2] See Simmons' memorandum of President Truman's conversation with External Affairs Minister Spender on September 13, p. 212.

ington planning which might later involve the disposition of Australian forces or material.

After careful consideration of various alternative courses of action, we have concluded that Australian needs would be substantially met by the acceptance in Washington of the proposed high level military mission. Acceptance of the mission would constitute a positive effort on our part to ensure that our relations with Australia and Australia's willingness to cooperate with us are maintained on the high level which present world conditions make necessary. In the opinion of this Department such an effort is politically necessary if we are to avoid the danger of a deterioration in our present cordial and cooperative relationship.

There are a number of factors which, quite apart from the merits of the Australian claims for closer participation with this country in policy planning, would appear to warrant an invitation to Australia to send such a mission to Washington. Australia is alert to the Communist danger and willing to give military support to measures which may be necessary to resist it. In the area of South and Southeast Asia, Australia has taken the initiative in the formulation of a Commonwealth program of technical and economic assistance designed to raise standards of living and by so doing to ameliorate those conditions favoring the spread of Communism. In the United Nations ever since its founding Australia has played a role and exerted influence out of proportion to its size and material resources. We have recognized that United States interests would be served by the large scale development program which Australia is now undertaking. We have signified that interest through our support for the recent $100,000,000 World Bank loan to Australia [3] and for the Bank's acceptance in principle of further participation in the Australian development program. The Australian program of assisted immigration involving the movement of 2,000,000 persons to Australia during the next ten years is complementary to our own objective of resettling surplus European populations. All of these factors, with their political implications, are material to the consideration of whether or not United States interests would be served by acceptance of an Australian military mission.

I should mention that this proposal bears only a superficial resemblance to the Australian request in late 1948 to accredit a military representative to the Secretary of Defense. The present proposal does not involve such accreditation and is not, therefore, subject to the objections which were then raised to accrediting individuals to the Secretary of Defense. Furthermore, circumstances in 1948 were much different from those existing today both as regards United States-

[3] Regarding the loan under reference here, see footnote 11 to the Report Prepared by the Department of State, p. 211.

Australian relations and the general world situation. United States interests would not then have been served by acceptance of the Australian proposal, and Defense and State were in agreement that the proposal not be accepted.

Officers of this Department are prepared to discuss this matter in more detail with officers whom you may designate for that purpose. I hope that early agreement in principle to the acceptance of the mission can be obtained with its exact nature, size and terms of reference, to be worked out with the Department of Defense.

Sincerely yours, DEAN ACHESON

BURMA

UNITED STATES RELATIONS WITH BURMA[1]

611.90B/2–850

Memorandum of Conversation, by the Ambassador at Large (Jessup)[2]

CONFIDENTIAL [RANGOON, February 10, 1950?]

MEMORANDUM OF CONVERSATION WITH PRIME MINISTER THAKIN NU—FEBRUARY 8, 1950—RANGOON

Participants: Thakin Nu—Prime Minister of Burma
Philip C. Jessup—Ambassador at Large
William M. Gibson

The Prime Minister, after introductory remarks, asked questions concerning Formosa and Vietnam. The Ambassador replied in general terms and then asked the Prime Minister whether he was encouraged about conditions in Burma today. "They are very much improved over a year ago," he answered, "when it was my candid opinion that the Burmese Union would go to pieces." Conditions had improved to the extent that he was about to undertake a trip to a northern province which had only just been liberated from the Karens who had held it almost continuously since the granting of independence. One third of the province is still in Karen hands, but the Prime Minister feels they are "bottled up."

In answer to Ambassador Jessup's questions about economic affairs, the Prime Minister admitted that normal trade was at a standstill because of the war. Rice exports which he claimed had totaled five million tons per year in normal times would only amount to one million tons this year. 1,500,000 tons were exported last year. (*Note:* these figures do not agree with those furnished from other official sources and are in each instance from 200,000 to 500,000 tons too high.) The Prime Minister expressed confidence over the work of the Rice Commission and told of how impressed he had been with an exhibition of an American tractor which could sow one acre of rice in ten minutes. He felt that the ancient Oriental system of wooden plows and manual labor would have to be replaced by modern methods.

The Ambassador asked about conditions on the northern frontier and was told that as yet no Chinese Communists had formally violated

[1] For previous documentation on United States relations with Burma, see *Foreign Relations*, 1947, vol. VI, pp. 1 ff.

[2] For further documentation on Ambassador Jessup's tour of the Far East, see p. 68.

the Burmese territory. "They are now paying attention to Indochina," the Prime Minister stated, "but will probably come in later." Ambassador Jessup asked whether Nationalist troops had sought refuge in Burma as they had in Indochina and was told they had not but there were some still unaccounted for who might. The Prime Minister recounted how he had at one time recently been approached to meet some "Chinese Communist leaders" and after declining had found out that they were in fact local Chinese opportunists passing themselves as communists in order to ingratiate themselves with Peking and get on the bandwagon. The populace in the region concerned became panicky and the Prime Minister was obliged to send a "company of troops" to give the people reassurance. The single company had in fact done just that, he claimed. The Ambassador asked whether there were any communist groups at the frontier. There were not many, the Prime Minister replied explaining that he did not believe they would take the form of identifiable soldiers but would rather infiltrate gradually in the classic fifth column manner. A well-known Burmese Communist was known to have been in Peking recently in an official status. It was not known whether he had returned to Burma.

The Ambassador asked whether the Burmese Government had had any recent messages from Peking regarding recognition. They had not and the Prime Minister explained that as Peking had replied to Burma's offer of recognition in such an arrogant manner the Burmese had chosen to ignore their message. There had been no messages since. (*Note:* This conflicts with the Foreign Minister's comment that a second "all honey" message had been received.[3]) He further stated there had as yet been no trouble with Chinese minorities in Burma. There were stated to be 40,000 Chinese in Rangoon. They are more aggressive than the Chinese in Thailand and maintain their ties with China to the full and never become citizens.

Ambassador Jessup inquired whether a peace settlement with the Karens would result in the automatic resolution of other pressing problems. The Prime Minister felt that all other problems were minor in comparison, and that if peace were restored they could all be solved in a short time. Ambassador Jessup asked if the solution was purely a military one. The Prime Minister replied that it was, but that he was nevertheless insisting that legitimate Karen demands be met. His task was a difficult one for he had the Burmese public, strongly anti-Karen, to account to as well. He had strong opposition in the people, some of whom were convinced that as long as he was around bloodshed would continue. The Prime Minister felt that his primary duty to Burma was to convince the people that without national solidarity

[3] A memorandum of Ambassador Jessup's conversation with Foreign Minister Sao Hkun Hkio on February 9 together with other materials relating to his stay at Rangoon is in file 611.90B/2–850.

they would never maintain true independence. He referred to his speeches on this subject, copies of which were furnished.

The Ambassador asked whether there was any current interest in Burma in the question of a Southeast Asian Union. The Prime Minister referred to the earlier Pakistan–Ceylon–India–Burma Union which the Burmese had been enthusiastic about, restricted as it was to four members. Pandit Nehru, however, felt that it would be grossly misunderstood and would antagonize Russia. The idea was therefore abandoned. The Prime Minister enlarged on this point stating that his Government felt that "China was too big to become a satellite of Russia." It was his conviction and that of his Government that any agreements which might be misunderstood by the Chinese as any form of alignment against her should be studiously avoided.

Ambassador Jessup asked about the Philippines. The Prime Minister replied that they had, frankly, acted in a slipshod manner and only in conjunction with Chiang Kai-shek before consulting any other Southeast Asian nations involved. The Prime Minister explained that the Gimo was very unpopular with Burmese leaders. They considered his government a very corrupt one, and hence any move for Burma to join an association in which he took part would be misunderstood and very unpopular.[4]

The Prime Minister asked whether the Ambassador knew Nehru. In replying the Ambassador mentioned among other things that he had formed an impression from the press that the Commonwealth was very anxious to be of assistance to Southeast Asia. Is this true? The Prime Minister replied that he hadn't yet been fully informed but was sure the matter was under consideration.

"Will peace solve all your problems?" Ambassador Jessup asked. It would to a large extent but not without foreign advice and help following the restoration of peace. The Ambassador observed that heretofore Burma had not welcomed foreign capital. Were they prepared to do so now? The Prime Minister replied that they were; that their past disinclination was the result of many years of foreign exploitation. Now as an independent country they could afford to accept foreign capital but would have to move slowly and had no intention of doing otherwise. Ambassador Jessup asked if this meant that the time was approaching "in the near future" when foreign capital would be accepted. The answer was yes.

In answer to the Ambassador's request that the Prime Minister leave with him any thoughts which he wished to have transmitted to Washington, he stated that it was his impression that the United States was genuinely interested in the rehabilitation of Southeast Asia and that only outside aid would solve SEA problems after the restoration

[4] For further documentation on the attempts to form a Pacific Pact, see pp. 1 ff.

of peace. "If you wish to give a thought to this when you get home and present it to your Government, you will be doing us a great service." Ambassador Jessup replied that any assistance would have to be tied in with the United Nations and such aid as might be forthcoming from the Commonwealth. He explained that Point Four was not yet law and would be entirely dependent upon Congressional appropriations.[5] He mentioned the anticipated participation of private capital.

Finally, the Prime Minister expressed a hope that a Burmese Commission, primarily concerned with financial affairs, would soon be able to visit the United States. Ambassador Jessup indicated that his Government would be pleased to receive such a request and trusted the Prime Minister would specify the exact functions of the Commission, its membership, etc.

PHILIP C. JESSUP

[5] Further documentation on the Point Four Program is scheduled for publication in volume I.

790B.00/2–1450: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, February 17, 1950—7 p. m.

71. Embtel 85 Feb 14.[2] Suggest that in discretion Emb reply Bo Set Kya be made along fol lines:

US does not view present world situation in terms spheres influence or power blocs but rather as clear cut issue of preservation free world against threat domination by forces of totalitarian imperialism. US sees urgent need for mutual assistance among free nations to stabilize and maintain themselves as free independent states. US therefore desires cooperate in such ways as it can with UK and Burm in carrying forward Burm's development along lines acceptable to Burm people.

With respect Set Kya's suggestion full alignment Burm with Western powers, Emb might say US not thinking in terms of Western powers alone, but of all free nations and has always recognized Burm as part of free world and recognizes and endorses Burm's determination preserve itself from domination by any outside power.

UK and Commonwealth have been giving mil and financial assistance to Burm and US feels such assistance is needed by Burm and can be helpful. It is in this context therefore that US particularly interested exploring with Burm Govt possible types technical assistance from US which Burm Govt cld use to complement UK and

[1] Repeated to London as 762.

[2] Not printed; it reported that Bo Set Kya, a confidant of Deputy Prime Minister Ne Win, had stated that Ne Win was "willing discuss full alignment Burma with western powers if US prepared extend long-range assistance including loan, military supplies and technicians, and Point Four type assistance." (790B.00/2–1450)

Commonwealth aid programs and which might augment Burm Govt's technical resources for making best use UK and Commonwealth aid. We wld welcome discussion along these lines but wld of course wish to deal with Burm Govt as a whole, and suggest it wld be appropriate undertake further talks on US technical assistance and exchange of persons projects with Amb Key [3] upon his arrival Burm.

Background re Dept views on relation US Burma program to that of UK and Commonwealth contained Deptel 62, Feb 13.[4] Rangoon pls rpt Bangkok, Emb London inform FonOff.

ACHESON

[3] David McKendree Key, Ambassador designate to Burma. His appointment was approved by the Senate on March 16.

[4] Not printed; it stated in part:

"Secstate has approved policy for Burma which provides that US shld take steps to complement Brit and Commonwealth efforts stabilize Burma and forestall Commie subversion. Fundamental is UK shld accept primary responsibility for aid to Burma.

"US program mainly confined to exchange of persons and technical assistance projects designed to increase Burm capability for dealing with own problems and wld be useful only as supplement to UK financial and mil aid." (890B.10/2–1350)

611.90B/6–1650

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] June 16, 1950.

BURMA

A. OBJECTIVES

It is to the interest of the US that there be a stable government in Burma, oriented toward the US and the Commonwealth and capable of restoring internal order, of resisting Communist pressures and of advancing the social and economic rehabilitation of the country.

B. POLICIES

The process of political and economic distintegration which set in a few months after Burma achieved independence on January 4, 1948 continued during the past year. Recently government forces, aided by a quarrel between the White-Flag Communists and the Peoples Volunteer Organization (PVO), succeeded in capturing Prome, which had been established as the capital of the combined White-Flag and PVO rebel factions. The PVO leaders are now negotiating for peace with the Government, but the Communist forces have not been destroyed and are still active in harassing government lines of commu-

[1] Policy statements on various countries were prepared and updated periodically within the Department of State.

nication and keeping large areas of the country in a state of insecurity and unrest. This is a situation which can be exploited by Communist China.

Primary responsibility for providing the advice and the military and financial aid Burma needs in order to stabilize itself should properly rest upon the UK and the Commonwealth. It is our policy to conduct our own Burma program in such a manner as to complement their efforts by giving such assistance as the US may be better able than those countries to provide.[2]

We have been carrying out limited Information and Exchange of Persons Programs in Burma. We are now planning to expand these programs; and we are also developing technical assistance and military aid programs adapted to the present situation in Burma. In this connection, the Department sent to Southeastern Asia and to Burma in the spring of 1950 a mission headed by Mr. R. A. Griffin to make recommendations for specific US assistance projects which will be useful in carrying out our over-all policies in the area.

Political Issues. These proposed assistance programs have three main political objectives. The first is to overcome Burmese suspicion of foreign assistance and advice which has been to a large extent responsible for the failure of the UK and the Commonwealth to provide effective military or financial assistance to Burma up to the present time. The Burmese are slightly less suspicious of the US than they are of their former British rulers, and the Burmese Government has officially expressed an interest in obtaining US technical advisers. It is hoped that US technical assistance and exchange of persons programs will enable the Burmese to ascertain the value of US advice and that it is sincerely given for the best interests of Burma. The resulting increased Burmese confidence in US advisers will provide a means of influencing the Burmese Government properly to utilize the various types of foreign aid made available to it, not only by the US but by the UK and the Commonwealth as well. We should also encourage the Burmese to accept foreign advisers, particularly those which can be made available by the UK, the Commonwealth or the UN.

The second political objective is to increase the domestic prestige of the present Burmese Government. The Government depends for support upon the Socialist Party, which has a large majority in Parliament. Since April 1949, however, the top Socialist leaders have declined to hold ministerial portfolios because they consider it politically inexpedient to be personally responsible for the Government's failures to revive the prosperity of the country. The Government is run, therefore, by a kind of caretaker Cabinet. This Cabinet,

[2] Documentation on the discussion of primary responsibility for Burma at the Foreign Ministers Conference in London, May 11–13, is scheduled for publication in volume III.

under the leadership of Prime Minister Thakin Nu, Deputy Prime Minister Ne Win and (until his resignation in January 1950 to accept the Acting Chief Justiceship) Foreign Minister E Maung—none of whom are members of the Socialist Party—has somewhat modified the earlier visionary policies of extreme Socialism and chauvinistic Nationalism. These men have publicly expressed their realization that Burma needs foreign capital and technical assistance to insure her future economic development and foreign military aid to restore internal order. They are becoming more and more aware of the danger to Burma which is represented by the Communist victory in China and the rapid extension of Communist control over Yunnan.

If this present Cabinet can, with the help of American technical experts, initiate and successfully carry out a few economic development and public welfare schemes, its policy of looking to the US and the Commonwealth for aid might gain popular acceptance. The Government might gain more positive support from the Socialists as well as the adherence of a greater proportion of that mass of the Burmese people who have been generally confused and disgusted by all the present political factions in Burma.

The third political objective is to increase the capability of the Government militarily to defeat the Communist insurgent groups and to defend Burma's borders against Communist infiltration or invasion from China. With a few negligible exceptions, the burden of outside military assistance to Burma has thus far been borne by the UK and the Commonwealth. It is our intention that these countries should continue to assume this responsibility. However, the present critical significance of Burma's military situation has made it desirable to obtain authorization to provide military items which are unavailable from UK or Commonwealth sources, but which would forward the Burmese Government's operations against domestic insurgents, in reestablishing internal law and order, or in safeguarding the frontiers. On May 12 the President approved an allocation of $3.5 million for funds available under Section 303 of the Mutual Defense Assistance Act of 1949 for grant military assistance to Burma.[3] This approval is based on a recommendation by the Department of State and supported by the Department of Defense that the US supply ten Coast Guard cutters to the Burma Navy. It is also desirable to obtain Congressional authorization for reimbursable US military aid to Burma. The Burma Navy is better trained and is more efficient than the other Burma armed services and is, therefore, best able to make effective use of any aid we may give.

It has been decided that we should provide training opportunities in the US for a few officers of the Burmese Armed Forces and, in

[3] For further documentation on the military defense assistance program for the Far East, see pp. 1 ff.

response to a request made by General Ne Win to our Military Attaché at Rangoon, the Defense Department is trying to find a suitable opening for a Burmese Army officer in one of our Army schools.

The insurgent groups in Burma present their own special and rather obscure policy problems. The ideal solution of the Karen Peoples Volunteer Organization and Army mutineer insurgencies would be negotiated political settlement which would reunite these non-Communist insurgents with progovernment forces in a strong combination capable of successful resistance to Communism. US aid if successful in raising public confidence in the Government might be instrumental in disposing the non-Communist insurrectionary groups to seek peace terms.

The most serious of these non-Communist insurgencies is that of a majority faction of the Karens, a minority ethnic group which is striving for an autonomous or independent state. Although many of the Karens, who number about 2,000,000 out of a total population of about 18,000,000, have not become involved in the revolt that broke out in January 1949, and some have consistently been loyal supporters of the Government, racial antagonism between the Karens and the Burmese majority race has become increasingly bitter. The sympathy for the Karens which is felt by the other minority ethnic groups—the Chins, Kachins and Shans—has also weakened the loyalty of these groups to the Government. The danger which derives from this situation is greatly increased by the fact that the best soldiers in Burma are the Karens, Chins, and Kachins. General Ne Win, Deputy Prime Minister and Commander-in-Chief of the Burma Armed Forces, is particularly bitter toward the Karen insurgents, against whom he has directed his main military efforts. On March 19 his Army captured the Karen rebel capital, Toungoo, 175 miles north of Rangoon on the Sittang River. The Government, having demonstrated its superiority, may now be willing to attempt a peaceful settlement with the Karens. If this happens, there may be an opportunity for the US, the Commonwealth, or the UN, to offer the services of a conciliator.

A special aspect of US relations with Burma is the strong pro-US and UK attitude of all these ethnic minorities. They actively helped the US and UK prosecute the war against the Japanese in Burma; and they could be relied upon in the future as centers of resistance or of potential clandestine operations by the US and UK in Burma in the event the country falls to the Communists. It is therefore important that we try to retain the friendship of these groups even while we are giving economic and military aid to the Government. To do this we must constantly stress the advantages of US aid for all the peoples of Burma and urge that the majority race make peace with the Karens

and try to build a spirit of mutual cooperation among the several minority factions.

There is much less bitterness between the other insurgent groups and the Government. These groups are the two Communist parties, the Peoples Volunteer Organization and some army mutineers. The latter two are not Communists but have been, for domestic political reasons deriving from conflicts of political personalities, sympathetic to the Communist rebels. Fortunately, however, most of the PVO has now split away from the Peoples Democratic Front which they had formed in coalition with the White-Flag Communists. This split, which resulted from the White-Flag Communist attempts to tighten their control over the PVO, has caused the PVO to undertake peace negotiations with the Government and has resulted in the fall of the Communist capital at Prome.

The most significant contact of the US with Burma has been for many years the work of American Christian missionaries in that country. The Government has announced a policy of discouraging any expansion of foreign missionary activity and it has placed severe limitations on the issuance of visas to foreign missionaries. The Government has incorporated Judson College, formerly operated by the American Baptist Mission, into the University of Rangoon. The Government has not yet fulfilled the agreement it made with the Mission to pay compensation for the Mission's share of the Judson College real estate. A considerable portion of other American missionary properties, which are valued at more than $20,000,000, have been under requisition since the end of the war. Rentals have been paid for some of these properties, but not for all of them, so that the action of the Burmese Government could be considered a temporary use rather than appropriation. Some of the missionary property has been damaged by looting and by military action during the course of the insurrections. Our Embassy has formally requested the Burmese Government to protect American missionary property from such depredations; but the Government has been unwilling, or in many cases obviously unable, to comply.

Bilateral treaty relations between the US and Burma are based upon those treaties and agreements between the US and the UK which applied to Burma before independence and which are considered as continuing in force under the terms of Burma's independence arrangements with the UK and those agreements which have been concluded directly between the US and Burma. The following agreements only have been concluded directly between the US and Burma to date: air transport agreement, educational exchange (Fulbright) agreement, agreement for the exchange of official publications, and agreement regarding settlement for surplus property. The US and Burma conducted bilateral tariff negotiations at Geneva in 1947, the results of

which were incorporated into their respective schedules in the GATT. It is considered desirable that further negotiations of new treaties and agreements be undertaken to fill existing gaps in our treaty relations and to replace US–UK treaties and agreements which are no longer entirely appropriate in view of Burma's statehood.

In support of its objective in Burma the US should continue and expand its information and cultural exchange programs contributing to a better understanding by the peoples of Burma of Western democratic traditions and striving to dramatize the fact that Communism in Burma would mean ultimate totalitarian rule under Soviet control. The Department has recommended an expenditure of approximately $400,000 from funds available under Section 303 of the Mutual Defense Assistance Act for a considerably expanded information and exchange program. Under the terms of the Fulbright agreement there has been established a United States Educational Foundation in Burma. Fifteen American educators and research scholars have gone to Burma on grants made by the Foundation. They have been highly successful in creating among Burmese with whom they worked a better and more cordial understanding of the US. The Foundation has paid intercontinental travel expenses for twelve Burmese students coming to study in the US and scholarships have been granted to 35 Burmese nurses to study in the Seagrave Hospital (American) in Burma. The work of the Foundation will be continued and enlarged upon as political conditions in Burma permit.

Economic Issues. Political stability in Burma requires the rehabilitation and improvement of its economy, particularly in the fields of agriculture (to increase rice production), mining (to obtain more strategic materials in world short supply and to provide Burma with a means of earning dollars), transportation facilities and industries for processing domestic raw materials. Unfortunately, however, rehabilitation in Burma has now practically ceased. During the period after the re-occupation of the country by the British in 1945 until early 1948, when Burma received its independence, the reconstruction and rehabilitation of Burma's economic life made slow but fairly steady progress. Since that time, however, economic conditions have deteriorated gravely, as a result not only of civil strife but also of shortages of foreign exchange, increased military expenditures and lack of qualified civil servants. Production and exports have declined, causing a reduction in foreign exchange earnings, the major share of which is now required for the purpose of maintaining currency backing. At the same time, import needs for consumption, rehabilitation and military purposes have increased or remained unchanged.

Although Burma's rice exports are only about half as large as they were before the war when Burma was the largest world exporter of rice, 80% of the country's foreign exchange earnings are now derived

from this product. Since the discontinuance of the IEFC rice allocations system in January 1950, Burma has succeeded in selling most of its 1949 exportable surplus of rice at a two pound per ton price increase.

As a member of the sterling area, Burma obtains most of its supply of dollars and other hard currencies from central reserves in the UK, drawing more dollars from the pool than are earned by its trade and paying for these dollars in sterling. Hard currency purchases are relatively small because of the very limited amount of sterling available to Burma for this purpose, and also because dollar allotments are limited by the British to "essentials", strictly defined.

The US may be able to assist in stimulating progress toward rehabilitation by carrying out a program of economic and technical aid along the lines recommended by the Griffin Mission. The Department in cooperation with ECA is working out such an aid program for Burma to be operated by an ECA Mission with money available from unexpended China aid funds. The program is expected to require the expenditure of about $12 million for the first year. A draft economic and technical assistance agreement between Burma and the US is now being finalized and it is anticipated that we will be ready to begin negotiations with the Burma Government in the very near future. We should also utilize as fully as circumstances permit the potentialities of the Smith–Mundt and Fulbright Acts for the exchange of technical personnel and students between the US and Burma.

In accordance with the fundamental concept of our Point 4 Program, the capital investment required for rehabilitation and development should be sought from private enterprise. The Burmese Government has recently announced its desire to attract foreign private investments and to participate in the Point 4 Program, especially in the field of mineral exploitation. However, in view of present disturbed conditions in the country, it is unlikely that any appreciable amount of private foreign capital will enter Burma. As conditions improve, the old British firms which had been active in Burma in the pre-war and immediate post-war periods will probably be the first private foreign commercial enterprises willing to commence operations in Burma.

Present unsettled conditions make it extremely uncertain that projects could be presented which would qualify for Export-Import Bank financing. Burma is not a member of the International Monetary Fund and Bank and, therefore, is not eligible for financial assistance from that quarter. If Burma should apply for membership, we would recommend favorable action on the application.

Burma trades largely with India, the UK and China, and only to a very limited extent with the US. Accordingly, there will probably be little direct US influence on Burmese foreign trade practices. Because

of its dollar shortage, Burma has been forced to place severe restrictions on imports from hard currency areas. Although recognizing this necessity, it is our policy to encourage Burma to conduct its trade according to the ITO Charter and the principles of the General Agreement on Tariffs and Trade, to which it is a contracting party.

US representatives at Rangoon should at favorable opportunities encourage the Government of Burma to prohibit the production of opium for nonmedical purposes and to discourage the opening of licensed shops where drug addicts may obtain opium. The US urges Burma to join with other opium-producing countries in supporting provisions for limiting opium production in the new convention now being prepared under the UN.

C. RELATIONS WITH OTHER COUNTRIES

Burma has extended recognition to the Chinese Communist régime but this recognition has not yet been acknowledged. The Burmese Government policy on China is to take no action which would unnecessarily antagonize the Chinese Communists. Burma is fortunate in not having a large immigrant Chinese minority. The total number of Chinese living in Burma probably does not exceed 300,000, and the Government is rigorously limiting further Chinese immigration.

The Socialist left-wingers under the leadership of U Ba Swe, Secretary-General of the Burma Socialist Party, are pro-Mao Tse-tung, having announced at various times their gratification over Mao's victories in China and the conclusion of the Communist Sino-Russian Treaty. The Rangoon branch of the Chinese Democratic League has been inconspicuously but assiduously cultivating Socialist left-wingers. However, the Moscow propaganda output on Burma backs the insurrectionary Communist parties and denounces the Socialist supported Government of Burma as an imperialistic tool. It seems probable that the Chinese Communists will assist the Communist-rebel factions in Burma in an attempt to overthrow the present Burmese Government by force, and at the same time try to weaken Burmese resistance to Communism by subversive propaganda, and by penetrating and deliberately misguiding the Socialist Government.

The Burmese Government is worried about its long and partially undefined boundary with China. Border incidents frequently occur which could provide a pretext for Chinese Communist invasion into Burmese territory. In the event of a decisive Burmese Government victory over the domestic Communist insurgents, it is possible that the Chinese Communists would try to occupy the Shan State of Kengtung, which is remote from Rangoon but which provides access to Thailand and Indochina as well as Burma.

A committee of Commonwealth ambassadors at Rangoon was established in May 1949 under UK initiative to study the Burmese Gov-

ernment's requests for a sterling loan and military equipment. Some military equipment has been supplied by the UK, India, and Pakistan; and these countries have been joined by Ceylon and Australia in granting the Commonwealth loan of £6,000,000 to be used for domestic currency backing. The UK contributed £3,750,000. There was considerable political opposition to this loan in England. The UK is now reported to be giving favorable consideration to supplying, on a reimbursable basis, arms and equipment for ten battalions of frontier troops. The British Foreign Office anticipates that these troops would be mainly, if not exclusively, Chins, Kachins and Shans, and it expects that, should Burma fall to the Communists, these troops would remain loyal to the British connection and would provide a base for British clandestine activities or guerrilla warfare against the Communists in Burma.

The Burmese Government has announced its gratitude to the UK and the Commonwealth for the help and sympathy which they have given thus far; but suspicion of British motives and resistance to any thought of return to the Commonwealth is still strong and widespread in Burma. The British on the other hand seem inclined to the opinion that failure to settle the Karen dispute, combined with the dwindling military capability of the army and the persistent Burmese refusal to tolerate British or Commonwealth advice in any matter, renders the entire Burma situation practically hopeless.

Although some friction has developed between Burma and India over the issues of strict Burmese limitation on Indian immigration and Burmese plans to nationalize agricultural lands in Burma which are owned by absentee Indian landlords, Burma's traditional ties with India and Burmese admiration for Nehru have kept Indian-Burmese relations on a friendly basis. The growth of Indian power and influence among Asian nations causes some uneasiness in Burma which lies, rich in natural resources, on the eastern frontiers of this overpopulated colossus. Nevertheless, the Burmese feel they have a great deal more in common with the Indians than with the British; and Indian participation in the Commonwealth efforts to help Burma has allayed to an important extent characteristic Burmese distrust of British intentions. In conjunction with the Commonwealth aid plans India supplied some 200,000 rifles for the Burma Army during the past year and also participated in the Commonwealth loan to the extent of £1,000,000.

Apparently regarding Pakistan as a counterbalance to growing Indian power, the Burmese Government has maintained the most cordial relations with that country. General Ne Win, Deputy Prime Minister, and U E Maung while he was still Foreign Minister, visited Karachi last year en route to Rangoon from Washington and London. They have discussed military aid and trade relations with officials of

the Pakistan Government. Burma and Pakistan exchange Ambassadors, and the Pakistan Ambassador is a member of the Commonwealth Committee in Rangoon. Pakistan participated in making the Commonwealth loan to Burma to the extent of £500,000.

The Burmese Foreign Minister said during his visit to Washington last August that because the races of Indochina are more congenial to the peoples of Northern Burma than are the Chinese, he fears subversive Communist penetration from Indochina more than from China. He said he believes that Ho Chi Minh is a Communist and that he hopes the Bao Dai Government will succeed. However, the Burmese Government is not prepared publicly to express approval of Bao Dai.

The agreement between the Burmese and Russian Governments early in 1948 to exchange Ambassadors has not been implemented, and there has been no contact between the two countries. A Burmese trade delegation has visited Czechoslovakia and a Czech delegation visited Burma. The Burmese were favorably impressed, but there has been no further development of this relationship. Moscow propaganda labels the present Government of Burma as an imperialist tool and Burma's independence as fictitious. This line occasionally arouses intense Burmese indignation but in general seems to make little permanent impression on Burmese attitudes toward the USSR.

Burma was admitted to the United Nations on April 19, 1948. It has thus participated in the second special session on Palestine and the third and fourth regular sessions of the General Assembly. It has not taken a particularly active role in any of these sessions, although its Foreign Minister was elected Vice-Chairman of the Sixth Committee in the fourth regular General Assembly. While ordinarily receptive to the views of the US, the Burmese delegation generally has avoided taking a position on issues arising out of the east-west conflict except toward the end of the Paris session and again after the arrival of the Foreign Minister at the fourth General Assembly. Its over-all orientation is with the Asian states and the underdeveloped countries. During the period when U E Maung was Foreign Minister, Burma could be depended upon to follow the lead of the US in important issues.

D. POLICY EVALUATION

The basic question in analyzing the adequacy of our Burma policy is whether the development of a reasonably stable political situation and the reorganization under Burmese leadership of an adequately functioning economy can be completed soon enough to make possible successful Burmese resistance to the impending Communist effort to bring Burma under Communist domination.

The very weaknesses in the Burmese situation which we are trying to help overcome are the factors which obstruct the success of our

policies—suspicion of the motives behind foreign aid, political immaturity which renders the Burmese people and their leaders susceptible to Communist propaganda, lack of trained administrative personnel to back up any large-scale economic aid program, social disintegration which has reduced the country to a chaos of warring factions. Thus US policy cannot of itself guarantee a solution of the Burmese problem but must be regarded merely as a technique whereby we may be able to contribute to the gradual overcoming of these weaknesses in Burmese national life.

We cannot judge the effectiveness of this policy until we have had an opportunity to observe whether our aid programs are having a favorable impact upon conditions in Burma. Burmese attitudes toward our technical aid projects will be far more significant indicators of the success of the projects than the degree of their efficiency in achieving specific economic objectives.

The Burmese people have reacted favorably to the exchange of persons and information programs we have thus far undertaken in Burma. Government officials have expressed interest in obtaining assistance from the US under our proposed Point 4 Program. The Griffin Mission expressed its belief that an American aid program in Burma could win new and great good-will in Burma if it were jointly administered with the Burmese by capable, hard-working, patient US personnel.

The British have agreed with our analysis of the role US technical assistance can and should play in Burma and they have acquiesced in our assertion that the UK and Commonwealth should continue to accept the primary responsibility for military and financial aid. To this extent our policy of encouraging their acceptance of primary responsibility has succeeded. If in view of Burmese anti-British and anti-Commonwealth attitudes, the British become convinced either that the Burmese situation is utterly hopeless or that the US would accept the primary responsibility should the UK withdraw, then the UK and the Commonwealth assistance to Burma might be expected to dwindle rapidly. If the British withdraw from Burma, the US will probably have to step into the breach; and we must, therefore, prepare as rapidly as possible for this contingency.

Another contingency which should be anticipated is the provision of substantial military assistance by the Chinese Communists to the Burmese Communist insurrectionaries. The proposed expanded information and exchange of persons programs to be carried out with Section 303 funds would prepare the US to meet an intensified Communist propaganda drive in Burma; and our proposed economic and technical assistance programs should give the US a favorable position in respect to any intensified Communist effort to gain the friendship of the present Government and the non-Communist population of

Burma. However, if the Chinese Communists give strong military assistance to the Burmese Communists and if the UK and the Commonwealth military aid to the Government forces is not correspondingly stepped up, it will probably become necessary for the US considerably to expand its present plans for military assistance to Burma.

If Burma and Indochina can be held against Communism, we can probably hold all of Southeast Asia. If either Burma or Indochina falls, Siam would probably follow; and Southeast Asia would be practically defenseless against the onrush of Communism. We are moving as rapidly as possible to find out how much US military and economic assistance is really needed and can be used effectively in Burma and to supply that assistance at the earliest possible date.

790B.00/7–150

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Hare) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

SECRET [WASHINGTON,] July 1, 1950.

Subject: Danger that Chinese Communist Troops May Enter Burmese Territory

I should like to invite your attention to telegrams No. 947 of June 28 from New Delhi and No. 369 of June 29 from Rangoon [1] in which our Ambassadors at those posts report on the danger that Chinese Communist troops may enter Burma to disarm elements of the Chinese Nationalist Army which had retreated into northern Burma from Yunnan.

Telegrams from our Embassy in Rangoon during the past few months have reported varying estimates of the numbers of Chinese Nationalist troops present in Burma. These estimates have ranged from 2,000 to 5,000; and it is, therefore, believed that the figure of 20,000 cited in New Delhi's telegram of June 28 is in error.

In response to a request from the Burmese Prime Minister, Thakin Nu, Prime Minister Nehru of India has instructed the Indian Ambassador in Peking to endeavor to dissuade the Chinese Communists from entering Burma and to give the Government of Burma time to disarm the Nationalist troops.

Nehru suggested to Thakin Nu that he request the American Government to ask Chiang Kai-shek to instruct the Chinese Nationalists in Burma to permit themselves to be disarmed and interned by the Burmese Government. The telegram of June 29 from Rangoon reports that the Burmese Prime Minister has now officially requested our

[1] Neither printed.

Ambassador to inquire whether the US Government would use its good offices in asking the Chinese Nationalist Government to issue instructions to the Chinese Nationalist forces in northern Burma to lay down their arms and allow themselves to be interned by the Government of Burma.

Although the Burmese Chargé d'Affaires in Peking has received assurances that the Chinese Communists would not send troops into Burma to disarm the Nationalists located there, the Chinese Communists have apparently given these assurances only on the condition that the Government of Burma disarm and intern the Chinese Nationalists. The Burma Government had previously indicated optimism regarding its ability to disarm these troops, but the Burmese Prime Minister states in his letter to Nehru that the Chinese Nationalist troops are now assuming a belligerent attitude and conducting themselves as an occupying force.

I understand that the Department has also been approached by the Chinese Embassy in Washington with an expression of concern from the Nationalist Government about the welfare of the Chinese Nationalist troops in Burma and a request that this be transmitted to the Government of Burma.

Recommendation

It is recommended that

(1) You call in the Chinese Ambassador to inform him of the approaches made to us by the Governments of India and Burma and ask that he transmit to his Government the request of the US Government that the Chinese Nationalist troops in Burma be instructed to lay down their arms and permit themselves to be interned by the Government of Burma. It is suggested that you emphasize to the Chinese Ambassador that the presence of these armed Nationalist troops surrender, they will be well treated and no reprisals will be Burmese territory. It is also suggested that you invite the attention of the Ambassador to the assurances given to our Ambassador in Rangoon by the Prime Minister of Burma that if the Nationalist troops surrender, they will be well treated and no reprisals will be taken for past resistance.

(2) The attached telegrams be sent to Rangoon and New Delhi instructing our Embassies to inform the Governments of India and Burma of the action we have taken and to transmit to the Government of Burma the Chinese Nationalists Government's expression of concern for the welfare of the Nationalist troops in Burma.[2]

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[2] At this point in the source text a handwritten note reads "(These telegrams not attached. Being redrafted by SOA.)". On July 7 Rusk called in Ambassador Koo of China and informed him of the United States position as indicated in recommendation (1). On the same day telegrams were sent to Rangoon and New Delhi reporting the substance of Rusk's interview with Koo. A memorandum of Rusk's conversation with Koo (not printed) is in file 793.54/7–750. Copies of the telegrams to Rangoon and New Delhi, numbers 16 and 31, respectively, are in files 793.54/7–750 and 790B.00/6–2850).

790B.00/7–2850 : Telegram

The Secretary of State to the Embassy in China[1]

CONFIDENTIAL WASHINGTON, July 28, 1950—2 p. m.

79. In view increasing seriousness fighting between Burm Govt Forces and Chi Nationalist troops Kengtung Dept considers desirable you inform Chi Govt our growing concern re this situation and renew our request that immed instrs be issued Chi Nationalist troops in Burm lay down arms and permit selves be interned by Burm Govt. Burm Govt has given us rptd assurances troops wld be well treated and invited officers US Emb Rangoon to visit internment camp.

You may inform Chi Govt that US Amb Rangoon was again approached on this matter by Burm Govt on Jul 25.[2] You may say we consider presence these troops in Burm does not constitute mil advantage but in fact plays into hands of Commies. Necessity Burm Govt directing its mil efforts to combatting Chi Nationalist troops is weakening its mil drive to defeat domestic Commie insurgents and Karen rebel factions. If by the activities Chi Nationalist troops in Kengtung these insurgents are enabled regain some of the ground they have lost, the internal polit stability of Burm will be endangered. We believe stability of Burm is vital to security of Southeast Asia.

You may also say it has been learned that Burm Govt may appeal to UN on Jul 29 for help in dealing with Nationalist troops. It is believed that such an appeal wld be most embarrassing to Chi Govt and that in order to avoid such embarrassment we believe desirable that immed instrs be issued their troops in Burm to accept disarmament and internment by Burm Govt.

Shld Chi Govt ask for identification troops involved you may say understand there approx 2200 composed of elements 8th Army, 20th Army, and 278th Regiment of reconstituted 93rd Div.

Dept official spoke to Chi Amb in foregoing sense Jul 27. FYI Amb seemed impressed particularly by mention of possible reference to SC and indicated he wld communicate Formosa urgently.

FYI in response request made by Burm PriMin to US Amb Rangoon Dept called in Chi Amb Jul 7 and asked him send his Govt US request that Chi Govt instruct its troops Burm permit themselves be disarmed and interned by the Burm Govt. On Jul 25 Chi Amb informed Dept his Govt appreciated US viewpoint but desired gain a little time before taking action. However, in view Burm Govt plans bring matter before UN by Jul 29, immed action appears necessary.

[1] Repeated to Rangoon as 57 and to Saigon as 107.

[2] This approach by Prime Minister Thakin Nu to Ambassador Key was reported in telegram 41, from Rangoon, July 25, not printed (790B.00/7–2550).

Burm FonMin states about 1,000 Burm troops now committed to effort forcibly disarm Chi Nationalist troops, but latter successfully resisting this attempt. Amer Amb Bangkok reports Chi Chargé Bangkok told him earlier this month that Chi troops in Kengtung do not wish to give up their arms but intend to carry on guerrilla activities against Commie forces Yunnan.

ACHESON

790.5MAP/7–2150 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, July 21, 1950—1 p. m.

455. Substance Deptel 282 July 18 rptd Rangoon 35 [1] given Glass, Fonoff. He agreed consultations between MDAP Mission and BSM, as well as Brit mil authorities Singapore, wld be helpful. He thought it cld be left to US–UK Ambs Rangoon work out problem of contact between MDAP Mission and BSM.

Comment: Fact that MDAP Mission will take into consideration special Anglo-Burmese military relationship appreciated by Fonoff, which clearly hopes be kept fully informed our intentions re furnishing Burma any mil aid. Fonoff, for its part, apparently intends provide us with fullest info available re Burmese arms position. Fonoff attaches great importance to coordination US–UK efforts particularly in view difficulty accurately determining Burma's mil needs as result GOB's persistent failure supply adequate background info and refusal Ne Win cooperate with BSM. Fonoff feels these two factors are crux of mil aid problem.

War Office has already forwarded to Joint Services Mission Wash for discussion with US officials data on Burma arms position referred to para 5 Embtel 220, July 11.[2] Glass promised us copy which we will forward for Dept's info. Fonoff also sending copy to Rangoon and will instruct Brit Amb see that info is made available to MDAP Mission.

Fonoff estimates that Burma now has army of about 26 battalions (as well as armed police force of 21 battalions). Trend Fonoff thinking

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[1] Not printed; it authorized the Embassy in London to tell the Foreign Office that a joint military defense assistance program survey mission would visit Southeast Asia including Burma. The mission would talk to British officials in Singapore about the Burma situation, but, because of the delicate nature of the British relationship with Burma, it would not contact the British Services Mission in Burma without prior consultation with the Burmese Government. (790.5MAP/7–1750)

[2] Not printed.

is that Burma cld not hope resist invasion by organized mil forces but that Burmese army shld be strong enough maintain internal security, protect communications and repel border raids and minor infiltration. According UK estimates, Burma now has arms sufficient for 26 battalions and when supply under 1949–50 annual demands submitted last August is completed it will have equipment for 9 additional battalions.

There is continued confusion over special Burmese request of May 17 for "re-equipment" 30 battalions and maintenance requirements for three years (not two as Glass previously told us). Responding to Fonoff inquiry, Brit Emb Rangoon has reported that May 17 request is in addition to annual demand for maintenance requirements for 30 battalions to be submitted, according customary procedure, in about month's time. Fonoff now wondering whether mistake has been made in duplicating maintenance demands or whether Burmese really thinking now in terms total 60 battalions (the 30 included in May 17 request being new battalions in spite Burmese use term "re-equipment") as reply from Brit Emb seems indicate. Fonoff querying Brit Emb again on this point.

No decision has yet been taken re May 17 request and Fonoff continuing try clarify what Burma actually wants and needs in way mil equipment. Meanwhile, Fonoff considering policy decision on following lines:

a. Pending decision on Future BSM, important consideration from UK viewpoint is to avoid antagonizing Ne Win in any way likely prejudice outcome this question; therefore, UK will endeavor postpone showdown on arms supply until at least end of year.

b. UK will agree now to furnish Burmese with equipment for four new battalions, treating this as special demand requiring urgent consideration and ignoring condition that GOB first furnish adequate justifying info.

c. Re remainder May 17 request, UK will inform Burma that any further demands this nature for additional mil equipment must be included in annual request, which will be treated in ordinary way, or else submitted as special request thru Commonwealth Ambs Comite supported by adequate info justifying request.

d. Meanwhile, UK will continue with efforts make available special items (armored cars, radio equipment, etc) which have been recommended by Ambs Comite and for which there appears to be clear and urgent need.

Comment: Foregoing represents tentative views reached at Fonoff working level and given us in confidence by Glass. While we gather it substantially represents position UK likely adopt, no decision by Fonoff has yet been reached.

DOUGLAS

357.AA/8–1150 : Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET PRIORITY TAIPEI, August 11, 1950—8 p. m.

242. During call on Foreign Minister with Rankin [1] this morning, Yeh opened discussion of Chinese troops in Kengtung, said Burmese attitude unreasonable, had launched six ground attacks plus calling in six British planes from Singapore; air attacks by British planes ended all hope for grounding arms by Chinese troops. Reported earlier request for more time and said Chinese Government striving get them out of Burma into Yunnan. Small advance party returned Yunnan already to determine safe place cross boundary and operate.

Yeh claimed Nationalist Government had carried on negotiations with French to permit them enter Laos, but after initial favorable attitude, French changed mind and refused. Also said had negotiations with Thai Government for ammunition supply (to be paid for in US dollars) to enable troops return Yunnan, but after considering proposal for ten days Thai refused.

In meantime one of rebel Burmese groups sent emissary and proposed Chinese troops join them in attack against Moulmein (not clear from Yeh whether Chinese troops still considering proposal). Rebels have supplied Chinese troops with ammunition to enable them continue resisting Burmese Government forces.

Yeh admitted communications with Chinese troops very slow but hoped have illicit radio established soon in Chiengmai area of Thailand. Have had many communications with General Li Mi in Hong Kong and Bangkok but Li Mi threatened resign commission if ordered to try persuade troops surrender. Officers of Li Mi have made much trouble with Chinese Embassy Bangkok, demanding money and supplies and diplomatic support. Li has been ordered remove troops to Yunnan soonest but Burmese Government must give safe-conduct to Yunnan border and ammunition must be provided from some source to enable them resist Communists (even if ammunition provided, no one can guarantee troops will proceed Yunnan).

If case brought to UN, Chinese Government can say troops refused obey orders, can tell Burmese go ahead take military measures to overcome them and can state would welcome UN forces take action.

I pointed out that actually Chinese Government had no control over troops; Yeh concurred. Also doubtful Li Mi will cooperate fully with Chinese Government.

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[1] Karl L. Rankin, formerly Consul General at Hong Kong, had recently arrived in Taiwan to assume the position of Chargé d'Affaires *ad interim* and Minister in Taipei. Mr. Strong, as Chargé, held only the rank of First Secretary.

Another possibility is that troops might agree enter Thailand and accept being disarmed by Thai Government, but this would take time, again.

Yeh seemed adamant against ordering troops lay down arms in Burma. There are doubtless internal reasons here for his attitude. Although I again pointed out very sound reasons for Burmese action and demand, and US concern, Yeh inclined place blame on Burmese Government.

Placing problem before UN will solve nothing quickly because no existing force can control these Chinese troops.

Department pass Rangoon, Bangkok; sent Department 242, repeated info Rangoon 5, Bangkok 5.

STRONG

793.5890B/8–1550: Telegram

The Ambassador in Burma (Key) to the Secretary of State

SECRET RANGOON, August 15, 1950—6 p. m.

94. ReEmbtel 86, August 13.[1] Without specifying whether or not General Ne Win was aware of development set forth in Taipei's 6 August 12,[2] Prime Minister warned me last night General Ne Win still pressing for resort to UN. Prime Minister, however, categorically refused on grounds his "promise to me" not to take such action unless and until new developments compelled reconsideration, in which case he would give me ample notice. Prime Minister nevertheless expressed fear that during his forthcoming ten-day absence from Rangoon on visit to Delta, Ne Win might, as acting head of government, initiate UN action on his own. Prime Minister, therefore, suggested that I make every effort in my scheduled visit with Ne Win today persuade latter do nothing precipitate.

Accordingly during my call on Ne Win this morning accompanied by Army Attaché, I reviewed in considerable detail numerous steps taken by US Government find satisfactory solution Kengtung situation, stressing this done at request of GOB and out of sympathy for

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[1] Not printed; it reported on a conversation with Thakin Nu in which the Burmese Prime Minister had stated that he would not resort to the United Nations since the Chinese had ordered their troops in Kengtung to leave Burma. Thakin Nu expressed his "deep appreciation" for the good offices of the United States. (793.5890B/8–1350)

[2] Not printed; it reported that the Foreign Office had stated "that urgent orders were issued yesterday to Chinese troops in Kengtung to leave Burmese soil not later than August 14." (357.AA/8–1250)

latter's position. I then acquainted him contents Taipei's 6, August 12. To my surprise he said this was first he had heard of this development. Like Prime Minister, he stated that if these orders issued and carried out, this would be entirely satisfactory. (Note: This encouraging since Chinese orders do not conform exactly with previous Burmese insistence that KMT troops submit interment.) Although Ne Win stated he had not yet received any reports from Kengtung which indicated orders had been received or acted upon, he acknowledged communication difficulties, and stated he would closely watch developments next three or four days and keep Embassy informed. Meantime he would advise me of any suggestions how our good offices might be of further use.

Ne Win next stated he personally reluctant resort UN because of possible embarrassment this might cause friendly powers, but extremists were pressing hard for such action on grounds aggression should be opposed whether in Korea or Burma. He hoped, therefore, that Taipei's orders would promptly be carried out. Comment: (1) Prime Minister version Ne Win's attitude at variance with latter's own remarks to me. (2) This interview reemphasizes importance sincere effort by Taipei Government make known its orders to all KMT units involved and to desirability getting these orders and its good faith on record in case question eventually comes before UN.

Ne Win disclosed that aside from new group approximately 400 along Yunnan border (Embtel 83, August 12 [3]), only about 200 KMT troops remaining in Kengtung, but these well-armed with new equipment including radios. Bulk of original estimated 2,000 together with families have crossed into Thailand but have not been disarmed or interned by Thais. Few if any known to have entered Indochina. Ne Win reemphasized urgent necessity, therefore, for Thailand immediately take effective action prevent KMT troops reentering Burma or further assistance through Thailand to those still in Burma (Embtel 74, August 10 [3]).

Indian Ambassador told me yesterday that under instructions he had informed Prime Minister that GOI considered inadvisable Burma resort to UN this stage.

Department pass Taipei, Saigon, Bangkok, London, Delhi. Sent Department 94, repeated info Taipei 7, Saigon, Bangkok 12, London 22, Delhi 6.

KEY

[3] Not printed.

790B.5–MAP/8–2050 : Telegram

The Secretary of State to the Embassy in Burma

SECRET NIACT WASHINGTON, August 20, 1950–3 p. m.

112. For the Ambassador from Rusk. Re Embtels 103, Aug 18, 113 Aug 19, Singapore's 136, Aug 20.[1]

Fundamental to our policy in Burma is prin that we shall not press upon Burmese assistance or advice which is not sought by Burma and cordially received by them. We cannot run slightest risk of any incident which might imply Burma disapproval of MDAP Mission's visit to Rangoon or of any assistance which US might at any time have in mind.

Under present circumstances, MDAP Mission shld proceed with its plans for countries other than Burma. If there is any substantial change in attitude Rangoon before Mission leaves general area SEA, it might be possible to work in quick last-minute visit Rangoon but present opinion here is that Rangoon is out unless Bur Govt actively and cordially seeks such visit.

You may use ur discretion as to best way to inform Bur Govt of change of Mission's plans. You shld not fall into any commitment as to later visit. If you need to take matter in stages, you might say casually that Mission was instructed to proceed immed to Bangkok and Manila in connection offer of troop aid to UN forces in Korea made by those countries.

Emb Rangoon will understand that US Military assistance for Burma other than river boats will be delayed indefinitely as result of failure to receive Mission. We do not wish this used as argument to Burmese to receive Mission; this is for info Emb only. There are far too many onerous demands upon US for assistance to permit us to force assistance into unwilling hands. Perhaps Brit Mission must serve as sole channel outside military assistance Burma. River boat aid can proceed without Mission visit Rangoon.

For Melby:[2] Request ur mission proceed to next destination on assumption Rangoon cancelled. We shall keep you informed of any change but none is now anticipated here. [Rusk.]

ACHESON

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[1] None printed. In the first message the Embassy in Rangoon reported that General Ne Win did not want to stop the visit of the military defense assistance mission to Burma. The second message reported that further evidence suggested that Ne Win was preparing a public rebuff for the mission and advised that the visit be postponed. In the third cable the military assistance mission recommended canceling the visit rather than postponing it. (790B.5–MAP/8–1850 and 1950; 746F.5–MAP/8–2050)

[2] John F. Melby, Chairman of the Joint State–Defense Military Defense Assistance Program Survey Mission.

790B.00/9–1950 : Telegram

The Acting Secretary of State to the Embassy in Burma [1]

CONFIDENTIAL WASHINGTON, September 19, 1950—5 p. m.

177. Re Embtel 188 Sep 16.[2] In absence evidence that treatment Seagrave is contrary Burm law or standard generally practiced by civilized nations believe you can not protest to FonMin or PriMin or insist on bail as matter of legal right. You must therefore make firm appeal on humanitarian and polit grounds for release on bail and adequate medical and dental attn. You may firmly impress upon GOB verbally that "apparent tendency to employ devious legal maneuvers" occasioning US concern and give warning that undue harshness in dealing with case is certain to have even more serious effect on public opinion this country toward Burm and result in pressure on Dept for review US position vis-à-vis Burm. Several members Cong and senators already expressing active interest in case and unduly harsh treatment being received by Seagrave.

For your info Amer press reaction so far has been less than expected and nothing has been published which wld be useful for purpose impressing GOB. Durdin msg transmitted Catledge [3] and may have effect bringing out stronger comment. *TimeMag* also confidentially considering feature treatment with cover picture Seagrave. Dept will endeavor stimulate press interest in case. Suggest you encourage Amer press reps Rangoon submit stories more critical GOB handling of case. Any useful press comment will be sent by tel.[4]

WEBB

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[1] Secretary Acheson was in New York attending the Fifth Session of the NATO Council and conferring with Foreign Ministers Bevin and Schuman. Documentation on these discussions is scheduled for publication in volume III.

[2] Not printed; in it Ambassador Key reported that he had talked with Thakin Nu about the arrest on August 15 of Dr. Gordon Seagrave, an American missionary doctor in northern Burma, for "activities dangerous to the state," and the Prime Minister had stated that "he would look into the matter of bail and see what could be done." Key indicated further that he had done everything to avoid the appearance of criticizing the Burmese Government's handling of the case, but that this policy had not yielded results. He now recommended an official approach to the Foreign Office or even to the Prime Minister, and further recommended that the American press be encouraged to give full publicity to the questionable aspects of Seagrave's case. (790B.00/9–1650)

[3] In telegram 188, Key had transmitted the following message from Tillman Durdin, *New York Times* correspondent in Rangoon, to Turner Catledge of the *Times* in Washington:

"Privately Seagrave case appears unjustified political and personal persecution, possibly backed by Burma elements inimical good Burmese-American relations. Best possible play for story there might help grave injustice Durdin."

[4] In October, the American Embassy succeeded in obtaining Seagrave's release from jail for house arrest in a private home and helped secure witnesses and documents necessary for his defense. The trial began October 12 and continued into 1951 with Seagrave maintaining his innocence. Further documentation on the arrest and trial is in file 790B.00.

790B.00/12–650 : Telegram

The Ambassador in Burma (Key) to the Secretary of State

SECRET RANGOON, December 6, 1950—2 p. m.

369. U Aung Than alias Bo Set Kya, prominent Socialist and member Foreign Relations Advisory Board, informed Embassy officer last evening following results emergency conference Mandalay third and fourth of policy making group of GOB comprising PriMin, U Win,[1] U Kyaw Nyein [*Myint?*] [2] and himself which concerned primarily Burma's position current world crisis. Following summary:

1. GOB will resist any aggression from China.
2. However, because of Burma's present internal weakness and proximity China, neutrality within framework UN will be major policy for present time.
3. Armed forces must be increased immediately and US and UK will probably be asked help train 300 new officers each.
4. All internal lines communication must be reopened as quickly as possible.
5. Groups soldiers must be stationed in centers all along Chinese border area as people Burma will become aware Communist threat only when Chinese Communists clash with Burmese Army.
6. Burmese army must be mobile and also resist Chinese Communists for at least one month.
7. In meantime above ground Communists and extreme left wing Socialists will have to be put in prison. Registration Chinese will be stepped up.
8. Negotiations with India going forward reopen Ledo road but Aung Than thinks Chinese Communists may try out this route. Despite India's expression neutrality she also preparing for war. He cites Indian Government request Burma for perforated steel plates for air strip construction. Says they building 14 landing fields along borders with China, Tibet.

Embassy comment:

On basis above it appears GOB has decided in event showdown Burma definitely in western camp and will fight any Chinese Communist incursions as long as possible. GOB will continue show of neutrality while building up forces for armed resistance. Role in UN will continue be passive. GOB recognizes necessity making masses aware threat Chinese Communists but feels actual clash necessary muster public opinion. In this connection while does not appear Chinese Communists intend invade Burma (Embtel 353, November 30 [3]) UN demarked border north Kachin state, claimed by Chinese, would provide excellent opportunity for armed clash as suggested point five above. Danger above ground Communists and extreme leftists including some Socialists realized by GOB but Embassy feels

[1] Minister for Public Works and Labor.
[2] Minister for Industry and Mines.
[3] Not printed.

arrest these individuals may be politically difficult although they have become increasingly more bold in their verbal attacks on GOB. However, strong evidence now exists these elements uniting with local Chinese Communist groups for anti-GOB agitation which may provide acceptable excuse for their arrest.

From above appears Burma will again follow and coordinate action India.

PriMin still Mandalay. FonMin has returned but is indisposed. Permanent Secretary disclaimed any knowledge of Mandalay meeting.

Pass London; sent Department 369, repeated info London 42, Delhi 18.

KEY

790B.00/12–650 : Telegram

The Secretary of State to the Embassy in Burma [1]

SECRET WASHINGTON, December 11, 1950—7 p. m.

324. Embtel 369 Dec 6 Dept considers developments entirely favorable and will appreciate Emb views as to best means taking full advantage resulting situation. Dept wld of course be glad consider any specific suggestions re possible US help accomplishing desired results.

Suggest question possible request officer training be discussed with Brit emb and BSM and discreet effort made ascertain from GOB nature training required. If GOB requests trng Dept believes this wld be good occasion indicate desirability assignment Burm MA Wash.

FYI only. Because of commitments for MDAP and US trng ZI Army schools no places available before Apr when ltd nr (10 to 15) may be open for Burm trainees. Dept assumes trng requested wld be for inf and constabulary type courses.

In connection with new policy wld appear GOB might reconsider recognition Vietnam, Laos and Cambodia. Emb shld promote such action if occasion shld arise.

Emb shld report any action or evidence tending confirm GOB intention activate new policy or cooperate in mil field with India.

Cleared Defense.

ACHESON

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[1] Repeated to London unnumbered, to New Delhi as 885, to Djakarta as 599, to Bangkok as 640, and to Saigon as 727.

THE CHINA AREA

RELATIONS OF THE UNITED STATES WITH THE REPUBLIC OF CHINA; CLOSING OF AMERICAN CONSULAR POSTS ON THE CHINA MAINLAND; UNITED STATES MILITARY AND ECONOMIC AID TO THE REPUBLIC OF CHINA; UNITED STATES CONCERN WITH DEVELOPMENTS IN TIBET; THE FORMOSA QUESTION FOLLOWING THE OUTBREAK OF FIGHTING IN KOREA[1]

794A.00/1–250

Memorandum of Conversation, by the Deputy Under Secretary of State (Rusk)

SECRET [WASHINGTON,] January 2, 1950.

Subject: Formosa

Participants: Deputy Under Secretary Dean Rusk
Deputy Assistant Secretary Llewellyn E. Thompson[2]
Sir Derick Hoyer Millar, Minister, British Embassy
Mr. H. A. Graves, Counselor, British Embassy

I referred to the articles that had appeared in the press on our policy in regard to Formosa. I stated that in fact our policy remained unchanged. I summarized this policy as follows: We hope that Formosa would not fall into the hands of the Communists. We had been giving some economic aid to Nationalist China. The Nationalists still have some funds and might purchase further supplies for shipment to Formosa. We would not allow heavy items, such as bombers and heavy tanks, to be shipped to Formosa. We did not intend to become engaged in the defense of Formosa, however, and we had no plans to send a big military mission there. With respect to shipments of military supplies, I said there would be some borderline cases and we would endeavor to keep the British informed about these.

Hoyer Millar said that the British would be very grateful for any information. They were naturally interested to see that no supplies which could be used to attack Hongkong fall into the hands of the Communists. They had themselves been guilty with respect to the shipment of some tanks but this was now straightened out.

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[1] For previous documentation, see *Foreign Relations*, 1949, volumes VIII and IX. For the question of Chinese representation in the United Nations, see vol. II, pp. 186 ff.

[2] Mr. Thompson was Deputy Assistant Secretary of State for European Affairs.

Hoyer Millar referred to press reports of a decision of the Joint Chiefs of Staff and of the National Security Council on this question.[3] I confined my comment to saying that the Joint Chiefs of Staff had expressed themselves on some aspects of the situation and that the National Security Council had only considered this matter in connection with some other problems it was considering. I agreed that we would keep the British informed on shipments of major military items to Formosa.

[3] Presumably, the reference here is to NSC 48/2, approved December 30, 1949; text in *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215. On December 23, 1949, the Joint Chiefs of Staff had recommended a "modest" program of military aid to Taiwan; see *ibid.*, vol. IX, p. 460.

794A.00/1–250: Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET TAIPEI, January 2, 1950—1 p. m.

Cantel 3. As new arrival Taipei I am being given the "treatment" by Formosan Independence "Movement". Conversations with Peter Huang and Philip Ng and perusal of their propaganda have served only to establish their utter lack of realism, absence of any militant and armed popular foundation, and complete reliance on US to achieve their aims and assure their livelihood forever.

It seemed desirable to attempt to straighten out their thinking in relation to China scene as to US, and to prevent misconception as to nature of any personal relations with me.

In brief, they were told in friendly manner, as my personal opinion, that Formosans themselves, unarmed, could not get rid of Chinese now on Island; US would require several divisions of troops plus supporting naval and air forces to take and keep control over Island, a responsibility which we are not prepared to assume; for time being any hope for independence lay with Nationalists not with Communists, and thus measures designed weaken Nationalists merely served increase chances Communist control, so Formosans must recognize facts, not avoid them, and they should not forget that Formosa fits into large pattern from which it cannot be separated arbitrarily; and although US sympathetic to Formosan aspirations, there were very few grounds for optimism now and foreseeable future.

With steady economic deterioration rather certain, we feel we must be prepared to face more and more pressure and arguments from Formosans unless we now take and hold to a line of friendly but positive regret, both here and in Hong Kong. Disabusing them of false hopes now may avert more violent resentment later, by getting them

used to the idea that probably nothing can be done for them under present circumstances.

Request Department advise whether approves line taken with or without modification.[1]

STRONG

[1] The Department of State made the following reply in telegram Telcan 13 to Taipei, January 19:

"Re Cantel 3 Jan 2. Dept approves ur remarks to Peter Huang and Philip Ng and believes you shld respond in like manner in similar circumstances arising in future, emphasizing this ur personal opinion. Urtel and Dept's reply rptd Hong Kong." (794A.00/1–250)

794A.00/1–550

Memorandum of Conversation, by the Secretary of State

CONFIDENTIAL WASHINGTON, January 5, 1950.

Subject: Formosa Problem

Participants: Senator William F. Knowland
Senator Alexander H. Smith
The Secretary of State
Mr. Jack K. McFall[1]

Senator Knowland and Senator Smith called at my office this morning and we discussed the Formosa issue for about an hour and a half.

I opened the conversation by stating that I felt it proper to review briefly the general considerations entering into the Formosa problem. First I called attention to the fact that, to all intents and purposes, all of continental China was now to be written off as there did not appear any possibility of further effective military resistance to the Communist regime on the mainland. I called attention to the fact that I had had repeated conferences with the British, designed to point up to them the desirability of maintaining a nonrecognition policy of Communist China but that in spite of those representations the British had decided their interests lie in the direction of recognition.[2] Consequently I felt that the statements I was to make should be placed in the framework of the realization of the fact that Burma, India, Great Britain, New Zealand, Australia, Canada, and doubtless a large number of other nations would be recognizing the Communist regime before the passage of any considerable period of time. I made it clear that our standing in the eyes of the Chinese at the moment had reached a nadir which was

[1] Assistant Secretary of State for Congressional Relations.

[2] On January 6, 1950, the Government of the United Kingdom announced its recognition of the People's Republic of China as the *de jure* Government of China and stated its readiness to establish diplomatic relations with the People's Republic of China. For documentation on the United States Government's decision not to recognize the People's Republic of China, see *Foreign Relations*, 1949, vol. IX, pp. 1 ff. Material on the recognition question during 1950 is contained principally in Department of State decimal file 793.02.

somewhat comparable to the same state of disaffection in which the Russians were held some 21 years ago. I pointed out that to all intents and purposes Manchuria and outer Mongolia were firmly under Russian control, achieved as the result of a long-time design, and that inner Mongolia and Tsinkiang were also under a less severe measure of control. I stated, however, that as far as the rest of China was concerned Russian control as such had in no way been consolidated and that I felt the Soviets were going to encounter increasing difficulties by way of their program of subjugation. My reasons for this view were amplified.

I then briefly reviewed country by country the present situation in Burma, Malaya, Siam, Indo-China and Indonesia, indicating, that with the exception of Burma, there are encouraging signs of varying degree on the horizon in each of these areas.

I next reviewed the history of the Formosan question, pointing out that Formosa was essentially a Chinese territory, the control of which was interrupted by the Japanese for a period of some 40 years and that in recognition of this inherent right of ownership of the island by China both the Cairo and Potsdam Declarations reaffirmed such right.[3] I pointed out that if one wanted to be legalistic it could be argued that in sheer legality Formosa would not be a part and parcel of China until a stipulation to that effect had been made in the Japanese Peace Treaty. In further elaboration of this point I said that legal arguments of somewhat kindred nature with only a difference in party in interest could be made as regards the Mandated Islands in the Pacific, the Kuriles, and Korea; but for my part I preferred to deal with the sheer realities of the situation in each one of these cases, namely, that it makes little difference what might be done by way of formal documents, the fact remains that all of these areas fall in the same category as far as their administration and control are concerned by having had their fate morally sealed by some form of prior agreement. I then stated that if we accept the thesis that to all practical purposes Formosa historically has been a part of China—that it is part of China today and must in all morality continue to be a part of China—we are next confronted with the situation as to what, if anything, is to be done about the existing situation. In essence, I replied to my own question by stating that as I view the picture we are confronted with the necessity of making a choice that ultimately would lead us to adopting one of two alternative courses of action; We can take the position either that we will fight, if need be, for the retention of the island under our aegis, or in the absence of such a position we must be prepared to accept what now appears to be the real possibility of its collapse.

[3] See *Foreign Relations*, The Conferences at Cairo and Tehran, 1943, p. 448, and *ibid.*, The Conference of Berlin (The Potsdam Conference), 1945, p. 1475.

As regards the first alternative, I stated I did not believe it was in the interest of the American people to hazard a war over Formosa; and secondly, that the mere statement of our intention to so hold the island would be completely defeative of the general line we had been taking and the philosophy we had been preaching of self-determination of all countries and areas in Asia. I emphasized my strong feeling that such a move would play right into the hands of Russian propaganda which could exploit to the fullest the point that such actions give the lie to our protestations of an absence of any imperialistic design in our motives. I reiterated that we simply cannot afford, by overt moves on our part, to place ourselves in a position where we would have difficulty in answering the charge that we were moving in the same orbit of imperialistic design that Russia is following today. I remarked that in my opinion any such move on our part would be greeted by all of the other countries in that area with whom we are trying to work in instilling ideas of responsible government with a sense of revulsion and with an attitude that our deeds were belying our words. I then stated that it would be possible for us to take this view, of course, only if the area in question were one that our highest military authority had deemed to be *not* of *vital* importance to the security of the United States. Following this up, I made the statement that the Joint Chiefs of Staff had made such a definition and that while I acknowledged that the highest military authorities would look with considerable concern should a foreign power occupy Formosa, nonetheless the retention of Formosa has been defined to be not of *vital* importance to our security.

Senator Smith mentioned at this point that he had spoken to Ambassador Stuart just before his heart attack and the Ambassador had indicated he felt that we must devise some means to prevent Formosa from falling into Communist hands. The Senator followed this observation with a statement that he wondered why the advice of men on the spot like General MacArthur[4] and Admiral Radford,[5] both of whom had expressed to him very strong feelings that under no contingency should we permit Formosa to fall into Communist hands, had not been taken into account. I replied to this observation with the statement that there were always differences of opinion among military personnel as to the strategic importance of practically any place which one could select in the world and therefore it was necessary in such matters to accept the considered judgment of the Joint Chiefs of Staff who were charged with the responsibility of resolving our military potentials and strategy in terms of a worldwide outlook.

At this point I proceeded to develop the strategic aspects of Formosa,

[4] General of the Army Douglas MacArthur, Supreme Commander, Allied Powers (Japan), and Commander in Chief, Far East.
[5] Adm. Arthur W. Radford, Commander in Chief, Pacific.

pointing out that it was only 40 miles nearer to Okinawa than the mainland of China and only 160 miles nearer to the Philippines than the China mainland—both of them distances that have no significance in terms of airpower today. Next I called attention to the military and financial resources which the Nationalist government has on hand today to meet the threat of any possible invasion from the mainland. I averted to the fact that the population of Formosa, is about 6½ million, to which a million individuals have been added in the form of the large Nationalist Army, plus a 100,000-man airforce and a 30,000-man Navy, not to mention about 700,000 refugees from the mainland. I stated I felt China had sufficient financial resources to buy whatever military equipment and replacement material might be needed to meet any threat of invasion which might come from the Communist forces on the mainland, provided that the political situtaion in Formosa did not decay to a point where the invasion could be successful because of the sheer inability of the Nationalist government to make its men fight and prevent defections of both men and materiel of the Air Force and Navy. I reaffirmed my position that we should continue to supply the needs of the island for fertilizer and to carry on the rural rehabilitation program, but that anything further than that by way of increased military assistance or military advice is regarded as unnecessary on our part and would be defeative of the principles of non-intervention which we had been endeavoring to espouse.

Senator Knowland at this point called attention to the fact that all ECA aid other than the fertilizer and rural rehabilitation programs had been stopped; that the funds available for a reconstruction program had been frozen and that he felt strongly this was a mistake. Senator Knowland also stated he could not share my view that the situation internally in Formosa was nearly as bad as he inferred from my remarks and that to the contrary he left the island with the impression that there was quite a high state of morale among the armed services as well as the Formosans, and that if we would give a proper measure of both military and economic aid the situation could be saved. Senator Knowland was particularly critical of my statement that I considered the 100 million or 150 million dollars left in the financial coffers to be sufficient to meet their needs, saying he felt it was essential for the Nationalist government to retain those funds as a backing for their currency and that he was unable to understand why we would continue to aid England to build up her reserves when apparently we took the view that it was not necessary for Formosa to have any financial reserves at all.

Following this phase of the discussion I took occasion to read from a memorandum all of the military equipment and ammunition that

had been sent to Formosa during the past calendar year from the U.S. as well as from other sources.[6] Senator Knowland stated that in his opinion the Nationalist armies were not adequately armed on either Formosa or Hainan as his investigation disclosed that much of the ammunition and a good proportion of the guns were of ten or twelve years of age and of a vintage that we would have disposed of for our own purposes five years ago. I countered this statement with the observation that they would probably have the same kind of ammunition that the Communists would have in the event they would endeavor to invade the island.

At this point Senator Smith interjected the remark that he did not understand why the State Department had forbidden him and Senator Ferguson to go to Formosa. I stated I had looked into the charges that the State Department had frustrated Senator Ferguson's movement into Formosa and that the Department had had absolutely nothing to do with the matter at all; that his failure to reach Formosa was due rather to his inability to secure proper plane transportation to take him there. Senator Smith then stated he had seen the wire himself which counseled him not to proceed to Formosa. I thereupon told Senator Smith I would look into it immediately as it was certainly done without my knowledge.

In conclusion, I stated it was my view that inasmuch as Formosa was not of vital importance from a strategic standpoint, the United States had much more to lose than to gain if we were to take any military action, or adopt a policy of military assistance that would lead to military involvement, designed at holding Formosa, and that distasteful as the possibility was that the island might well be occupied by the Communists at some time in the future, we must concede the possibility and not compromise our entire position in the Near East by doing deeds that would give the lie to our words.

I next suggested that it would be well to clarify the situation on the publication of the confidential inter-Departmental paper on Formosa.[7] I emphasized that this paper was just one of hundreds of similar papers constantly being issued with the design of giving government employees holding responsibility for explaining world and area developments and happenings a proper line of comment and explanation in the context of our foreign policy and national interest if and when any such developments and happenings occur. If, therefore, the contents of the paper were to be viewed fairly in terms of its purpose and

[6] On January 3, Assistant Secretary of State for Far Eastern Affairs W. Walton Butterworth had forwarded to Mr. Acheson a memorandum, not printed, listing the most significant military items shipped from the United States to Formosa during the past 13 months. The memorandum also covered the status of military equipment on the island. (794A.5/1–350)

[7] For information on this paper, dated December 23, 1949, see *Foreign Relations*, 1949, vol. IX, p. 460.

design, I stated that I could not view the directions given therein to be in any way damaging to us but rather that it was sensibly contrived to protect our world prestige should the possible eventuality of the fall of Formosa become a reality.

Senator Knowland thereupon quoted several excerpts from the paper and stated that he was amazed at the "spirit of defeatism" contained in the passages and that in his opinion it showed that the Department was taking an indefensible attitude on this issue and was endeavoring to encourage others to take and propagate the same view. I firmly disavowed this interpretation by stating that the Senator was reading the passages entirely out of context and reaffirmed my previous statement that proper management and stewardship required us to keep responsible government officials informed of proper "slants" for them to take in the interest of securing a press reaction that would explain developments to the world in a fashion that would serve a maximum advantage to our world position and prestige. I repeated that the direction given was on an "as, if and when" basis and was not intended to encourage any propaganda efforts before the fact on the part of anyone. As an example, I cited the fact that we had prepared a paper [8] of similar nature at the time of the recent Philippine elections, pointing out the nature of the position that should be taken by responsible government officials in commenting on the election of the Philippine President. The paper was prepared in such a way as to give them a proper course of action to follow in meeting any of the three possible election results that would flow from the selection of any one of the three presidential candidates. Neither Senator Knowland nor Senator Smith made any request of me to look at the paper.

At this point Senator Knowland stated that in all respect to me he must reiterate that he felt the State Department was pursuing a policy of grave danger to the American people and that he considered the issue to be one of paramount importance. He said he felt it his conscientious duty to endeavor to acquaint the American people with what he regarded to be a fatal policy I was espousing which we would live to rue and regret.

Senator Smith concluded the observation by stating he was disappointed that no opportunity was afforded for any consultation on this matter, as disclosed by the fact the President was in the act of issuing a policy on Formosa [9] without either him or Senator Knowland having been consulted before the policy was given to the public. Senator Smith stated he felt there was a real possibility that this action might affect his future attitude of support of a bipartisan foreign policy.

Courteous but restrained goodbyes were offered by those present.

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[8] Not printed.
[9] See the editorial note, *infra*.

Editorial Note

On January 5, President Truman issued a statement regarding United States policy toward Formosa; for the text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, page 11. The President reiterated American support for the Cairo Declaration of December 1, 1943, which had proposed restoration of Formosa to the Republic of China. He indicated that the United States had no desire to establish military bases on Formosa at the present time and would not provide military aid or advice to the Chinese forces on Formosa, although economic aid would continue. In addition, he said that the United States Government would not pursue a course which would lead to involvement in the civil conflict in China.

Secretary of State Acheson, on the afternoon of January 5, held a news conference at which he provided background and elaboration on the President's statement; for the text of Mr. Acheson's remarks, see Department of State *Bulletin*, January 16, 1950, page 79.

793.02/1–550 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

SECRET SHANGHAI, January 5, 1950—5 p.m.

99. Department Pass Tokyo 5, Repeated Taipei 30, Peiping 24.

National Security Council statement broadcast over VOA January 2 re aid to Nationalist Government in Formosa case [1] was great relief to Shanghai Americans who had become mystified and jittery over past week's deluge of distorted "news" from Washington (e.g. Contels 14, January 3 and 46, January 4) [2] and statements by prominent individual Americans seeming to constitute evidence of official government policy decision for all-out military aid to maintain Nationalist control of Taiwan.

Connally's December 29 statement [3] as first reported (re US recognition to depend on Chinese Communists observance International Law and accordance protection foreign nationals) was of nature to have produced excellent American and Chinese (other than extreme pro-Moscow) reaction. Such potential effects were immediately nullified however, by Connally's subsequently reported observations re possible military mission to Taiwan and preference Japanese to Com-

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[1] See footnote 3 to the memorandum of conversation by Mr. Rusk, January 2, p. 257.

[2] Neither printed.

[3] See the *New York Times*, December 30, 1949. Senator Tom Connally was Chairman of the Senate Foreign Relations Committee.

munist rule; and, with various ensuing reports, local reaction has grown worse and worse.

Local press, ignoring National Security Council's statement, still continues play up recent sensational "news re American aid KMT Taiwan", including references to 250 tanks, 16 warships and large new credits being "given to KMT". Aside from press clamor, matter is creating furor alarm disappointment in liberal and moderate Chinese circles friendly to US. Officer of Consulate General who dined last night with 3 close Chinese friends, local Democratic League leaders Han Ming, Peng Wen-ying and Chu Kao-yung, was subjected to barrage of anxious questioning by all 3, who declared that question of Taiwan and US China policy has now become the major worry of great body of Chinese who support new regime and seek friendly relations with America. Han, who has press connections, stated that all yesterday he was besieged with telephone inquiries as to significance of press stories from his Tsinghua College club friends and others who have such trust in America that they would normally discount any newspaper allegations. Peng remarked earnestly that: "If America keeps Taiwan from new regime, it will lose all China itself in terms of goodwill of Chinese people". Exaggeration, but not without some basis.

Our size-up of Chinese Communist aspect of Formosan question as seen by many observers here is about as follows:

Dramatic crescendo of publicity and preparations demonstrating new regime's irrevocable determination to "liberate" Taiwan has been a major feature of this political scene recent months. With each easy mainland conquest by PLA narrowing down remaining field toward Taiwan, Gimo's[4] last lair, build-up of confident expectations, publicized commitments, economic pressures and stage-setting operations for its "certain conquest" has increased in scale and tempo.

By late summer press was already alive with talk re need winning island. Painful punishment inflicted on new regime by blockade and airraiding staged from Taiwan and Chusan Isles, together with injured pride frustration over delays setbacks in taking them by army which could in all other respects convince nation of its invincibility, gave violent stimulus to already firm decision that Gimo's Formosan base must be liquidated. Propaganda potentialities of each rumor of American aid to that base, adroitly interwoven with "proofs" of America's will to favor and rearm Japan (an equally explosive subject for quick-rousing popular ire), were fully exploited—hereby greatly assisting Chinese Communist propaganda drive to put across "lean to Russia" policy and at the same time helping further to make,

[4] Generalissimo Chiang Kai-shek, former President of the Republic of China, who had retired on January 21, 1949.

of Chinese Communists Taiwan liberation commitment, even more of tiger from which could be no dismounting or retreat.

By end September build-up had reached point where official Chieh Fang Jih Pao on one day (29 December) carried 3 separate news items on urgency taking Taiwan (circular to troops exhorting them prepare for task, and speeding up of Taiwan liberation specialized training for "certain" PLA units, including Taiwanese Youth Corps). Conquest of Fukien and South China further increased heat of Taiwan-ward pressure and propaganda; and collapse of Nationalists final Szechuan and Yunan holds (together, possibly, with international considerations such as Russian, UN and recognition factors) have brought project to fever pitch.

Up to November signs suggested that Chinese Communists, fearing effect it might have on their recognition and UN prospects and perhaps hoping for possible early peaceful turnover, disfavored getting material Soviet help for difficult amphibious operations required for forcibly taking Taiwan and intervening Tinghai. Passing of time, however, and successive costly failures of expeditions recently launched on Tinghai have brought their loss "face", their grim determination and their anxiety over magnitude task to point where use Russian aid seems more likely. Rumors of such actual and possibly impending Soviet help (intensified by Mao's Moscow visit)[5] have grown rapidly and appears fairly certain that at least some Soviet military or naval technicians have been for several weeks assisting in Ningpo Staging Area. Recognition by British and other West European nations might make Chinese Communists less apprehensive re using Russian help. In any case it seems clear that the longer Chinese Communists are stumped by obstacles preventing their taking Taiwan by storm and/or internal subversion, the more they are likely accept Soviet military help—and, with such help, a strong spearhead of Soviet influence in Taiwan which might not otherwise readily develop (especially if expedition leadership designation continues to rest on Chen Yi,[6] whose believed antipathy to Moscow control has been reported in Contel 26, January 3).[7] It is, indeed, possible that, if substantial Russian aid has to be accepted because of firm maintenance KMT resistive power, reported Russian suspicions of Chen may force his replacement by more amenable general or at any rate his closer surveillance by pro-Soviet commissars.

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[5] Mao Tse-tung, Chairman of the Central People's Government Council of the People's Republic of China and Chairman of the Central Committee of the Communist Party of China, had gone to Moscow in December 1949 for discussions which led to the signing of the Sino-Soviet Treaty of February 14, 1950. For related documentation, see *Foreign Relations*, 1949, vol. IX, pp. 229 ff., and *post*, pp. 294 ff.

[6] General Chen Yi was Mayor of Shanghai and Commander of the Third Field Army of the People's Liberation Army, People's Republic of China.

[7] Not printed; for a summary, see telegram 6, January 5, to Peiping, *infra*.

While Department doubtless has fuller information, Consulate General's information at least sufficient to indicate clearly that effort and expenditure have gone and will go into Chinese Communists "Operation Taiwan" (including preliminary Tinghai phase) on scale which for Communists must be relatively as great as invasion North Africa was for Western Allies. Fleets are being built and assembled, oil stocked, armies trained, soldiers taught to swim, etc. Large proportions of nation's budget and army specifically allocated to project. Chen Yi has been explicitly designated leader to fulfill mission, importance of which was revealed by fact that Chen's first act on returning here from Peiping was inspection of Ningpo Staging Area. There is good reason believe that equal thought and effort have gone into Chinese Communists underground program aiming to win Taiwan through popular uprising and buying off of KMT armed forces (a task which, if adequately financed, might well prove much easier and cheaper than military expedition). Within recent weeks virtually every important Chinese Communist pronouncement has declared, with increasing stress and irrevocable commitment tone, the necessity and certainty of taking island. Liberation Taiwan has, in fact, been publicly announced as nation's paramount immediate mission on which PLA's and new regime's reputation and entire resources are staked. Completeness of commitment to undertaking well illustrated by fact that few days ago officer of Consulate General, while walking through small village near Shanghai, came upon rural wine-assisted celebration by mixed farmers soldiers which centered around display of paper battleship labelled "Liberator of Taiwan".

In short, there would seem no avenue left for Communist retreat. Either they gain Taiwan; or, goaded by bitter humiliation and by Kremlin propaganda, they must keep it ever before Chinese people as China's great Irredentist issue and perpetual cause for anti-American vehemence. Well to remember that Taiwan Irredentism is not Communist monopoly but popular Chinese national issue; and that during KMT period as now slightest rumors of designs to admit American or returning Japanese influence in Taiwan brought chauvinistic outbursts in press and student circles (which were most convenient to Soviet intriguing in Manchuria and Sinkiang). Any talk that KMT is holding Taiwan for a new Chinese regime which it will re-impose over mainland would find no popular response here, as great bulk of Chinese population, however they may dislike Communists, have not slightest expectation or desire of "old gang" being able to return and rule.

Against this background, it appears to most observers here, including ourselves, that every seeming indication (however false) of American intention to underwrite Nationalist Government's hold of Taiwan or to return island to Japan plays directly into hands of Moscow

dictated propaganda. Great majority of Chinese (including at least important minority of Chinese Communists) have strong sentiment against being tied exclusively to Russia in peace and even stronger opposition to being tied to her as ally in war against US. Potentialities of our exploiting these feelings very great. (Contels 4782, November 14, 5250, December 16, and 5308, December 19).[8] Most local observers feel that they could be best exploited by appropriately timed recognition, which would establish trade and other contacts whereby prestige of American technical excellence and some slight influence on Chinese thought might be maintained, and that in any case they can certainly not be exploited in the face of statements from Washington suggesting that US intends maintain Nationalist Government on Taiwan or give island to Japan. Such statements, in lieu of helping along tide of anti-Russian feeling, are clearly of character to slow such tide and to increase extent to which Russia would be able to dominate and use Chinese (including collaboration on Taiwan) in peace or war.[9]

With skillful handling, Peiping's alliance with USSR might be reduced to dubious asset if not actual liability for Soviets; but such objective can hardly be achieved against talk of American aid to Gimo. Difficult for Americans here to understand how strategic value of Taiwan could be so great as to outweigh long term gains to be derived from exploitation of Chinese good will toward US and rising anti-Soviet sentiment, which at very least could greatly lessen China's peace or war value to Russia, and which at best might convert China to Titoism frankly open to American advances.

Even official statements such as that of National Security Council, revealing extent of modest economic or technical aid which American Government considers continuing to give Nationalist Government are hard enough to explain to local communities which admittedly see things in narrow localized perspective. Reaction of Chinese circles

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[8] Telegram 5308, December 19, not printed; texts of the other two messages are scheduled for publication in *Foreign Relations*, 1949, volume VIII.

[9] In telegram 98, January 6, from Shanghai, not printed, the Consulate General expressed the view that the great majority of the American business and missionary communities in Shanghai were "thinking along lines that recognition [of the People's Republic of China] should and must come." (793.02/1–650)

In his telegram 6, January 1, from Moscow, not printed, Ambassador Kirk had offered the following comments regarding telegram 2350, December 24, from Peiping (text *ibid.*, vol. IX, p. 243) wherein the Consul General (Clubb) recommended recognition of the Government of the People's Republic of China:

"In summation, I consider:

(A) Our long range interests best served by recognizing *fait accompli* in China which means recognition Communist Government there;

(B) Concerted action between UK and US highly advisable;

(C) Time element of importance because postponement favors Kremlin;

(D) Formosa situation unreal and distracting attention from major objectives." (793.02/1–150)

and American community to recent stream of false reports as to American Government policy (twisted versions of official releases, statements by prominent individuals, rumors, fabrications, attributions of official status to Chennault[10] actions, etc.) can accordingly well be imagined. Unfortunately, Americans as well Chinese and Europeans are quick to seize on such "evidence".

(Illustrative of prevailing mood of jittery apprehensiveness and ease with which credence given to most unlikely tales is recent rumor that FBI investigating missionaries who chose remain in China, which was based on statement made in jest at American Association meeting by person recently returned from US who jokingly queried whether missionaries were afraid to send in petitions to State Department recommending recognition because of possibilities FBI investigation).

We, of course, do not venture contention that dangers of helping Nationalist Government in Formosa should necessarily prevail in Government's determination of American policy against opposing considerations of which Consulate General lacks background for adequate appreciation, though we feel it duty to report, as we have attempted above, our estimate of such dangers for due consideration. We do, however, voice hope that Department will keep in mind the desirability of issuance official policy statements such as that of National Security Council whenever their need is indicated by spate of sensational distorted news such as that under reference.

Request Polad pass Jessup[11] (Chase/Van Oss).[12]

McCONAUGHY

[10] Maj. Gen. Claire Lee Chennault (ret.), former commander of the Flying Tigers and director of Civil Air Transport, Inc., was a strong advocate of aid to the Republic of China.

[11] See footnote 1 to the memorandum of conversation by Ambassador Jessup, January 16, p. 278.

[12] Augustus Sabin Chase, Consul at Shanghai, and Hendrik van Oss, Vice Consul at Shanghai.

On February 9, the Department sent the following reply in telegram 218 to Shanghai:

"Dept wishes commend Chase and Van Oss for thoughtful analysis contained urtel 99 Jan 5, which has been read with considerable interest.

"Dept has also followed with gratification efforts of ConGen McConaughy to acquaint Shanghai Amer community with background and some probable consequences of recent decisions US Govt close offices China." (793.02/1–550)

793.00/1–350: Telegram

The Secretary of State to the Consulate General at Peiping

SECRET WASHINGTON, January 5, 1950—7 p. m.

6. Fol brief summary Shanghai's 26 Jan. 3 Nr 10 to Peiping.[1] While Congen Shanghai[2] doubts that Gen Chen Yi is at present "po-

[1] Not printed.

[2] Walter P. McConaughy, American Consul General at Shanghai.

tential Tito", rumors persist that Chen "more Chi than Commie", ambitious, at odds with strict party-liners Jao Shou-shih [3] and Chen Yun,[4] in disfavor with Mao who fears his popularity and susceptibility to bourgeois temptations. Congen notes biography, cultural background, popularity, self-will, ambition, war record, votes recd during early stages formation Peiping regime all indicating he may likely seek regional power and to resist covertly any pronounced pro-Sov trends his area. However his future depends on whether he able fulfill reported assignment to take Taiwan.

ACHESON

[3] Chairman of the East China Military and Political Council, Political Commissar of the East China Military District and Political Commissar of the Third Field Army.

[4] Chairman of the Committee on Finance and Economics, People's Republic of China.

125.7141/1–1050

Memorandum by the Acting Secretary of State to the President [1]

SECRET WASHINGTON, January 10, 1950.

Subject: Chinese Communist Intention to Requisition U.S. Government Property in Peiping

Problem

What steps the United States is prepared to take in reaction to the Chinese Communist notification of intention to requisition by January 13 the former military barracks area of the American Consulate General compound in Peiping.

Discussion

On January 6 the Chinese Communist military authorities at Peiping issued a proclamation announcing their intention to requisition the former military barracks areas of foreign governments by January 13.[2] On January 7 these authorities addressed a communication to the American Consul General directing him to send a messenger with authority to turn over the American military barracks area in accordance with the proclamation.[3] A similar communication was sent to the French and the Netherlands Consuls.

The Department instructed the Consul General at Peiping on January 7 to send a communication to the Chinese Communist "Foreign Minister" pointing out that this Government acquired the right to use for official purposes the land in question in accordance with the

[1] The Department of State file copy bears the notation: "Approved 1/10/50 Harry S. Truman."

[2] For the text of this proclamation, see the Department of State *Bulletin*, January 23, 1950, p. 121.

[3] The text of this communication is printed *ibid.*

Protocol signed at Peking on September 7, 1901,[4] between China and eleven foreign powers and that this right was reaffirmed in the Sino-U.S. Treaty of 1943,[5] under which this Government relinquished its extraterritorial rights in China. He was instructed further to point out that this land and the buildings thereon were being used for official purposes and that the so-called military barracks mentioned by the Chinese Communist military authorities had long since been converted into an office building and used as the office of the Consulate General.[6]

Our legal position in this case seems unassailable. Desirable as it would be to construct a common front for joint or parallel action with the other western nations directly or indirectly affected, such action is faced with obvious and perhaps insuperable difficulties. To capitulate to the demand would invite similar and progressive actions by the Chinese Communists against our people and other official property in Peiping and elsewhere in China. Since we do not have direct access to the Chinese Communist "Foreign Minister", negotiations, even if considered desirable, are impracticable. The remaining alternative is to inform the Chinese Communist authorities of our intention immediately to close all of our official establishments in Communist China if the Peiping authorities proceed in their expressed intention and move to requisition or to occupy the premises. In this connection, we should recognize that such action on our part might well be playing directly into the Russian hands.

Recommendations

Our first objective should be to attempt to enlist British support in constructing a common approach to the Chinese Communist authorities on the basis of challenging the proclamation under which the order of requisition is based. In recognition of the limitations of time and the obvious difficulties in the way of securing agreement to such common action, the British Government should at the same time be requested to instruct its officer in charge at Peiping to convey personally to the Chinese Communist "Foreign Minister" a statement making the following points on behalf of the U.S. Government:[7]

(1) The U.S. Government is prepared to close all of its official establishments and withdraw all official personnel from Communist China if the requisition order is carried out;

(2) The U.S. Government is prepared voluntarily to return to the Peiping authorities the glacis property to the west of our consular

[4] For the text, see Department of State Treaty Series No. 397, or *Foreign Relations*, 1901, Appendix, p. 312.

[5] For the text, see Department of State Treaty Series No. 984, or 57 Stat. (pt. 2) 767.

[6] For the texts of communications dated January 9 and 10 from Consul General Oliver Edmund Clubb to Foreign Minister Chou En-lai, see the Department of State *Bulletin*, January 23, 1950, pp. 121–122.

[7] For the text of the statement communicated on January 10 by the United States Government to the British Government for transmission to the Chinese Foreign Minister, see *ibid.*, p. 120.

compound, including immediate occupancy of the building thereon, and to enter into negotiations regarding indemnification for the building.

JAMES E. WEBB

793B.00/1–1050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, January 10, 1950—11 a. m.

44. Deptel 914, December 19.[1] K. P. S. Menon, Foreign Secretary, commented as follows to Donovan[2] on January 9 re GOI policy towards Tibet. India has no intention now of raising question political status of Tibet nor does it desire make issue this question. Basis of Indian policy will be as heretofore: Recognition of Chinese suzerainty provide Chinese recognize autonomy Tibet. India to give diplomatic support to Tibet to enable it to retain its autonomous status and Menon indicated that if Chinese give any indication of refusing recognize autonomy Tibet, India would raise question Tibet's political status. However, he emphasized India wished to leave matter alone and would not initiate any conversations with Chinese re Tibet unless compelled do so by Chinese actions.

India has for some years supplied Tibet with small arms and ammunition for military use for which Tibet has paid India. India will continue to supply small arms including Bren guns and ammunition and Menon indicated that such supplies would in light of recent events "be expedited". He said Tibet had asked GOI to send two officers to train Tibetan troops. GOI had declined this request but had told Tibet it could send officers to Gyangtse where Indian Army has for some years maintained small detachment troops. Tibetan officers could receive training there. GOI has received no request or indication Tibet wishes establish liaison office in India. I asked Menon what possible GOI reaction would be to such request and while his reply was not categorical he indicated GOI would not look with favor upon such request since it wished to maintain status quo diplomatically which had obtained since the joint India-British-Chinese treaty of 1914 re Tibet.[3]

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[1] Not printed. It related to United States consideration of the possibility of sending an official mission to Lhasa in the spring of 1950, a policy which Ambassador Henderson had advised against in December 1949 (893.00 Tibet/12–1549). For documentation relating to United States policy concerning Tibet in 1949, see *Foreign Relations*, 1949, vol. IX, pp. 1064 ff.

[2] Howard Donovan, Counselor of Embassy in New Delhi.

[3] The reference is to the Simla Conference of 1913–1914 between representatives of the United Kingdom, China, and Tibet, the results of which were not ratified by the Chinese Government; for references to the text of the Simla Convention of July 3, 1914, agreed to by the British and Tibetan representatives, see *American Foreign Policy: Current Documents, 1959* (Department of State publication 7492; Washington, Government Printing Office, 1963), p. 1190, footnote 4, and Harold C. Hinton, *Communist China in World Politics* (Boston, Houghton Mifflin Company, 1966), pp. 278 ff.

GOI looks with disfavor on any attempt Tibet join UN because it raises issue of Tibet's status and could not possibly succeed. While Tibet has not approached India re this matter Menon said Tibet had approached UK and had been discouraged.

Menon said UK High Commissioner had drafted note to Tibetan Government re question of Tibetan mission to England and Tibet's request for general support from Britain re its claim for recognition as independent nation. Menon said draft note evaded issues raised and used phrase "British Government was giving consideration to questions raised in consultation with GOI". Menon sent for UK High Commissioner and told him this was "neat way of passing the buck to India" and at Menon's insistence the phrase "in consultation with GOI" was deleted from note. Menon then pointed out to High Commissioner that England still has responsibilities towards Tibet and that India had no intention of assuming all British responsibilities re Tibet.

Menon professed to know nothing of proposed Tibetan mission to US other than what we had told him.

To summarize GOI wishes maintain its present position re Tibet and has no present intention raising any questions re Tibet with Chinese Communist Government. According to Menon, a point which he emphasized several times, GOI wishes avoid "any provocative action" re Tibet. Nevertheless GOI will question diplomatically any action by Chinese which infringes on Tibetan autonomy. Menon emphasized any military ventures in Tibet were ruled out.[4]

Sent Department 44, pouched Karachi. Department pass London.

HENDERSON

[4] The Department of State transmitted the following reply in telegram 25, January 11, 6 p. m., to New Delhi:

"In light info contained Embtel 44, Jan 10, is Dept correct assuming GOI wld not willingly cooperate despatch US FSO Lhasa next Spring? Dept wld appreciate receiving Emb's final recommendation re this trip.

"In this connection Dept pleased to note GOI will continue to supply arms to Tibet and endeavor maintain dipl *status quo*." (793.00/1–1050)

125.7141/1–1050 : Telegram

The Consul General at Peiping (Clubb) to the Secretary of State

SECRET PEIPING, January 10, 1950—4 p. m.

65. Two possibilities discussed penultimate paragraph Contel 56, January 9[1] assessed as follows: It is presumed Communists undesirous in ultimate analysis create international incident resulting

[1] The paragraph referred to read as follows: "Possibly but improbably, Communists may desire our removal from Peiping; or, may back down before strong stand." (125.7141/1–950)

our withdrawal *in toto* from Peiping. Seems probable they desire speed up recognition by such actions as present taking such profit as possible in process. Assume both Communists and Soviets desire hasten day when Communists shall have representation UN and be able sit in on Japanese treaty. This view truly probably not shared [garbled group] national Communist quarters, there would be more rabid elements possibly desirous see USA humbled and crippled much as possible regardless international considerations. Army elements probably included in this group. As reported previously it has been rumored Commies desirous pushing foreign missions from ex-Legation quarter. This would be in line old Chinese desire manifested on various occasions in China moving in on well-built foreign structures and causing foreigners, including missions, build elsewhere at considerable expense, with profit going to Chinese.

It is theoretically possible that if we are ousted from ex-Marine compound we can still save main, quartermaster and Sankuanmiao compounds and, basing case on circumstances ex-Marine compound was requisitioned by force and contrary to treaty provision, in due course with establishment relations stage comeback and try recover ex-Marine compound. It is however axiomatic that withdrawal from whole of premises Peiping would be followed by occupation entire property with result that recovery of compounds not excluded from action would be difficult, whereas if we stay we still possess enough land to be used mission. This possibly realized by Communists extremists and by those who desire oust Foreigners from ex-Legation quarter, and it may therefore be their design or willingness that matter lead to our complete withdrawal. How well we could carry on in truncated form would depend upon attendant circumstances.

Actual invasion consular premises is, of course, serious matter and it may be Communist leaders have failed realize office is located in ex-Marine compound and that when this information duly considered in higher echelon, policy will be adjusted accordingly. This seems only chance matter is of major importance, and procedure should, of course, be determined accordingly.

Seems doubtful here whether, when time so short and matter in such delicate balance, publicity re matter would serve any useful purpose. Believe only reliance is on notes to Chou En-lai. Making matter public issue might crystallize Communist determination due considerations prestige. Therefore personally inclined recommend against release matter to public unless until violation consulate occurs.

Colleagues appreciated Department's keeping their Embassies informed. Coordinating this end to fullest.

Factors reported here in and Consul's reftel seems to include main

elements involved.[2] Recommend we be fully prepared meet any eventualities.

CLUBB

[2] Telegram 56, January 9, from Peiping, read, in part, as follows:

". . . there is possibility we shall permanently lose radio communication in shuffle. Seems possible also further restrictions will be placed on local representatives non-recognizing governments. Believe, therefore, present situation merits consideration by Department advisability closing office and removal personnel if even part of our premises occupied, this on two grounds: (1) Reduction of our usefulness which would follow upon still hypothetical application of new disabilities and (2) fact that we should probably be in better moral and legal position both vis-à-vis Chinese population and Communist authorities if we were to protest and withdraw entirely upon such infringement of our rights, thus putting full responsibility on Chinese authorities in being able in due course to demand full restitution, than if we protested but remained after having been forcibly ejected from main part of holdings by Communist military. In event that we sit tight we may lose some moveable property but could ultimately hold Communists fully responsible. In event that we made preparations to move now, we should be lost for authorities would know they had us on run." (125.7141/1-950)

125.7146/1–1050 : Telegram

The Secretary of State to the Consulate General at Peiping

SECRET NIACT WASHINGTON, January 10, 1950—6 p. m.
US URGENT

25. Eyes only Clubb. Deptel 22 Jan 10.[1] If ur Brit colleague does not receive FonOff instrs prior expiration time limit, you shld at last resort arrange direct or indirect means bring to attn Chou En-lai or other Commie official views and intentions US Govt to ensure Commies not move against US Govt property without full realization inevitable results such action.

ACHESON

[1] Not printed. It advised Mr. Clubb that he should immediately smuggle out or secretly destroy the post's confidential files or reduce them to a minimum capable of destruction at the last moment and should also remove the code materials to a safe place. (125.7146/1–1050)

Editorial Note

On January 12, 1950, Secretary of State Acheson delivered an address before the National Press Club in Washington on United States policy in Asia; for the text, see Department of State *Bulletin*, January 23, 1950, page 111.

793B.02/1–1250 : Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, January 12, 1950—6 p. m.

32. Pres and Secy recd identical ltrs from Tibetan Fon Bureau dated Lhasa Dec 22. After observing Tibet has been "independent

country" for 30 years and calling attn recent Chi Commie radio announcement claiming Tibet part China and Chi Commie occupation Sinkiang, Sikang, and Chinghai, ltrs continue: "Therefore it is impossible for us to remain indifferent at such a critical time. Hence we are sending soon Lachag Khenchung Thupten Sanghe and Rimshi Dingja to lead a special Mission to your country for the purpose of obtaining aid from your govt.

We wld, therefore, be most grateful to your honour if you wld kindly render every possible assistance to our Mission on their arrival in Washington."

Dept believes that arrival such mission US wld present complicated questions re status and treatment and fears that publicity attendant overt move this nature might hasten Chi Commie action against Tibet. Finally, although type and nature aid not specified, Dept considers it unlikely US wld be prepared this time extend aid Tibet, particularly in view attitude GOI respecting Tibet and key position India with regard Tibet. Dept accordingly believes discussions Tibetans may wish with US Govt better conducted with Emb New Delhi than in Washington.

Unless you see objection, Dept desires that you orally acknowledge to Tibetan Rep Delhi receipt by Pres and Secy of Tibetan ltrs referred to above expressing appreciation and that you endeavor dissuade Tibetans from sending proposed mission emphasizing disadvantages Tibet resulting such move this time and pointing out greater desirability using Emb Delhi. Dept suggests you discuss matter with Brit and GOI Reps enlisting their assistance discouraging proposed mission if ur opinion this wld be helpful.

ACHESON

125.7146/1–1250 : Telegram

The Consul General at Peiping (Clubb) to the Secretary of State

SECRET NIACT PEIPING, January 12, 1950—7 p. m.

90. Eyes alone for Secretary. ReDeptel 22, January 10.[1] Note sent Chou En-lai 1815 accompanied by usual Chinese translation (all work on message by American officers only).

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[1] Not printed, but see footnote 1 to telegram 25, January 10, to Peiping, p. 275. Telegram 22 forwarded information on coordination of plans with the British Government in the proposed approach to the Foreign Ministry along the lines of the recommendations contained in the memorandum to President Truman, dated January 10, p. 270. Mr. Clubb was to make available to the British Chargé a copy of his own letter to Chou En-lai, after presentation of which to Chou or the highest available official, the Chargé would make a brief oral statement emphasizing the intention of the United States to withdraw its diplomatic personnel from China if the consular compounds were taken over. (125.7146/1–1050)

Sent by regular messenger to ensure delivery. Will report re return messenger.[2]

Prefaced note with following introduction: "Under instructions, I have tried today to obtain an interview with Your Excellency, or with other high ranking official of your Ministry, for the purpose of communicating personally and urgently an important communication from my government. I was referred to the Peking municipal Aliens Affairs Office, but the nature of the matter is such that it does not fall within the presumed jurisdiction of the Aliens Affairs Office. I therefore cannot but use this means of communicating to Your Excellency the message in question, as follows:"

Communist gate control tightening up. Personnel being advised remain in compound tonight.

CLUBB

[2] In his telegram 91, January 12, 9 p. m., from Peiping, Mr. Clubb reported acceptance of the note by the Foreign Ministry at about 7 p. m. (125.714/1–1250)

794A.00/1–1350

The Secretary of State to the Chinese Ambassador (Koo)

WASHINGTON, January 13, 1950.

MY DEAR MR. AMBASSADOR: I have received your letter of December 23, 1949 [1] presenting a Memorandum from your Government which requests extension by the United States Government of certain types of military and economic aid to the island of Taiwan. Your letter of January 3, 1950 [2] which transmitted supplementary memoranda in this connection has also been received.

With reference to the request of your Government for United States military assistance, your attention is invited to the public statement made by the President on January 5, 1950 [3] regarding the position of the United States Government with respect to Formosa, a copy of which is attached.

The Economic Cooperation Administration is carrying on a program of economic assistance to Taiwan with funds made available by Section 12 of Public Law 47 (81st Congress),[4] and it is intended that this program continue in accordance with the authorizing legislation. Careful attention has been and continues to be given within the United States Government to the question of how United States economic assistance might contribute to a vigorous and effective effort by the Chinese Government to create and maintain stable economic and

[1] Text in *Foreign Relations*, 1949, vol. IX, p. 457.
[2] Not printed.
[3] See the editorial note under that date, p. 264.
[4] Approved April 19, 1949; 63 Stat. 50.

political conditions on Taiwan. The requests for economic aid made by your Government will be taken fully into account in this continuing process of review and implementation.

Sincerely yours, DEAN ACHESON

Editorial Note

On January 14, the Department of State issued a press release announcing its intention to prepare instructions for the withdrawal of all United States official personnel from Communist China. This action resulted, following the return by Communist authorities of Mr. Clubb's letter of January 12 addressed to Chou En-lai, from the entry of police and civilian officials of the People's Republic of China into the premises of the American Consulate General in Peiping at 9:50 a. m. on January 14, local time (8:50 p. m., January 13, Washington time). For the text of the Department's press release, see Department of State *Bulletin*, January 23, 1950, page 119.

611.94A/1–1650

Memorandum of Conversation, by the Ambassador at Large (Jessup)[1]

CONFIDENTIAL TAIPEI, January 16, 1950.

After lunching with Governor and Madame Wu[2] on January 16, the Governor and I retired to an ante-room where we proceeded with our discussions. We were accompanied by Chargé d'Affaires Strong and Mr. Gibson.[3]

Wu opened the interview by stating that Taiwan can be saved and that it will not be given up to the Commies. He described the Taiwanese as being very patriotic by instinct and not at all given to Communism. During the Japanese occupation there were 101 uprisings in 51 years. The Taiwanese thus proved their opposition to alien rule and this may explain partially their aversion to Communism. All other Chinese territory has always had Commie minorities but not Taiwan. The Taiwanese are emotional and the Japs took advantage of this in their policy of divide and rule. The Japanese gave them no responsibilities.

At the time of the Chinese restoration the Taiwanese were divided into three groups: 1) those who worked with the Japanese in order to make a living but were not collaborators, 2) the patriots who went

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[1] Ambassador Jessup visited Formosa, January 15–17, in the course of a 3-month tour of the Far East, for documentation on which, see pp. 18 ff.

[2] K. C. Wu was Governor of Taiwan.

[3] Foreign Service Officer William M. Gibson accompanied Ambassador Jessup on his trip.

underground and wanted the Island restored to the mainland, and 3) the patriots who left, went to the mainland and worked from there.

The Taiwanese gave those in group three a hearty welcome upon their return but their enthusiasm later changed because of: *a*) corruption, *b*) the bad discipline of the troops and police, and *c*) the monopoly of high offices by mainlanders. Wu explained that the Central Government had to rely on group 3 because they knew nothing of those in groups 1 and 2. They could not be sure of them until they were tested.

The elections after restoration were not really free because practical considerations made it impossible. They (the Central Government) were thus forced to rely even more on Group 3. They thus took office promptly and are, in great part, still in office. Wu described the uprising of February 1947 as being as much against them as against the Chinese.

In order to correct present ills there must be three steps taken: 1) political reform, 2) economic reform, and 3) military reform.

Under (1) the Central Government must assure that more Taiwanese take positions in the Government and take a United Front with the Central Government. Next they must eradicate the privileged classes and open Government owned industries to the Taiwanese. They must permit freedom of opinion. The press is now free, persons must be made free. The secret police must be purged. Free elections must be held as soon as possible. They must be timed properly to avoid any danger of coinciding with an attempted invasion.

Ambassador Jessup asked if the press is permitted to criticize the Central Government and was told it could with two exceptions: 1) it must not be pro-Communist, and 2) it must not divulge military secrets.

Regarding economic reform Governor Wu spoke of the need for more production, free enterprise and land reform. In regard to the latter he has written General MacArthur to ask for guidance in putting into effect a land reform program based on that used in Japan. Dr. Wu spoke of the desirability of putting a social security plan into effect.

The big snag in political and economic reform Wu stated is that they will be ineffective without military reform, the military budget is a very important item; the top men in the military are incompetent. They are not bad but are simply ignorant of modern means of warfare. The young officers, American and British trained, are much more capable but are powerless. The top military chiefs do not, for instance, even know what radar is, they have never seen it.

The caste system in the army and navy was described as very bad. The lower ranks cannot speak to the top ranks; their superior military knowledge must therefore remain useless.

The Gimo is aware of all this according to Wu and would like to

do something about it but he is very proud and surrounded by people who fail to tell him the truth.

Wu's final conclusions were that:

1) Taiwan is not beyond hope, 2) as U.S. policy is definitely anti-communist the U.S. must do the following with regard to Taiwan:

a) Furnish economic aid, *b*) permit the Government to use a part of this economic aid to employ foreign military advisers. These men can break up the military clique and advise the Gimo and his officers that they must give up any thought of reinvading the continent (purely political in motivation in the first place and not really serious) and concentrate on defending Taiwan, then concentrate on the training of a small but effective force. Wu felt this policy could be followed without disturbing our policy regarding Formosa as recently stated by the President.

Dr. Jessup asked questions concerning the provincial and central government budgets. Wu explained that a limited portion of the provincial government tax receipts goes to the Central Government, that this limit is soon reached and cannot be surpassed as there simply isn't any more money. Wu claimed that he has been supported by the Gimo in his refusal to exceed the limit after being pressed to do so by the Central Government.

611.94A/1–1550

Memorandum of Conversation, by the Ambassador at Large (Jessup)

CONFIDENTIAL TAIPEI, January 16, 1950.

We called on the Generalissimo at 4:00 p. m. at his summer home at Tsoashan. Mr. Strong told the Foreign Minister [1] that our whole group would call, this having been decided upon to give the meeting an informal social character rather than a confidential interview. The Gimo's house is located quite high in the mountains but only about a 20-minute drive from the center of Taipei. There was one pillbox with one sentry in one of the many curves of the mountain road, and we saw a few soldiers about but there was no great display of military protection. We were greeted by Ambassador James Yu, Chinese Ambassador to Rome, who had been on their Delegation at the last UNGA and who had previously been one of my students. Although someone else had been supposed to interpret, he had arrived late and Yu interpreted. Consul Edward Martin told me later that on the whole the interpretation was quite accurate and that there was no evidence of any attempt to color either my statements or the Gimo's. The Gimo and Madame Chiang came in shortly and we were seated so that I could talk with the Gimo while Mrs. Jessup talked with Madame

[1] George K. C. Yeh.

Chiang. After the usual exchange of pleasantries in which I gave the Gimo the message of greeting from Sigmund Rhee,[2] the Gimo began to ask a detailed series of questions about Japan. His central interest was the question of communism in Japan and his firm conclusion was that after the Occupation forces were withdrawn there would be great danger that Japan would go communist. He wanted to know about the extent of economic recovery, about the success of the land reform, the general lot of the farmer now as compared to prewar, the state of the export trade and particularly wanted to know about the rice supply, the amount we were contributing for the importation of food stuffs and the increase in the population. It was particularly in terms of the increase of population and the shortage of food that he based his conclusion that Japan was likely to go communist. I gave him as accurate a picture as I could of the progress of SCAP in the various reforms and the conviction of SCAP that communism was well under control. I told him particularly about the lack of success of the Soviet indoctrination of the returned prisoners of war. It seemed evident that the Gimo was determined to believe that the communists would take over in Japan. He asked me also about my present trip and the various places I was going. He talked about the British recognition of the Chinese communist regime and asked me what I thought of their policy. I told him that I could not undertake to comment on British policy either to defend it or to attack it. I said, however, that it did seem to me that regardless of what one thought of their policy of recognizing the Chinese communists two factors had to be kept in mind. One of these was that the British Government is clearly opposed to communism in the whole world situation. The second is that the British in the light of their history and traditions clearly did not ignore the importance of the Far East. The Gimo said that his interpretation of British policy was that they wanted the final fight against communism to take place in Asia rather than in Europe, and that their recognition of the communists was designed to strengthen them to the point where the final clash would come in Asia itself. I tried to make sure that the interpretation of these remarks was accurate and it seemed clear that the Gimo was talking in terms of motivation of British policy and not merely in terms of a diagnosis of its results. Although the Gimo referred from time to time to the assistance which the Russians were giving to the communists, he did not talk so much in terms of the Soviet Union as in terms of communism. The Gimo had already stressed his view that communism presented a world problem and that the struggle with world communism would probably be settled in Asia, particu-

[2] Syngman Rhee was President of the Republic of Korea, which Ambassador Jessup had visited prior to his trip to Taiwan: see vol. VII, pp. 1 ff.

larly in China. He said that he could not agree with my interpretation since the British recognition of the communists would undoubtedly strengthen them throughout Asia and would thus contribute to the success of communism throughout the world. In order to make sure that there was no misunderstanding, I repeated that I was not attempting either to attack or to defend the British recognition policy and that whether the Gimo's estimate was correct it seemed to me that the other two factors were basic in British policy as a whole. There was considerable sparring since it seemed to me that the Gimo was trying to lead the conversation to a point in which he could argue that further American aid to him was the only way in which the world could be saved. He said that he hoped I would convey to President Truman his view that the situation in China was the crucial one in the world struggle against communism. At one point in response to his saying that he hoped the United States would realize the communist menace, I told him there was no question that we recognized the world problem of communism. I told him that we had to face that problem not only in Asia but also in Europe and the Middle East, in Africa and in the Americas. I pointed out that there were necessarily short-range and long-range problems which had to be solved. (Mr. Martin told me later that the idea of "long-range problems" did not get over in the translation.) As the Gimo commented on the probability of the communists sweeping over Southeast Asia if not checked in China, I asked him whether the large Chinese communities in the Southeast Asian countries had turned communist and whether anything was being done to hold their allegiance. Again there was some confusion in the translation, but the Gimo's general idea was that, if the communists were successful in China, one could not expect the overseas Chinese to stay loyal since they would of course follow the events on the mainland. He seemed to have no concept whatever of the possibility of influencing the opinions of these groups.

He insisted several times that he considered my mission to the Far East of great importance and said that I had the responsibility of determining whether China would be free or not and whether there would be peace or war. I pointed out to him in general terms the broad extent of the special consideration the United States was giving to the problems of Asia and the Far East and spoke of our conference in Bangkok.[3] The Gimo was very particularly interested in knowing when I would be back in Washington. He asked for details concerning the further stops on the trip and how I planned to return to America. I told him that I expected to be back there the first part of March. In the course of the conversation, I was watching for in-

[3] Reference is to the Conference of United States Chiefs of Mission for East Asia and the Far East which Ambassador Jessup attended in Bangkok, February 13–15, 1950; for documentation, see pp. 18 ff.

dications of the Gimo's familiar view that war between the Soviet Union and the United States would break out soon. While much of his conversation was along this line, he did not say anything very definite on the subject before I stated that, while we were combating communism throughout the world, we did not believe that the solution was to be found through war and we did not expect war with the Soviet Union. Not in direct reply to this but rather soon afterward, the Gimo in again commenting on the danger arising from the loss of China suggested that war was bound to come "in a few years."

Just before it was time to break up the interview after an hour and a half, I talked briefly with Madame Chiang. She began at once with great bitterness to speak of the British recognition. She likened it to Munich and thought it was motivated by the search for the almighty dollar. Madame spoke with bitter contempt of the view that recognition had nothing to do with approval or disapproval. I tried to point out the general thinking in the views of some governments on the recognition question, but it was of course clear that there was no use in attempting to argue with her.

The Gimo seemed to be in excellent health. There is no question of the closeness with which he holds all the lines. For example, Mr. Jen* who lunched with us at K. C. Wu's told me that he had twice talked with the Gimo before he had agreed to accept K. C. Wu's invitation to serve as Commissioner of Finance of the Provincial Government. Jen wanted assurances that his financial administration would not be blocked by politics and that the Gimo would not appoint or defend people except on the basis of merits. (I was quite impressed with Jen. He is the one who had charge of the rice rationing in Shanghai when K. C. Wu was mayor. Mr. Strong told me that he considers he is as honest and as competent as his conversation indicates. He is evidently trying to do a good job and particularly to control inflation.) A variety of other incidental comments and bits of information further indicated the Gimo's wide range of political activity and control.

PHILIP C. JESSUP

*Hsien-chun Jen. [Footnote in the source text.]

793B.02/1–2050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, January 20, 1950—10 a. m.

88. 1. Following receipt Deptel 32 January 12 I called on Foreign Secretary Menon to obtain Indian views re Tibetan desire send mission Washington. Menon said in his opinion despatch such mission would

serve no purpose. He hoped, however, we would not suggest Delhi as venue for discussions. If discussions would take place here there was danger wide publicity. Communist Government would probably charge that Delhi was becoming center of conspiracy to effect separation Tibet from China and might speed up plans for conquest Tibet. I asked him for suggestions as to where meeting between Tibetan and American representatives might take place. For US refuse to see Tibetan representatives at all, might have extremely depressing effect. He agreed it would be preferable for Tibetans not to be completely discouraged in their efforts to fortify their position against possible Chinese Communist invasion but said he could make no helpful suggestions as to place of meeting.

2. I learned from UK High Command [*Commissioner?*] that several days ago he received from London instructions to send through Indian MEA radio message from Hector McNeill [1] to Tibetan Government UK hoped Tibet would reconsider its decision send mission to UK; such mission could achieve nothing since there was no possibility admittance Tibet in UN and since UK not in position extend direct assistance Tibet. In response my question High Command said adjective "direct" used merely to soften negative tone of message. Message also indicated UK could not, even if in position to do so, aid Tibet without consultation with other interested powers.

3. He received today through Indian MEA communication from Tibetan Government replying to his preliminary message sent early this month (Embtel 1484 December 1).[2] Tibetan Government said even if no possibility admittance in UN it was sending mission UK to ask for aid against threatening Chinese Communist invasion, such mission had already left Lhasa and it was hoped it would be granted courteous reception by UK Government.

4. Regardless receipt this message UK Command was forwarding McNeill's message to Lhasa in hope Tibetan Government would stop its mission somewhere en route. If mission was not stopped new decision as to UK attitude must be reached when it arrived in India and requested UK visas.

5. Both High Command and we believe mission to US has also started on its journey and is traveling with UK mission.

6. In circumstances we suggest Department authorize us call in immediately informal representative in Delhi of Tibetan Government and ask him inform Tibetan Government US not at present in position lend effective aid to Tibet; that in opinion US Government arrival in US just now of Tibetan mission might be harmful rather than helpful to Tibet since it might strengthen hand of elements advocat-

[1] British Minister of State.
[2] Text in *Foreign Relations*, 1949, vol. IX, p. 1086.

ing immediate invasion Tibet, and that US Government therefore hoped mission would not be sent and that if it had already left Lhasa it would be instructed not to continue on to US.[3]

Sent Department 88; Department pass London.

HENDERSON

[3] The Department of State sent the following reply in telegram 88, January 27, 7 p. m., to New Delhi: "Dept approves suggestion para 6 ur 88 Jan 20 and desires you convey msg orally Tibetan Rep soonest possible." (793B.02/1–2050)

Since the Tibetan Representative had departed from New Delhi, the message had to be transmitted through the Indian Representative in Lhasa (telegram 168, February 4, from New Delhi; 793B.02/2–450). Mr. Henderson subsequently reported that the message had been delivered to the Tibetan authorities in Lhasa who stated that they had already given instructions to have their mission discontinue preparations for departure for the United States. The Tibetan authorities also expressed considerable disappointment that no aid would be forthcoming from the United States. (telegram 194 from New Delhi, February 10; 793B.02/2–1050)

793B.02/1–2050: Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, January 20, 1950—2 p. m.

89. Reference Deptel 25, January 11.[1] During my discussion with Foreign Secretary Menon January 14 re Tibetan proposal send mission US (Embtel 88, January 20), I told him we had had under consideration for some months advisability sending party to Lhasa and asked for GOI views. I said that we did not at this time wish to make any move re Tibet which might render more difficult success present GOI policy of encouraging Tibetans to preserve autonomy without at same time stimulating Chinese Communist moves against Tibet. Menon replied that he would "think it over" and inform me at later date. Last night he told me he had discussed question with Nehru.[2] Nehru said that Indian Government of course would not put any obstacles in way of despatch of an American party to Lhasa and would treat such a party with appropriate courtesy. Nehru added, however, he felt that to send American party at this time "would do more harm than good." He felt chief disadvantage to despatch such party would be that it might hasten Communist invasion of Tibet.

As Department previously informed, we also feel despatch of mission under present delicate conditions might precipitate Communist incursion Tibet and, therefore, recommend that, particularly in view discouraging attitude Indians, plans send mission Lhasa be deferred for present. One of reasons which impels us take this stand is that if mission is sent contrary to Indian recommendations and Chinese Communists do in fact invade Tibet, Indians would be quick place blame

[1] See footnote 4 to telegram 44, January 10, from New Delhi, p. 273.

[2] Jawaharlal Nehru, Indian Prime Minister and Minister of External Affairs.

on us. It is, of course, possible shifts in rather fluid situation this area may cause us later to change our recommendations this respect.[3]

Sent Department 89; Department pass London.

HENDERSON

[3] In telegram 69, January 24, to New Delhi, not printed, the Department of State concurred in the inadvisability of sending a Foreign Service Officer to Lhasa at the present time (793B.02/1–2050).

602.0093/1–2050 : Telegram

The Consul General at Peiping (Clubb) to the Secretary of State

TOP SECRET PEIPING, January 20, 1950—3 p. m.

157. ReContel 151, January 19.[1] As regards Communists requisition property foreign governments Peiping offer following further analysis motivations:

British ConGen informs me his Foreign Office telegram authorizing extension recognition on January 6 was sent Embassy Nanking *en clair* January 5. Matter had been publicly mooted for month and Communists, therefore, fully informed in advance pending recognition. Placards proclaiming requisition were printed showing preparation. Communist posting placards prior date January 6 were then fully apprised fact UK was recognizing that date. Dumb show of posting and taking down placards and omission order to British, therefore, seem to have been designed as intimation other governments they could keep property as *quid pro quo* recognition.

Opinion this office has been and remains that Communists desire American recognition for both political and economic reasons. Posting proclamation at first glance possible effort Communist military to commit other government organs such as Foreign Office irrevocably in advance. Denouement indicates, however, that more probably decision use this strategem was reached in high Communist council. If plan truly is of three months standing even Mao Tse-tung concerned.

Presumably Communists unassured in advance of success, but prob-

[1] Not printed. In this telegram, Mr. Clubb reported information from a reliable source to the effect that Chou En-lai himself was directly responsible for the plan, drafted as long as 3 months ago, to requisition the foreign consular property. The motive allegedly was to force recognition, with the Communists being interested in American recognition most of all. Mr. Clubb's letter to Chou En-lai of January 12 was said to have been completely misinterpreted; the fact that the letter was written in Chinese by a foreign hand gave rise to the belief in the Foreign Ministry that it was a bluff by Mr. Clubb designed to scare the authorities out of the takeover plan. When the Foreign Ministry discovered that the American Government meant business in the withdrawal of its personnel, heavy gloom descended and guarded criticism and discontent were voiced at the consequences of the requisition. At the same time, the local official who extended extra time to the Consulate General during the evacuation of the premises was reportedly punished, since his superiors felt that his action had deprived the local authorities of the chance to get as much loot as possible. (602.0093/1–1950)

ably had envisaged three alternative developments: (1) speeding up American recognition, (2) withdrawal Consulate to main compound with Americans humiliated and prestige reduced, while Communists could claim "victory over imperialists," (3) at worst, complete withdrawal of Consulate from Peiping. It seems improbable Communists anticipated present consequences, that is, complete withdrawal from China.

With Communists decision carry out plan, therefore, by hypothesis approved in highest echelon, and especially since committed publicly, they felt under compulsion proceed per schedule. They could still, of course, have taken exit from their predicament by occupation glacis and Johnson Hall as offered by USA. Information contained Conreftel purporting Communists believed American note was bluff, evolved by myself, must be considered suspect. Chou En-lai and others know enough of American practice to realize communication was genuine. True, our translation and writing of Chinese translation may have puzzled them (who have different ideas of security from our own) but it would be daring stretch imagination for them conclude that I was bluffing. In same way, one must look askance at report that person who granted time extension has been punished for act: although extension was first granted, then withdrawn, and granted again, our logic tells us Communists really desired we clear out all movables, thus obviating any responsibility of [*on?*] their shoulders that regards.

French ConGen was offered extension time but only after his staff had worked all night January 13 and 14 and cleared out compound before p. m. January 14. That contacts report was informed, however, is shown by his knowledge of note which unknown to most of conference itself.

In other terms, it seems unlikely that move was engineered by Soviets or pro-Russian Chinese Communists with aim getting our withdrawal from China, or that Communists realized possibilities serious backfire leading to serious ultimate loss for their economic program. Particularly, this office has already noted possibility Communists, with aim further self-justification, might demand "expulsion" from China of Consulate officials nonrecognizing states. Note, however, from Contel 151, January 19, that thus far, Communists have only indicated that it is immaterial to them whether we go or stay. Standard for judgment Communist motives immediate future can be tentatively set up as follows:

(1) If Communists shortly impose distinctly heavier restrictions on Consulate officials nonrecognizing states or demand our "expulsion" from China, there is added reason to believe pro-Soviet elements have top hand and are assiduously continuing with burning of China's boats behind it.

(2) If, however, Communists limit themselves to impression indifference to our presence or absence, their attitude can be taken as indication only acute case sour grapes; and

(3) If, finally, there begins some leak reports purporting "military got out of hand," "Mao was away in Moscow [2] and junior official made mistake" or "Communists think USA has taken matter too seriously," it can be deduced Communists are suffering real regrets. Whether report contained Conreftel is first "leak" seems unlikely, but if others of same nature appear in relatively near future from "informed sources" pattern Communist desires international field would soon be discernible.

Note Communist difficulties: note particularly Communist recognition Vietnam regime Ho Chi Minh [3] may cause French take umbrage. Netherlands Government can hardly view present situation with equanimity. British Consul General per instructions his Government on January 16 called Foreign Office, referred to Chou En-lai reply to British recognition and said British Government considered exchange note tantamount establishment diplomatic relations and asked Foreign Office confirmation this understanding. To date in nonreceipt. At Moscow, Mao probably trying resist sweeping Soviet demand. In China itself famine is growing acute. Communist problems are in short increasing in grand intensity and they will soon learn all walls are not reduced by Communist trumpets. Communist political passion is undoubtedly to play great role "liberator of Asia," and USSR can be expected play on this theme, but Mao stands in danger returning from Moscow despoiled of certain sovereign rights and at same time disappointed re desire Soviet aid for China's hungry masses and shattered economy.

Re radio report American protest being sent Communist Government (unreceived this office, presumed being sent by British channels) offer opinion USA should settle for nothing less than full restitution of or stiff compensation for requisitioned property (note here Communists themselves included Glacis property in area designated "former American barracks"). Communists have legal escape in technicality that property was requisitioned not confiscated. They, moreover, stated in both proclamation and semi-official news item January 18 matter on restitution of buildings would be undertaken. They further deny vehemently if vainly requisitioned offices American Consul. In circumstances believe situation might well be exploited by my seeking interview Foreign Office after, but only after, lodging protest for clarification matter in point. Timing could well be set after date Mao's return from Moscow, say month hence, when full shock presumed

[2] Mao Tse-tung was in Moscow in connection with negotiations on the Sino-Soviet Treaty, signed February 14, 1950; see p. 311.

[3] President of the Democratic Republic of Viet-Nam; for documentation on Indochina, see pp. 690 ff.

Moscow machiavellianism will have been felt in nationalistic Communist circles and famine become more acute still. If interview granted, our attitude could be set forth clearly as being that treaty in question was valid, that American Government regards requisition as illegal and improper by international law and comity, that requisition, however, was in any event fixed to period of "military exigency", that, therefore, it is assumed and expected that Peking regime will effect restitution to American Government its rightful property at an early date, that upon such restitution American Government will be prepared turn its attention again to question recognition. Success problematical, but submit that American Government has nothing lose by this process and that if theory previously advanced by me is valid, would be our gain and possibly China's if matter in point were satisfactorily adjusted (Contelad 374*e*), it is to be granted that, if USSR is successful, pattern in China will probably continue be such as might lead us with reason feel ourselves economically and politically well out of it, relieved of that much burden and freed for more fruitful efforts elsewhere. But China situation is still uncrystallized and there is still much popular sentiment in favor USA rather USSR, disillusionment with USSR can be expected increase. Feel we should continue exploit all possibilities in situation pending our departure.

CLUBB

793.00/1–2150 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

TOP SECRET SHANGHAI, January 21, 1950—8 p. m.

346. Chou Ming-hsun (M. H. Chou) during call made on St. Louis [1] January 19 ostensibly to discuss ECA assets disposal matters, made what seemed to be genuine feeler on behalf General Chen Yi, whose agent Chou has been purporting, with apparent basis, to be. (See ConGen tels [2] re initiation present Shanghai ECA assets disposal plan for background re Chou.) Chou's approach was briefly as follows:

Chen Yi is increasingly "fed-up" with Moscow's influence over new regime. Foresees possibility of split in CCP developing some time following Mao's return from Moscow, with China-first elements arrayed against pro-Soviet faction. Should such split occur, the China-first elements will depend militarily upon Chen Yi and, it is expected, General Liu Po-cheng,[3] who is also anti-Moscow and has closely

[1] George W. St. Louis was an official of the Economic Cooperation Administration in Shanghai.

[2] None printed.

[3] Mayor of Nanking and Commander of the Second Field Army of the People's Liberation Army, People's Republic of China.

cooperated with Chen. General Lin Piao [4] would probably be military mainstay of pro-Moscow faction. Attitude of General Yeh Chien-ying [5] still uncertain; might take either side.

Chen feels that he could, even without Liu's help, hold East China (Shantung to Fukien) against combined other Communist armies for six months before requiring outside aid.

Meanwhile Chen's political position is not too secure. During his visit Peiping he was severely taken to task on various aspects of his handling Shanghai situation—most of which centered around basic general thesis that he had been too moderate; and he was virtually held prisoner Peiping for over month. He is, however, still designated leader of Chusan–Taiwan liberation campaigns.

For some time Chen and his group have been considering approaching American quarters, and few months ago plan to have Chen or his representative seek talk with MacArthur was actually discussed. In view impending withdrawal from Communist China of American Government personnel, Chen now anxious to complete, before such withdrawal is effected, groundwork for some means maintaining contact with American Government. While Chou was not entirely clear re this point, he indicated that first step contemplated was arranging some code for communicating through commercial facilities to designated person in US.

St. Louis, while listening to these statements, repeatedly pointed out that he was not a proper person for Chou to approach on such matter, and he suggested that Chou approach the ConGen directly through Chase. Chou eventually said that he or more likely Hsieh Hsin-tung (S. T. Hsieh, described in ConGen ECA tels and more recently revealed to us as "Chen Yi's nephew and most trusted intelligence agent") might call on Chase shortly.

Next day (20th) Chou again called on St. Louis. Said he and Hsieh had meanwhile ascertained from Chen that Chen would not be averse to discussing matter with ConGen officer through intermediary, but that he wished first consult views of General Su Yu (Chen's chief military subordinate now in Nanking) [6] and was accordingly sending Hsieh to Nanking to see Su. (Incidentally, Chou took the occasion to tell St. Louis that Su "is man to keep eye on"; man of wealthy Shantung background, who, by his fearlessness, likeable personality and carefree offer of entire wealth to Communist cause, won friendship of a powerful Communist general in Shantung; spent year and

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[4] Commander of the Fourth Field Army and Chairman of the South China Political and Military Council.

[5] Mayor of Canton, Governor of Kwangtung Province, Commander and Political Commissar of the Kwangtung Military District.

[6] General Su Yu was Chairman of the Nanking Military Control Commission.

half in Communist military academy; and now enjoys great popularity as well as reputation of being one of best Communist strategists).

Reverting to line of his original approach, Chou told St. Louis that split in Communist ranks on Moscow control issue is actually developing, which may well "crystallize" when Mao returns to Peiping. Chou also made remarks indicating that Chen is interested in knowing whether there might be any disposition on part American Government (*a*) to provide assistance to Chen in event of open intra-Communist conflict; and (*b*) to withdraw recognition of Nationalists in Taiwan and to help in getting such Nationalist leaders as Chen Cheng [7] out of Taiwan picture. (Chou failed to develop this point clearly. Incidentally he revealed that Chen Yi is as bitterly determined as other Communist leaders that Generalissimo and his "four families" [8] must be completely eliminated from political stage.)

Re Mao, Chou (whose information we believe reflects at least some access to inside Communist circles) said that Mao will probably return to Peiping only when Russians "get good and ready" to let him return; and that Mao is in difficult position. Chou indicated, in harmony with reports received by ConGen from several other good sources (whose details we hope report shortly), that Moscow talks are basically centered around Mao's efforts to line up Soviet financial economic assistance as opposed to Kremlin's counter pressure to get Mao first tied up with political commitments affecting China's sovereignty and resources as prerequisite to Russian economic aid. According to Chou, Mao is seeking (*a*) financial aid equivalent to 5 billion US dollars, "in addition to" (*b*) machinery and other capital equipment, and (*c*) Taiwan invasion equipment (mainly planes), while Russians thus far have only offered 5 billion dollars value for all three categories combined. On political side, Soviet demands include: control of Port Arthur, Dairen, Tsingtao, Chefoo and Haichow; and far-reaching Chinese concessions to "minority groups" (i.e. races including so-called Manchurians who of course are actually nearly all Shantung and Hopei Chinese) "in the five provinces" including presumably Tibet, Sinkiang, Inner Mongolia and Manchuria (where such groups predominate). Comment: this last demand would seem most plausible, most clever and most significant as its acceptance would greatly facilitate complete domination of peripheral China by USSR, which, except in case of Manchurians, would probably become popular "saviour and champion" in eyes of minor races concerned.

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[7] General Chen Cheng, Chief of Staff of the Chinese Army, had resigned as Governor of Taiwan in December 1949; in March 1950, following the return to the Presidency of Chiang Kai-shek, Chen Cheng became Premier of the Republic of China.

[8] Reference is to the Chen, Chiang, Kung, and Soong families.

(Chou said that Communist split in general follows age lines, with most leaders over 40 taking China-first side and those under 40 tending more to Moscow.) (Han Ming recently confirmed accuracy of this observation.) Chou quoted Chen as stating that, when time came, he would find it relatively easy to weed out from his command, by permanent separation or temporary details to other fields, those key officers who are not loyal to him.

As on previous day, St. Louis reiterated that Consul General rather than he should be recipient of Chou's statements.

In evaluating Chou's statements, Consul General feels that three very important points are involved: (1) authenticity of Chen's approach through Chou; (2) vital importance of approach to American Government if it is genuine; (3) extremely precarious position and vulnerability of ConGen and other American Government personnel in becoming involved in any negotiations or even sustained contact with Chou whether or not approach is genuine.

Both St. Louis and ConGen have strong reason believe that Chou's approach is genuine. Admittedly Chou seems a hard-boiled operator, with a secret agent political broker background, probably cold-blooded, unscrupulous. He has, however, by his very effective assistance to SRO (stopping their labor troubles overnight, etc.) demonstrated that he must almost certainly have—at least to considerable degree—the confidence and backing of Chen Yi, which he has claimed to have. Moreover, as indicated in Contels 26, January 3[9] and 99, January 5,[10] evidence that Chan Yi is oriented toward Titoism is by no means confined to assertions by Chou (who by the way was the first unnamed source cited in Contel 26, January 3). While our information from other sources has not yet gone so far as to suggest that Chen has actually reached point of preparing for action, it has provided increasingly strong grounds for belief that Chen is anti-Moscow; that he is ambitious, vigorous, strong-willed and extremely popular; that his political position has been rendered precarious because of reprimands given him while in Peiping (and possibly because of Mao's fear of Chen's ambitions and popularity); and that he would be a logical leader for any anti-Moscow movement that might develop.

In view, however, of our dangerous current situation, ConGen feels that such "belief" that Chen's approach is probably genuine is not enough, and that some infallible proof that Chou is Chen's authorized spokesman should be required by us as a condition to any cognizance by us of Chou's approach. Chen can certainly find a way to provide such infallible evidence without undue risk; and we propose to insist upon it when opportunity is presented. In this connection, Chou asserts

[9] Not printed, but see telegram 6, January 5, 7 p. m. to Peiping, p. 269.
[10] Not printed.

that General Wedemeyer [11] and Admiral Charles Turner Joy [12] were once closely associated with him and would certainly vouch for him. Would appreciate Department's making urgent inquiries through Army and Navy to verify this. As jog to memories, Chen [13] is about 57, stocky powerful build, rather ruddy complexion.

ConGen further feels that, even when authenticity of Chen's approach is established, ConGen should for safety of staff and local Americans generally, divest itself as quickly as possible of all connection with matter and be in a position to advise Chou that further contact with American side should be transferred to Hong Kong. (Upon receiving certain proof of authenticity of Chen's approach, ConGen could then easily supply password or other means whereby Chen's representative could identify himself to Hong Kong ConGen or such other quarter as Department might designate.)

Department's advice is urgently requested.

This telegram prepared in consultation with Soule [14] and Frankel,[15] both of whom fully informed of matter. Chase.

McCONAUGHY

[11] Lt. Gen. Albert C. Wedemeyer, Commanding General of the United States Sixth Army, had been Special Representative of President Truman in China, July–September 1947; see *Foreign Relations*, 1947, vol. VII, pp. 635–784.

[12] Commander in Chief, U.S. Naval Forces, Far East; Admiral Joy had held naval commands in the China area in 1945–1946.

[13] In the source text, the name "Chen" is underlined and a marginal note reads: "Probably *Chou*[,] Chen Yi is about 51."

[14] Brig. Gen. Robert H. Soule, Military Attaché.

[15] Capt. Samuel B. Frankel, Naval Attaché.

794A.5/1–2550 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET WASHINGTON, January 25, 1950—5 p. m.

74. Urtel 121 Jan 21.[1] Question flexibility being explored with ECA. Dept believes, however, that significant progress in direction Wu and Jen objectives possible only if Gimo aware such steps indispensable survival Chi Govt Taiwan and takes determined forceful action accordingly. Successive rewards within capacity US Govt cannot be decisive factor and US Govt shld not place itself in position promising subsidize Chi Govt through additional aid which attempted equate "sacrifices" Chi shld make in own interests.

ACHESON

[1] Not printed. In this telegram, Mr. Strong expressed support for the request of ECA officials for flexibility in extending support, within the limits of available U.S. funds, for the efforts of Governor Wu and Finance Commissioner Jen toward resolving the Chinese Government's financial deficit by reducing military expenditures and the size of the military establishment. The particular sentence in telegram 121 on which telegram 74 was commenting read as follows: "Jen, although generally over-optimistic, truthfully believes he can get Generalissimo make further reductions month by month if each time he can come up with a little more from US as reward." (894A.00R/1–2150)

793.00/1–2150 : Telegram

The Secretary of State to the Consulate General at Shanghai

TOP SECRET WASHINGTON, January 25, 1950—6 p. m.

127. Dept has read urtel 346 Jan 21 with considerable interest and agrees the possible importance these reports warrants attempt authenticate them. Dept also agrees that position of ConGen and other Amer Govt personnel wld be seriously jeopardized by involvement in any negots, commitments or any but most circumspect contact with informant. Dept leaves to discretion ConGen mode obtaining further evidence of Chen's attitude which, if he has anxious interest indicated, shld be provided without undue involvement of ConGen. Dept endorses completely ConGen's view that authenticity being established, ConGen shld divest itself all connection with subj. At that time it shld be pointed out to Chou that matter is one in which ConGen cannot be involved and that locale of further contact shld be shifted to Hong Kong without delay.

In view extreme delicacy this matter it is at this stage being handled only by high officers in this Dept. and you shld mark later msgs "Eyes only for Secretary".

ACHESON

661.93/1–2550 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, January 25, 1950—8 p. m.
PRIORITY

335. Eyes only Amb Bruce. Dept has recd from several sources interim reports regarding Stalin[1]–Mao negotiations which, while viewed with reserve, may serve very useful propaganda purpose if skillfully released for publication in such a manner that appearance of material cld not be traced to this govt. Info for release is contained in fol nrd paras:

(1) Mao Tse-tung seeking (*a*) equivalent one billion pounds sterling financial aid; (*b*) machinery and other capital equipment; (*c*) equipment, primarily planes, for use in invading Formosa.

(2) Sovs demanding (*a*) full control of strategic ports Chinwangtao, Haichow, Chefoo, Weihaiwei and Tsingtao in addition to Port Arthur and Dairen; (*b*) far-reaching concessions by Chi Commies to "minority groups" in border territories of Sinkiang, Inner Mongolia, Manchuria, Northwest (Mohammedans) and Tibet; (*c*) labor force from China of 500,000 men; and (*d*) increased shipments of grain and foodstuffs from Manchuria.

(3) Moscow negots have apparently just begun in earnest fol ar-

[1] Iosif V. Stalin, Chairman of the Council of Ministers of the U.S.S.R.

rival Chou En-lai and staff consisting of experts in trade, finance heavy industry and political and military affairs.

(4) Interesting speculate why Mao did not attend publicized meeting between Stalin and Chou. Was he ill, was he trying to disassociate himself from drafting of an unequal treaty, did Stalin intentionally exclude him or is he under hospitable detention?

(5) Simultaneous presence in Moscow of Mao, Chou and Nieh Jung-chen [2] pose question what happening in Peiping. Does Chu Teh [3] have sufficient authority and leadership restrain Liu Shao-chi [4] and pro-Kremlin clique in absence more patriotic figures? This regard, interesting note that three principal Chi negotiators now in Moscow—Chou, Neih and Li Fu-ch'un (Vice Chairman of Northeast Peoples Govt and one of founders of Fr branch of Chi Commie Party)—all recd significant portion education in France.

(6) Is China being sold out in Moscow while political puppets of Kremlin in Peiping are consolidating their position, undermining new regime and betraying revolution?

(7) Results Moscow negots when publicized will undoubtedly appear on surface non-injurious to Chi interests and nationalistic aspirations. Unequal clauses of treaty or agreements, which will impose "made in Moscow" fetters on Chi people, will appear only in secret protocols.

Dept desires that above material be planted as soon as possible because we cannot be sure when negotiations in Moscow may be completed. Paris appears to be best place from which story might originate. Means taken to plant above info are obviously of utmost importance as misstep cld boomerang on us with serious results. Matter is therefore one to be handled with extreme delicacy and discretion.

Three possible techniques occur to Dept. One is to plant info through cutout with a correspondent of a Fr or Swiss paper which can be depended upon to carry full story. Dept views this course with misgiving because of security risks. Second possibility is to plant story through cutout with Sulzberger.[5] Feasibility of this depends upon whether you have adequate cutout for such purposes.[6] Third course is asking someone on ur staff, perhaps Tyler,[7] to give story directly to Bill Stoneman.[8] While Stoneman is regarded as entirely trustworthy, it seems to us that such a story might emanate with some awkwardness

[2] Director of the Peking Military Control Commission and Commander of the North China Military Area, member of the Central Committee of the Chinese Communist Party.

[3] Commander in Chief of the People's Liberation Army of the People's Republic of China.

[4] Vice Chairman of the Central People's Government Council of the People's Republic of China; Chairman of the Sino-Soviet Friendship Association.

[5] C. L. Sulzberger, correspondent for *The New York Times*.

[6] According to Mr. Sulzberger, the contents of this telegram were shown to him directly by Ambassador Bruce, after which Mr. Sulzberger published the contents; see C. L. Sulzberger, *A Long Row of Candles: Memoirs and Diaries, 1934–1954* (New York, the Macmillan Company, 1969), p. 492.

[7] William R. Tyler, Counselor of Embassy in Paris.

[8] Correspondent for the *Chicago Daily News*.

from him, inasmuch as he does not pretend to cover the globe as Sulzberger does and because he is so evidently respected and trusted by the Emb.

Dept leaves to you decision regarding which method to use. We have discussed this matter with Bohlen [9] and suggest that you restrict discussion of this matter among ur staff to Tyler, Bonbright [10] and Chipman.[11]

Whichever course you follow obviously there will have to be some plausible explanation as to source of info. "Well-informed sources out of Eastern Europe" is probably as good an identification as any.

Once story is printed, Dept will exploit it vigorously through Voice and other media directed primarily to Far East and secondarily to other areas. If this plan is successful, addtl info may be transmitted for similar treatment.

As use of Wade–Giles romanization for Chinese place and personal names might indicate other than Eastern European source, Dept suggests use of English romanization of Russian transliteration all Chi names. Fol is list Chi names used this msg followed by romanized Russian equivalent: Mao Tse-tung—Mao Tsze-dun; Chou En-lai—Chzhou En'-lay; Nieh Jung-chen—Ne Zhun-chzhen'; Chu Teh—Chzhu De; Liu Shao-ch'i—Lyu Shao-tsi; Li Fu-Ch'un—Li Fu-chen'; Peiping—Pekin; Chinwangtao—Tsin'vandao; Haichow—Khaychzhou (Dunkhay on Sov maps); Chefoo—Chzhifu; Weihaiwei—Veykhayvey; Tsingtao—Tsindao; Port Arthur—Port Artur; Dairen—Dal'nay; Sinkiang—Sin'tszyan; Mongolia—Mongoliya; Manchuria—Man'chzhuriya; Tibet—Tibet.

Pls handle urgently and keep Dept informed marking messages "no distribution".

ACHESON

[9] Charles E. Bohlen, Minister at the Embassy in Paris.
[10] James C. H. Bonbright, Counselor of Embassy in Paris.
[11] Norris B. Chipman, First Secretary of the Embassy in Paris.

793.001/1–2650 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

TOP SECRET PRIORITY SHANGHAI, January 26, 1950—6 p. m.

430. Eyes only for Secretary. ReContel 346 January 21 and Deptel 127 January 25. At request of Chou Ming-hsun transmitted through St. Louis, Chase met Chou evening 24th at St. Louis' apartment where Chou, aside from discussing ECA matters (separately reported by St. Louis), made approach statements to Chase, in presence St. Louis, summarized as follows:

New regime faces extremely serious situation. KMT for first ten years gave China very good government which maintained effectively stabilized currency and economy. KMT's fall resulted from economic collapse developing during Japanese invasion and postwar. New regime will similarly fall unless it can stave off economic ruin. Since take-over Shanghai, JMP currency has depreciated fifteen times. Nation's food situation serious; much distress in interior. New regime must get financial economic help and get it quick. No other way out. Hence Mao's urgent trip to Moscow and attempts to obtain "5 billion US dollars worth of rubles or dollars or any currency with which to buy imports and bolster economy". But *quid pro quo* for such aid must be disastrous political concessions. Appearance Moscow of Chou En-lai with NE and trade economic officials presumably means that Mao and Stalin reached agreement on main terms. If so, Mao may be "finished" when he returns, because Chinese public would never support humiliating concessions to USSR. No matter what Mao may have promised Kremlin, important determinant is people's attitude, not Mao's commitments.

Despite propaganda, friendly feeling toward America of Chinese people is deep, widespread, most Chinese realizing that America alone has consistently pursued unselfish policy toward China. This feeling cannot be changed in few months or years. Decades of Japanese occupation of parts of China and Korea with massed Japanese personnel and propaganda failed subdue it. How can Russians suppress it with "few hundred advisors" in short period?

Care taken in Communist press to show that new regime's seizure of American Government property Peiping involved "barracks alone" and not move against American Consulate General, though attacked by Americans as lie, was significant as indication of authority's awareness of strength of pro-American sentiment and need for respecting it.

Chinese public is inherently suspicious, hostile toward Russia. Even of Communist leaders and key men, only 30 percent are pro-Moscow; 30 percent are actively opposed to control by Moscow; and balance 40 percent are unprepared to accept it. "In other words, 70 percent are against subservience to Kremlin." All-out pro-Moscow group is headed by Liu Shao-chi, other leaders including Li Li-san.[1] "Mao is not 100 percent pro-Moscow", while Chou En-lai and Tung Pi-wu[2] are among those definitely opposed to Kremlin control.

Political leaders who oppose Moscow domination include Chu Te, Chen Yi, Liu Po-cheng and Nieh Jung-chen ("an important key man")—all Szechuanese. General Kuo Tze-hua, Chen Yi's subordinate in control of Tsingtao area Shantung, has also been especially dis-

[1] Minister of Labor, People's Republic of China, and member of the Central Committee of the Chinese Communist Party.
[2] Vice Premier, State Administrative Council, People's Republic of China.

turbed over economic crisis, trend of events and Soviet penetration Shantung. These and other like-minded Communist military leaders have been organizing since about three months ago a "New China Movement". It is mostly concentrated in Szechuan and the Chekiang-Kiangsu-Kiangsi-Anbwei region—that is, in Chen Yi's and Liu Po-cheng's military spheres. (Chou said that Peng Te-Huai [3] is also on anti-Soviet side, but that Peng's hands are tied by fact that all his chief subordinates are Moscow men). As reported, Chou previously described Yeh Ching-ying's attitude as uncertain, and Lin Piao as pro-Moscow. The New China Movement is basically one of Nationalism, free of Russian or other orientation: "China for Chinese, Russia for Russians, America for Americans". Movement has already opened office in Hong Kong and is opening another in Manila.

China military situation now reversed. KMT once held lines and points and Communists surrounding intervening areas. Now Communists hold lines and points, and areas are held or threatened by elements which, while not KMT are hostile to pro-Moscow policy and could give most useful support to "New China Movement's" regular military forces. (St. Louis states that in previous talk Chou indicated he had been and still is officer of guerrilla organization in Tai Hu Region, which, while not pro-Communist, has not yet been resolutely dealt with by Chen Yi because, aside from being strong anti-KMT, it provides independent force which Chen might usefully employ in future.)

Movement looks to possible action some time following Mao's return after "sell-out" to Moscow. However, such action now stymied by Taiwan factor. Generalissimo's continued possession of Taiwan, supported by US recognition of Nationalist regime, aside from being great nuisance factor, poses constant threat (sword Damocles) over new regime by leaving ever open possibility of US-backed comeback effort by Generalissimo or henchmen. Until this threat is removed once for all, Communists must hang together and anti-Moscow faction could not think of forcing Moscow control issue to showdown fight. First immediate objective of all Communists, anti as well as pro-Moscow, is to take Taiwan and end with finality all possibility of political comeback by Generalissimo or his "four families". Chen Yi's New China group would accordingly welcome, in addition to such indications as President Truman's recent statement regarding Taiwan, formal withdrawal of American recognition of Nationalist Government.

Current gathering at Shanghai of East China Military and Political Commission members, including General Kuo Tze-hua, provides con-

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[3] Commander of the First Field Army and Vice Chairman of the People's Revolutionary Military Council, People's Republic of China.

venient opportunity for number of new China Movement leaders to discuss "Mao's visit Moscow" and, Chou seemed to imply, possible action following his return.

Concluding his statement, Chou said that, in light of the considerations he had described, Chen Yi and his group are anxious to set up, before American Government personnel leaves China, some means of contact with American Government.

After listening without substantive comment, Chase said that Chou's statements seemed susceptible of two interpretations. Either they were in the nature of information and views to be regarded as coming from Chou on Chou's initiative, or they were meant to represent Chen Yi's statements conveyed through Chou as Chen's spokesman. If latter were case, Chase explained (with considerable effort to avoid offense and point out mutually beneficial reasons) that he could not regard statements as coming from Chen or report them to Consul General McConaughy as such unless he first had infallible evidence of Chou's representative capacity.

Chou replied that he realized such evidence would be requested and asked what sort evidence Chase had in mind. As starter, Chase (choosing the proposal which had my preference among several possibilities which Chase had previously discussed with me) suggested that General Chen, whose military command area includes Shantung, might arrange for the release of two American service men Smith, Bender [4] from captivity and their departure from China. Remainder of talk was devoted to discussion of (*a*) ways in which this might be accomplished and in manner to definitely prove Chen's hand and Chou's representative capacity and (*b*) possible supplemental or alternative means of providing needed proof, including perhaps, if agreeable to Chen, actual meeting between Chen and Chase.

Chou's response indicated he felt such solution of Smith–Bender case by no means impossible of arrangement. His chief concern seemed directed to (*a*) embarrassment that might be caused Chen in event of publicity indicating that release of men had been accomplished through personal intervention by Chen at Consult General behest and (*b*) possible need for assurance that American Government would pay for the two men's fourteen months' upkeep expense plus any travel expenses. Chase said it was his personal belief that American Government agencies would do what they could toward limiting publicity if men's release were pledged and effected, and it was brought in discussion that there would in any case seem to be no reason why public need discover

[4] Chief Electrician William C. Smith, United States Navy, and Master Sergeant Elmer C. Bender, United States Army, had been detained by Communist Chinese authorities since their disappearance in the Tsingtao area on October 19, 1948. For the text of a statement by Acting Secretary of State Webb, May 19, 1950, on the occasion of their release, see the Department of State *Bulletin*, May 29, 1950, p. 868.

how release was arranged. As to payment of men's expenses, Chase said this was question for reference to American Naval Authorities. Talk ended with statement by Chou that he would see Chen on points discussed.

Interesting sidelight of discussion was an interjected spontaneous query by Chou whether it would be regarded as proof of his capacity as Chen's spokesman (which he later admitted would not be proof) if he were to bring about the priority granting by the police of exit visas to any ten Americans whom Consul General might specify. In view of this and previous experiences of SRO, we repeat one thing seems certain: Namely that Chou, whether or not Chen's authorized spokesman to the extent claimed, possesses powerful backing somewhere, which might be of use to Consul General in event of serious troubles in connection Consulate General's closure and departure Americans. Believe, however, that this should not blind us to possibility that Chou's advances could mask ulterior sinister motivation on part of Chen Yi or other Communist quarters, such, for example, as desire involve Consul General in "espionage scandal" or move to uncover American Intelligence system. In latter connection, pertinent to note that, according to St. Louis, Chou has never once indicated that Chen desires set up underground contact in Shanghai or any other point in Communist China, but has always mentioned such places as Manila, Hong Kong, Japan and even continental US.

Even though Chen's approach may be authentic and nonsinister (as we continue believe probable), there still remains question how serious is his intention of combatting Moscow domination and whether he is primarily interested in that or in getting US withdrawal of recognition of Nationalist Government with view to thereby hastening Nationalist collapse and his bloodless occupation of Taiwan. Our guess is that both factors probably involved.

Suggest that, at least pending ascertainment regarding Chen's willingness undertake Smith–Bender release, VOA soft-pedal the case.[5]

Soule and Frankel have been kept fully informed. (Chase).

McConaughy

[5] A marginal note in the source text reads: "Being done."

793.001/1–2750 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

TOP SECRET Shanghai, January 27, 1950—7 p. m.

447. Eyes only for Secretary. ReContel 430 January 26. In call made morning 26 January St. Louis, Chou Ming-hsun, after some discussion ECA matters, said he had reported his talk with Chase to Chen

Yi. Said that Chen's initial reaction was of querulous tone. Quoted Chen as stating that Chase seemed trying impose conditions and stipulations which Chen could not put himself in position of accepting.

According to Chou, Chen then declared he had not wanted anything in nature of secret contact or underground arrangements; that, if contact were wanted with American Government, "People's Government" could always telegraph Secretary of State requesting opening office at Shanghai or other point. (An assertion very difficult to reconcile with Chou's previous statements to St. Louis and Chase re Chen's envisaging open split in new regime and desiring to lay his own line direct contact with American Government before American Government personnel left Shanghai.)

As to Smith–Bender case, Chou quoted Chen as stating following substance:

Chen had already made inquiries, and preliminary report received indicated that men were actually making reconnaissance flight over combat area on behalf KMT: were forced down and one of men slightly wounded, given immediate medical care, have been confined in "officer's quarters" at small village near Tsingtao and given best food available for PLA troops. Despite nature of this report, Chen's group wants maintain as good relations as possible with Americans. If ConGen or Naval Attaché wants submit request for his personal intervention, Chen willing to entertain request and it might well be possible as goodwill gesture to arrange release, which should not be difficult matter "provided men were still held some place within Chen's command area". If they have been moved to some other area, for example Mukden, problem would be more difficult as request would then have to be referred to some other commander. Chen therefore is ascertaining present whereabouts of men.

According to Chou, Chen also remarked that, although relations with America very difficult at present, there exists much goodwill toward America among Chinese people including even his own top subordinates; and that it is his desire aim help maintain such goodwill.

In reporting Chen's reaction to Chase's statement re need for evidence of authenticity of Chen's approach through Chou, Chou appeared in real unhappy frame mind which St. Louis felt probably attributable to Chen's having indicated to Chou some dissatisfaction over manner in which Chou had represented Chen's position and views. Some of Chou's remarks led St. Louis suspect that Chen may have displayed to Chou some surprise and dissatisfaction over apparent character of relations which Chou had established with St. Louis and Chase. St. Louis also thinks likely that Chou may actually have, unwittingly or wittingly, misinterpreted Chen's approach in some manner; or at least that Chen for some reason felt it expedient to charge Chou with so doing. Further possibilities that Chen (con-

ceivably worried over quality of ConGen's security) may have become suddenly nervous and decided "pull in his horns" while gauging situation further, or that he had just received some new information re Mao's Moscow mission which rendered his plan for establishing contact with American Government less urgent or less desirable.

Believing it would be inadvisable for Chase to take initiative in seeking another meeting with Chou, we propose as next step having St. Louis, at his next "ECA" talk with Chou, explain, as he has already done to some extent, that Chen seems to have misunderstood Chase's meaning; that there was no thought of imposing conditions on Chen; that idea is merely to find way of establishing identity of Chen's representative, which is normal precaution as much for Chen's protection as for our own; that there is no insistence on any particular way; that Chase would be glad to have Chen suggest any way which would provide necessary evidence; et cetera (all of which had been already stated by Chase).

Meanwhile we are expressing appreciation of Chen's readiness to consider request for Smith Bender release and taking advantage of his offer. Developments in this regard will henceforth be reported a separate matter lower classification levels.

Soule and Frankel informed. (Chase)

McConaughy

793.00/2–150 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

SECRET Shanghai, February 1, 1950—5 p. m.

514. Pass CSGID, Department of Army, from Soule. Cite SA–34. Following is consensus of Chinese Nanking, Shanghai interviewed past two months:

Two evil forces, Kremlin-dominated Chinese Communist Party and decomposed, corrupt KMT have organization and leadership sufficient be considered political entities China. A third group potentially capable uniting democratic, liberal China is mentioned but no concrete evidence its existence found.

CCP rules China. Axiom "who controls armies rules China" true today as has been for centuries. CCP controls PLA five million strong. PLA 70 to 80 percent former KMT turncoat units, being indoctrinated Communist propaganda. Estimate, with exception minor regional revolts, will remain loyal People's Government while government feeds it and Commander political-military areas remain loyal. CCP vigorous, youthful, arrogant political libertine which has imposed its will

China by force arms, selected international Cominform for companion, Stalin for leader. Majority Chinese apathetic its rule. CCP leaders fanatical international Communists. Chinese claim party wins support first because of youth and enthusiasm; second it requires subordinate quislings, [garbled group] the people with reasonable honesty; third close liaison with China's unscrupulous northern neighbor promises peace China which Chinese seek and many believe must be obtained through such relationship; fourth many Chinese believe socialism necessary for progress of nation. Chinese state new government losing support because first Chinese fear northern neighbor believes Stalin having raped China of Manchuria, Inner Mongolia, parts Sinkiang, possibly most North China may satiate desires and scorn CCP leadership; second CCP failed better economic conditions; third many CCP leaders are ignorant, unable act intelligently; fourth working man finding his condition worsened rather than improved; fifth "Kan Pu" [1] resorted to extremes in mistreatment people in country. Chinese have been ruled by force, and recent years by corrupt, dictatorial, one party government. To expect Chinese people to suddenly rise discard present rulers is "to satisfy hunger with painted cakes". Most Chinese agree to recognize deal with CCP on international scale would be run risk continued insults abuses of ignorant officials. US should recognize CCP for what it is—deal with it as evil force in world that cannot be ignored, stand ready assist China, if any popular movement rises that holds hopes annihilating it.

Contacts believe (corrupt, decadent, almost defunct) KMT which forced flee mainland for refuge has forfeited all claim to leadership of China. Atrocities it inflicted on people prior withdrawal won hate Chinese. KMT purposeless but sometimes destructive air raids and blockade against China are to Chinese like someone pounding on festered boil. Such annoyances add dislike of Chinese for former master and used as effective propaganda building hatred for US. Chinese who hate Communists and hope for change frankly state KMT must rid itself Generalissimo and his corrupt, [garbled group] ancient henchmen if it desires return China. They claim KMT had opportunity reform, assert itself, produce new able leadership worthy Chinese peoples, but failed China, disappointed US. They state KMT under leadership Generalissimo and followers is political party that holds no promise or hope to China. Chinese friends state further US support of KMT and its faulty leadership will lower prestige of US in China and Far East.

Chinese hope for split in Communist Party and combination of one or more Chinese military leaders, and liberal KMT military leader

[1] Presumably, the reference is to the Bureau of Public Security of the People's Republic of China.

like Sun Li-jen [2] produce new leadership necessary save China and establish true democratic government.

US policy properly oriented but should not close door. Increasing continued efforts required convince Chinese US, Western democracies are the genuine friends China. Acts which appear hostile to Chinese, as distinguished from Chinese Communist Party, will decrease friendship for US.

Economically Communist People's Government deteriorating. Communist leaders claim 1950 will be worst year. Millions are admitted by party leaders on verge starvation. Qualified observers handicapped by lack accurate information, believe economic conditions worse than leaders realize and doubtful government can weather storm. Without economic aid from USSR, with starvation, economic failures, with proof Russian designs on Manchuria, Inner Mongolia, Chinese anti-foreign spirit may assert itself in an anti-Russian movement. US should be prepared, ready support exploit such movement. Generalissimo, followers anticipate such movement and appear be best organized force oppose Communists but they earned hatred of Chinese. US should avoid being placed position where it forced support this unpopular leadership. Chinese state impossible new liberal leadership take root grow China while USSR backs Communists and US backs Generalissimo. Debatable if new leadership strong enough oppose Communists will blossom if given opportunity. It apparent that it will not come forth while majority Chinese believe it hopeless because it cannot expect support from outside China and must oppose both Generalissimo backed by US and Communists backed by USSR. If US withdraws recognition KMT Government as government China, result will place US in position where it can either recognize libertine Communist People's Government, or encourage new leadership which may blossom with hope defeating communism when economic crisis places severest tests on new People's Government in February or March 1950.[3]

McConaughy

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[2] Commander in Chief of Ground Forces on Taiwan.

[3] On February 4, the Consulate General at Shanghai in its telegram 571 transmitted the following message:

"Consulate General feels that Soule's summary of consensus of interviewed Nanking–Shanghai Chinese (transmitted in Contel 514, February 1) merits study as excellent appraisal of general trend thinking and convictions of average intelligent Chinese. Consulate General's impressions gained from its own Chinese contacts closely correspond to Soule's observations.

"Consulate General notes, however, that as verified to us by Soule, the sentence "CCP leaders fanatical international Communists" appearing in early part of telegram should not be construed as "all CCP leaders" but rather as those leaders who constitute faction presently dominating CCP policy. Majority of Consulate General's as well as Soule's Chinese contacts take view that there is important group of CCP leaders definitely opposed to Moscow control, which group, although thus far unable dictate major policy. has considerable potential power. (Chase)." (793.00/2–450)

793.00/2–250

Memorandum by John P. Davies of the Policy Planning Staff [1]

TOP SECRET [WASHINGTON,] February 2, 1950.

One can conclude from Shanghai's telegram No. 447 [2] that the feelers allegedly put out by General Chen Yi (Communist Commander for East China) and our response to them have come to naught, at least for the time being. The unsavory middle man, Chou, may have fabricated out of whole cloth his reports that Chen Yi was contemplating revolt in alliance with other Communist elements dissatisfied with increasing Soviet control in China. On the other hand, Chou's story to us may have had considerable foundation in fact at the time he approached us but in the meantime Chen Yi has for any of a number of reasons become much more cautious.

One learns after long dealing with China affairs that the facet of Chinese character perhaps most confusing and exasperating to the logical Western mind is a tendency toward irresponsible garrulity. In attempting to analyze the Chinese situation, the Western observer must deal with a plethora of reports and rumors, some of which are surprisingly candid and accurate, others highly embroidered and many which are plausible but airy concoctions of private political enterprise.

In these circumstances, the safest course for the Western observer is, while always keeping an open mind and not losing the faculty of wonder, to rely primarily on analysis of the larger political, economic and sociological developments and from that move to tentative conclusions regarding the reactions of individual Chinese in this broader framework.

Against such a background, we may conclude with respect to Chen Yi's alleged overtures, which now appear to have vanished into thin air, that the objective facts of the situation in China are such that by spring or summer of this year, two major forces will be influencing the thinking and behavior of the individual Chinese Communist leaders, including Chen Yi. One is that Soviet imperialism will probably become more onerous in its exactions on Communist China. The second is that Communist China will feel with increasing severity its present food shortage and general economic difficulties. The pressure of these events will tend to inspire nationalistically-inclined leaders in the CCP to break with those elements in the leadership who have sold themselves out completely to the Kremlin. Whether this will mean

[1] A copy of this memorandum was addressed to the Director of the Policy Planning Staff, Paul H. Nitze, with a note from Mr. Davies saying that it was prepared at the request of George F. Kennan, Counselor of the Department of State, for possible presentation to Mr. Acheson and Mr. Rusk.

[2] Dated January 27, p. 300.

an open split in the leadership and an attempted *coup d'état* we cannot now prophesy. All we can say is that if there is to be a revolt against the Chinese Stalinists and if there is to be any hope that such a revolt will be successful, it will have to come from an alliance of military men like Chen Yi with some of the more nationalistic political leaders in Peking. We should, of course, be ever on the alert for symptoms of such a break-away and should judiciously do all within our power to foster such a split.

JOHN DAVIES, JR.

602.0093/1–2050 : Telegram

The Secretary of State to the Consulate General at Peiping

TOP SECRET WASHINGTON, February 7, 1950—5 p. m.

108. Re urtel 157 Jan 21, section 2, last para,[1] radio report of "Amer protest" undoubtedly refers to ur communication Jan 13 to Chou En-lai and ltr same date to Nieh Jung-chen.[2] Dept of opinion nothing to be gained by further protest this time.

Dept continuing give consideration ur suggestion re approach to Commie auths prior ur departure on question restitution our property but no final decision yet reached. In meantime, therefore, you shld of course give no indication to Commies that restitution our property wld in any way affect question recognition.

ACHESON

[1] Reference is to the last paragraph of telegram 157, January 20, from Peiping, p. 286. Telegram 157 had been transmitted in two sections, the second of which was dated January 21.

[2] For the texts, see the Department of State *Bulletin*, January 23, 1950, pp. 122–123. In the letters, Mr. Clubb had stated that he had no legal authority to turn over the requisitioned property to the Chinese authorities.

793.00/2–650 : Telegram

The Secretary of State to the Embassy in China

SECRET NIACT WASHINGTON, February 8, 1950—7 p. m.
PRIORITY

121. Shanghai tel 586 Feb 6 rptd Taipei 163.[1] You instructed immed make strong written protest Chi FonOff this deliberate attack on US property, pointing out despite easy identification installation this US owned and operated property subjected deliberate attack Feb 6 caus-

[1] Not printed. It reported on an air raid carried out on February 6 by planes of the Chinese Nationalist Air Force which damaged the Standard Oil installation in Shanghai and destroyed 25 percent of the capacity of the Shanghai Power Company, both American-owned concerns. Although no American lives were known to be lost, there were heavy casualties among the Chinese population (793.00/2–650).

ing extensive damage and danger Amer lives. You shld emphasize this govt's very serious concern over increasing number CAF attacks on US Amer property and densely populated areas, adding US Govt must again point out it reserves any rights behalf concerned Amers for loss life, personal injury or damage their property resulting from CAF bombing. US Govt expects assurances no repetition CAF attacks on American property.

You shld deliver note personally FonMin and make oral statement along fol lines:

US Govt becoming increasingly concerned over CAF bombing Chi cities resulting in damage and destruction non-milit structures and injury and loss life to Chi civilian population. Amer aviation equipment was not supplied Chi Govt for use against its own defenseless people or civilian property in heavily populated areas and its employment in this manner can only result in inflaming populace against Chi Govt and in turn against US thru use Amer equipment for such purposes. Destruction caused by raids this nature gravely affects basic welfare entire Chi population in such matters as water supply, sanitation, etc. Bombing this nature cannot play any decisive part in Chi Govt milit effort and must inevitably cause adverse reaction against Chi Govt on part Chi people. These raids cannot be justified in eyes Chi or Amer people as necessary part Chi Govt effort protect its position on Formosa. US Govt wld like to be informed as matter urgency whether Chi Govt intends continue air attacks this nature.

In addition to formal FonOff approach, you shld accompanied by appropriate Attaché convey orally sense foregoing to Chen Cheng, Adm Kuei [2] and Gen Chou [3] on informational basis in order there be no misunderstanding seriousness with which US Govt views CAF raids this nature.[4]

ACHESON

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[2] Kuei Yung-Ch'ing, Commander in Chief of the Chinese Navy.

[3] Chou Chih-jou, Commander in Chief of the Chinese Air Force.

[4] In telegram 194, February 1, from Taipei, not printed, Mr. Strong had reported delivery of a note protesting against a previous air raid on Shanghai on January 25. He concluded that telegram with the observation: "In my opinion Chinese Navy and CAF both have idea US will not retaliate in any serious way almost regardless of what they do." (793.00/2–150)

793.00/2–1050 : Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET TAIPEI, February 10, 1950—11 a. m.

248. Deptel 121 February 8, repeated Shanghai 509. Note delivered Foreign Minister Yeh 4 p. m. February 9 and verbal statements made accord Deptel.

Without much enthusiasm Yeh attempted first to maintain attack not deliberate and then to justify attack, saying Shanghai Power Company supplying power for military purposes and it would guarantee power used only for civilian purposes would not be attacked again.

He added Chinese Government aware adverse effect bombing crowded areas. I told Yeh this evaded main issues and that we had been assured once every effort would be made avoid American property, also reiterated our complete report left no doubt attack deliberate. Told him if CAF got away with this it doubtless would next attack American oil installations in which case Americans definitely would be killed along with a lot more Chinese. Yeh said CAF did plan attack oil installations but first would warn staff to get out. This, I told him, would not work.

It was difficult to tell whether Yeh defending CAF for face purposes, whether he can not believe US protests serious, or whether he wishes cover fact he cannot control CAF; probably some of each. To avoid further discussion which could be of no benefit I again referred him to note and to further views expressed verbally (of which he has full notes) and told him that in my personal view serious difficulties would arise if such things continued. He nodded in rather weary and resigned manner.

In company with Col. Gabbert[1] (in absence acting air attaché) early today delivered verbal statement to Chou Chih-jo and advised him formal note handed Foreign Office.

Chou had absolutely no comment.

Chen Cheng and Kwei not in Taipei. Upon their return Osborn[2] will carry out instructions. (Signed Strong).

STRONG

[1] Lt. Col. John T. L. D. Gabbert, Assistant Naval Attaché and Assistant Naval Attaché for Air.

[2] David L. Osborn, Vice Consul at Taipei.

661.93/2–1150 : Telegram

The Secretary of State to the Embassy in France

TOP SECRET
PRIORITY

WASHINGTON, February 11, 1950—2 p. m.

584. Eyes only Amb Bruce. In numbered paras below is follow-up info on Sino-Sov negots which, if you are confident security can be maintained, may be provided same outlet as before.[1] In this instance

[1] Mr. Sulzberger stated that the contents of this telegram were shown to him by Ambassador Bruce on February 15; see Sulzberger, *A Long Row of Candles*, p. 495.

reports and rumors which we have recd and possible lines of speculation are presented separately. Ur contact may use material as he sees fit. This approach is designed to develop relationship toward more normal forms of background fill-in in which correspondent is left free to make his own analysis. Protection of real source however still of utmost importance.

1. *Reports:* Moscow negots have been dragging due largely Chi resistance. Mao said to have been highly dissatisfied with attempted exactions on China and to have been pressing hard for return Dairen, Port Arthur. Even rumored that Chou told Sov delegation he would resign rather than accede to their demands as presented. Sov demands reported earlier for control five Chi ports additional to Port Arthur, Dairen were reportedly scaled down to take effect only in event war. Mao rumored to have received msg from Chu Teh supporting Mao position that agreement must be acceptable to Chi people who are becoming agitated over sovereignty issue.

2. *Speculation:* In this oriental bazaar bargaining Kremlin is probably discovering Chi Delegation least submissive it has had to deal with in all its experience with "peoples democracies". It wld not be surprising if Stalin is finding it necessary to retreat from his original asking prices involving demands openly infringing China's sovereignty. Kremlin may well have reconciled itself to more modest, slower-moving and disguised forms of aggression.

3. *Reports:* Rumors suggest Soviet Delegation has more recently been concentrating on three types of demands: (*a*) introduction of Sov advisers into China (*b*) insistence upon so-called minority rights in Manchuria, Sinkiang, Inner Mongolia and Tibet, and (*c*) sending large numbers Chi laborers to USSR.

4. *Speculation:* Negots having descended from asking prices to hard bargaining, these three sets of demands are probably being traded against Chi demands for extensive econ assistance, milit matériel, technical milit aid and release from obligations to send grain to USSR at time China facing catastrophic famine.

5. *Reports:* Sov "advisers" have already been extensively introduced into China, particularly in field of communications. Sov advisers have technically done an excellent job toward rehabilitating railroads. In addition to communications, Kremlin is most vigorously seeking to press advisers into fol categories: secret police, party and milit.

6. *Speculation:* Kremlin's interest in advisers is not purely technical. This technique, reminiscent one of principal features Japan's 21 demands on China, is directed at bringing Chi party and Govt apparatus completely under Stalinist control. Soviet interest wld seem to be much less in giving technical advice than in obtaining listening posts and points of influence and, eventually, control. How far penetration has gone in secret police is not known. In party, it is unlikely penetration has gone into rank and file; rather it has concentrated on propaganda arm to affect younger elements of party. Commie armies are, of course, major target. Penetration there is presumably by NKVD and polit commissars in guise training officers. However, Rus-

sians have probably met most political resistance in army which of peasant origin and feels it won civil war by strength its own arms and cost its own blood.

7. *Reports:* Last spring and summer when Chi Natl Govt in full retreat south of Yangtze, Sov Govt energetically pushed negots with Nats Sinkiang for commercial and trade agreements giving Sovs extensive concessions and exclusive privileges.[2] When Sinkiang turned over to Peking, Ili group Sov controlled and holdout from Nationalist provincial regime was incorporated into Commie provincial admin. Seifutdin, Sov trained Ili leader now deputy governor Sinkiang, with Sinkiang delegation, called to Moscow to participate in negots. Peng Teh-huai, Commie northwest milit commander not fully trusted by USSR; accordingly Kremlin has through Liu Shao-chi Stalinist elements in Peking leadership arranged to have Peng surrounded by Chi whose first loyalty is to USSR not China. Burhan, present governor Sinkiang declared at about time of Seifutdin's departure for Moscow that Sinkiang is everlastingly and indivisibly a territory of the People's Republic of China and that the races and people of Sinkiang will like steel steadfastly unite with their brothers of the nation. Ili troops holding back on incorporation in Chi Commie armies despite Peking's announcement of their assimilation.

8. *Speculation:* Sov negots with Chi Nats at time when it evident Chi Commie control of Sinkiang imminent and inevitable suggests Kremlin unwilling depend entirely its domination Peking insure free hand Sinkiang. This view supported by reported Sov displeasure at incorporation Ili group, which Kremlin doubtless was grooming to take over province, in Commie provincial admin.

Sinkiang is mosaic racial groups and conflicting interests. Principal protagonists have been still are Russians, Chi and Turki racial group with latter basically hostile to first two. Russian policy under Czars and Sov alike, as relative strength Chi and Turki-Moslem groups fluctuated has been to support weaker faction thereby redressing balance and exacting as price its support concessions favoring expanding Sov penetration and control. In present situation with ambitious Commie Govt at Peking seeking restore Chi control over Sinkiang, Sovs appear be fol familiar pattern by supporting Turki autonomy.

Question control Turki and other racial groups in Sinkiang thus becomes major problem Moscow negots. In view his background, Seifutdin probably called Moscow by Kremlin support its demands on Chi for concessions to Turki group, probably including introduction Tashkent-trained personnel into civil govt and continuance autonomous Turki milit formations. Burhan declaration coming as it did at time Seifutdin mission likely inspired by pro-China elements CCP to strengthen hands Chi negotiators resisting this demand and counter effect Seifutdin mission. While argument rages in Moscow, implementation of measures incorporating Ili milit units in Commie forces stalled.

9. *Reports:* Sovs reportedly pressing for up to 1,000,000 Chi

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[2] For related documentation, see *Foreign Relations*, 1949, vol. IX, pp. 1037 ff.

laborers to work in USSR. Rumors that 300,000 such laborers already sent arrived in Siberia from Manchuria.

10. *Speculation:* Undoubtedly USSR wants large numbers manual laborers and sees in China potential source to replace slave labor formerly supplied by German and Japanese war prisoners now becoming depleted by repatriation and attrition. On this score Kremlin undoubtedly encountering vigorous Chi resistance presumably for domestic Chinese political reasons.

11. *General Comment:* It is emphasized that treaty if and when announced will probably breathe friendship and cooperation with unpalatable Chi concessions well hidden in secret protocols and agreements.

Pls impress desirability that these reports be credited to some non-U.S. source, preferably Eastern Europe. In case last story, suggestions of East European sources appeared so late in article that it frequently omitted in summaries and rewrites.

ACHESON

Editorial Note

On February 14, 1950, the Governments of the Soviet Union and the People's Republic of China signed a 30-year Treaty of Friendship, Alliance, and Mutual Assistance which was ratified by both sides and entered into force on April 11, 1950. In addition, the two states concluded two agreements and three exchanges of notes. The agreements dealt with (1) the eventual restoration to full Chinese control of the Chinese Changchun Railway, Port Arthur, and Dairen, and (2) extension by the Soviet Union of a $300-million credit over a 5-year period to the People's Republic of China. The major exchange of notes provided for the annulment of the August 14, 1945, Treaty of Friendship and Alliance between the Soviet Union and the Republic of China as well as for mutual recognition of the independence of the Mongolian People's Republic. For the texts of the above documents, see United Nations Treaty Series, volume 226, pages 3 ff. The two other exchanges of notes of the same date—February 14, 1950—dealt with the return to China of Japanese property acquired by the Soviet Union in 1945 and the transfer to China of Soviet buildings in the military compound of Peking.

For comments on the Sino-Soviet agreements by Secretary Acheson in an address in San Francisco on March 15, see the Department of State *Bulletin*, March 27, 1950, page 467. Previously, in his January 12 speech on United States policy in Asia, the Secretary had made critical observations on Soviet penetration of Northern China; see the Depart-

507-851—76——21

ment of State *Bulletin*, January 23, 1950, page 111. Background material relating to Mr. Acheson's remarks was released on January 25; see *ibid.*, February 6, 1950, page 218. On March 31, the Secretary of State issued a further press release on Soviet exploitation of oil and mineral resources in Sinkiang; see *ibid.*, April 10, 1950, page 568.

293.114/2–1650

Memorandum by the Director of the Office of Chinese Affairs (Sprouse) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

SECRET [WASHINGTON,] February 16, 1950.

Subject: Chinese Air Force Bombings of American Property at Shanghai

Reference is made to the attached telegram from Taipei (telegram No. 273 of February 15), in which there is quoted the Chinese Foreign Office's reply to our written protests of the bombings of American property at Shanghai.[1]

The Chinese reply is definitely unsatisfactory, but is adroitly worded in an effort to excuse CAF bombing on the grounds that "American property" is being used to further the Chinese Communist military efforts and, while the Chinese indicate that they will not bomb US "oil tanks", there is no assurance that they will not again bomb the Shanghai Power Company.[2]

It seems to me that this issue should be looked at in the larger context of U.S. policy and long-range objectives. If we are to follow the policy outlined by the Secretary at his Overseas Press Club speech,[3] we must look at this in the light of the damage being done to our position in China by the use of U.S. aviation equipment to bomb the Chinese civilian population. The Communists are not slow to take up this theme and we are arraigned before the bar of Chinese opinion in much stronger terms than is the Chinese Government itself. The bombings are fast producing what the Consulate General describes as a state approaching chaos with attendant danger to American residents of Shanghai. If anarchy does prevail and if there are mob actions against Americans, we can be sure that, even though they are instigated by the Communists, the Chinese people as a whole will look

[1] Neither telegram 273 nor the Chinese note is printed.

[2] The Chinese Foreign Minister gave verbal assurances that the United States power plants in Shanghai would not be bombed again in the near future (293.114/2–1550).

[3] See the editorial note under date of January 12, p. 275.

upon them as a result of our association with a discredited government, which is indulging in an operation which cannot basically affect the outcome of the struggle against the Communists. It should not be overlooked that the Chinese Government, in effect, exists and maintains its representation in the UN solely because of American support and that it would probably collapse overnight if that support were withdrawn. It seems incredible, therefore, that we permit the Chinese Government brazenly to do the damage to our position in China that it is doing. It is all the more incredible that we do not take stronger steps than we have already taken to make clear to that Government that, if it continues bombing attacks of this nature, we will stop all aid or at least all shipments of military supplies from this country.[4] We cannot afford to let the Chinese Government take us further down the primrose path than it has already led us. I say this in full awareness of the pattern of our own strategic bombing in the past and the real damage Chinese Air Force bombing is doing in Shanghai. But, if we consider that it is in our national interest to have such bombings continue, it is then up to us to encourage it and provide additional planes and bombs to the end that it becomes really effective. We cannot drift between the two courses, as we seem to be doing at present. I feel that the beneficial effect of the President's statement of January 5 [5] regarding Formosa has now been largely dissipated because of these CAF bombings and am dismayed that we seem to lack the foresight to look at this matter in the light of the larger issues.

These same considerations apply in the case of our evacuation plans. If the U.S. Navy is willing to sweep the mines from the Yangtze channel and if we can obtain Chinese Communist concurrence in such action, I feel very strongly that we should politely but firmly tell the Chinese Government that we are going to do so. The spectacle of the Chinese Government's being able to call the turn on matters of direct and, in some ways, of vital interest to the U.S. Government is not

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[4] On February 17, Mr. Windsor G. Hackler of the Bureau of Far Eastern Affairs recorded the following in a memorandum of a telephone conversation with Mr. Acheson:

"At 6:00 p. m. tonight, the Secretary rang Mr. Merchant on the inter-office telephone. When I explained that Mr. Merchant had left the city, the Secretary said that he wanted to leave a message since he might not remember to ask about the matter on Monday.

"He referred to the note which the Chinese had given to us 'telling us to go to hell with our protest on the Shanghai bombings.' The Secretary wanted to ask if this note gave us a chance to get out of Formosa and withdraw aid from the Nationalists.

"I replied that the matter was under active consideration in FE and that an answer to the question would be forthcoming very soon. The Secretary said 'Fine, fine, I just wanted to be sure that you are thinking about it.'" (793.00/2–1750)

[5] See the editorial note under date of January 5, p. 264.

logical; nor is it warranted when one considers its complete dependence upon the U.S.[6]

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[6] On February 17, Mr. Sprouse's memorandum was forwarded by Mr. Merchant to the Deputy Under Secretary of State (Rusk) under cover of a memorandum, of which the last two paragraphs read:

"It seems to me in continued pursuit of the maneuver of disengagement which has been under way for nearly two years we must expect some apparent confusion in our actions for some little time to come. It is out of the question that we should pursue one or the other policy to its logical extremity since in the first case this would lead us to derecognizing the Nationalists, writing Formosa off and at the earliest possible moment recognizing Peking; whereas the logical extremity of the other would be to reverse ourselves and give all-out military support to the Nationalists regardless of the risk of direct involvement.

"It is necessary it seems to me, however, that we should be clear in our minds in which direction we are moving in order to give a consistent emphasis in our daily actions to the policy which is fundamental. This I take it would be regaining our complete freedom of maneuver and disassociation in the Chinese mind with the Kuomintang as rapidly as events at home and abroad permit." (293.114/2–1750)

In telegram 286, February 20, from Taipei, Mr. Strong reported on a further conversation with Foreign Minister Yeh concerning the Chinese Air Force air raids. The pertinent paragraph of this telegram read as follows:

"I assured him that in my opinion Department would not regard reply as satisfactory for obvious reasons. Yeh then said he thought verbal assurance given in addition to *aide-mémoire* would have been regarded as solving issue particularly since assurance that power plant would not be bombed again in near future should of course be interpreted to mean it would not be bombed again." (293.114/2–2050)

793B.56/3–150: Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, March 1, 1950—5 p. m.

192. It is noted from various Emb reports that GOI contemplates increase flow mil assistance Tibet. Inasmuch as Commie-controlled Tibet wld represent threat Nepal and India, Dept interested fullest available info exact nature this assistance.

In ur discretion Dept wld appreciate your ascertaining informally through UKHC fol:

1. Volume assistance GOI has already given Tibet,
2. Whether rate such assistance being increased,
3. What definite steps taken by GOI re training Tibetan mil units,
4. Brit attitude re mil assistance Tibet.

Dept also interested info concerning Tibetan plans resist commie incursion and type of mil assistance Tibet required. What in ur opinion be probable GOI reaction suggestion US and/or UK collaboration with India meeting these needs? FYI Dept hopeful India can meet justifiable Tibetan defense requirements and believes it highly desirable India continue bear primary responsibility for doing so within its capabilities, but shld it be unable do so Dept wld appreciate being so

informed. In any event, conversations with GOI this time wld appear premature.

ACHESON

793.00/3–250 : Telegram

The U.S. Representative at the United Nations (Austin) to the Secretary of State

TOP SECRET
PRIORITY

NEW YORK, March 2, 1950—6:57 p. m.

203. Tsiang [1] called on Gross [2] this afternoon and brought up among other things resumption by Generalissimo of Presidency.[3] Tsiang said he was not a member of Nationalist Party or of any other party. He had been striving for "bipartisan or rather tripartisan foreign policy for China." He felt he had been successful in this and that all groups except, of course, Communist had agreed with line Tsiang had been following in New York. Tsiang thought his Foreign Office had retained confidence in him and there were no partisan differences regarding UN issues of concern to China.

Tsiang considered himself as a friend to both Generalissimo and General Li. Up to as recently as three days ago Tsiang and a group of friends had been attempting to "effect a reconciliation" between Chiang and Li. This group was disappointed by failure of these efforts, and Tsiang professed to be puzzled as to the reasons for his failure.

Tsiang said he and Dr. Hu Shih [4] were forming a new "liberal party" of which they were generally considered to be the potential leaders. Tsiang's implication was that this party would not necessarily accept either the Generalissimo or General Li as its leader.

However, with respect to the Generalissimo's recent resumption of the Presidency, he had concluded that the Generalissimo had acted correctly from both legal and political point of view. From Chinese constitutional standpoint, the Vice President succeeded to the Presidency only in event of death of the President. The Generalissimo had voluntarily relinquished the Presidency to General Li, and, according to Tsiang, could upon his own volition resume the Presidency.

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[1] Tingfu F. Tsiang, Representative of the Republic of China at the United Nations.

[2] Ernest A. Gross, United States Deputy Representative at the United Nations.

[3] Effective March 1, 1950, Chiang Kai-shek resumed the Presidency of the Republic of China from Acting President Gen. Li Tsung-jen to whom he had surrendered the office on January 21, 1949. Documentation concerning the deterioration in relations between Chiang and Li, culminating in the latter's departure from China to the United States late in 1949, is scheduled for publication in *Foreign Relations*, 1949, volume VIII.

[4] Former Chinese Ambassador to the United States and Chancellor of National Peking University, Hu Shih, at this time held no official position and resided in the United States.

From political standpoint, Tsiang feels "General Li is through". He is a man of fine character but politically inept. Tsiang cited several instances of what he considered General Li's lack of political acumen.

Tsiang intends very shortly to make known publicly his views on this matter and said he wished to pass the information to Gross for latter's personal knowledge prior to public release by Tsiang. Tsiang concluded by saying that situation was "most unfortunate and would provided further ammunition to the enemies of China."

Gross expressed appreciation to Tsiang for his frank explanation of his views and made no other comment.

AUSTIN

494A.118/3–750

The Secretary of State to the Secretary of Defense (Johnson)

SECRET [WASHINGTON,] March 7, 1950.

MY DEAR MR. SECRETARY: Chinese Government representatives in Washington have applied to the Department for export licenses for the shipment of 25 M–4 Sherman tanks and of 25 F–80 jet fighter aircraft to Formosa. It is understood that the tanks are being purchased from stocks of the Department of the Army and paid for from the $125 million grants authorized under Section 404(*b*) of the China Aid Act of 1948. The aircraft would be paid for by the Chinese Government from its own funds and would be manufactured by the Lockheed Aircraft Corporation for delivery by the end of 1950.

In this connection, the British Ambassador expressed to me on December 8, 1949 the serious concern of his Government over the continued shipment of military matériel from the United States to Formosa, particularly the shipment of medium and heavy tanks and aircraft. It was the considered opinion of the British Government that this equipment would sooner or later fall into the hands of the Chinese Communists and be available for use against Hong Kong. The British Ambassador was informed that the views of his Government would be taken into consideration with respect to shipments from the United States of this type of military matériel.[1]

It is not believed that military matériel of this nature should be furnished the Chinese Government, in view of the possibility that such equipment might fall into the hands of the Chinese Communists through defection or capture and thus be available for use by the Chinese Communists against Hong Kong or in the general area of China. The Department is, therefore, not issuing export licenses for the shipment of this matériel to Formosa and it would be appreciated

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[1] For related documentation, see *Foreign Relations*, 1949, vol. IX, pp. 589 ff.

if the Department of Defense would take steps to prevent the transfer of such items to the Chinese Government from its stocks.

This action is without prejudice to the continued shipment of military matériel of other types and to the issuance of export licenses covering such shipments, which will be dealt with in the reply which I expect to make in the near future to the questions raised in your letter of February 14, 1950.[2]

Sincerely yours, DEAN ACHESON

[2] Not printed, but see Mr. Acheson's letter to Mr. Johnson, April 14, p. 325.

793B.00/3–850 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, March 8, 1950—7 p. m.

301. In accordance Deptel 192 March 1 asking Embassy approach British for specific information regarding GOI military aid to Tibet, following obtained from Roberts, Acting UK High Commissioner yesterday. He requests information be protected with special care as it was given UK by GOI for its use.

1. Tibetan Government has asked and GOI agreed supply:
   38 2-inch mortars.
   63 3-inch mortars.
   150 Bren guns.
   14,000 2-inch mortar bombs.
   14,000 3-inch mortar bombs.
   1,000,000 rounds .303 ammunition.

Ammunition is quantity estimated to be required for one brigade group in action for six months. One complication, however, is that animal transport is only practical means of delivery and foregoing quantity is equivalent to 7,000 mule loads. As insufficient mules available, some or all of 3-inch mortars and ammunition therefore, may not leave India.

2. Foregoing is material increase over small amount provided in past. However, GOI prefers regard this and any future reasonable requests from Tibet as merely continuation routine practice of meeting Tibetan requirements small arms and not as something in nature of military program directed at Chinese Communists.

3. British have no definite information as to what steps GOI have taken reference training Tibetan military units. They have suggested GOI send demolition experts to Tibet but GOI reactions negative as such action might have appeared as part of a plan to oppose Chinese Communists. Roberts professed not to know of plan mentioned to Embassy by British officer in Indian Army to replace present personnel Indian contingent Gyangste with personnel ostensibly regular soldiers but actually qualified instructors.

4. British have constantly encouraged GOI extend military assistance and present assistance being given at their suggestion. They have

told GOI that if latter has difficulty sparing equipment in short supply they would take sympathetic attitude towards requests for help. However, GOI has so far not asked British assistance.

British doubt Tibet has any real military plan for resisting organized Communist incursion as Tibetan Army Commanders know virtually nothing of tactics modern warfare. British regard dispatch of military assistance more in nature measure raise Tibetan morale and assist in combatting infiltration and subversion which they regard as greatest present danger than as measure which could conceivably halt full-scale invasion. They point out, however, that if 7,000 mule loads cannot be delivered Tibet from India in one season it would also be difficult for Chinese mount sizeable invasion.

Embassy doubts Tibet in position make use of members [?] military assistance of other types than outlined above until Tibetans have some more advanced military training. Simple demolition equipment and supplies would probably be practicable and useful if GOI permitted transit through India and training in use thereof could be arranged.

GOI reaction to suggestion US collaborate with India in meeting Tibetan needs likely be somewhat unfavorable because (1) GOI itself providing what Tibetans want and can use (2) political undesirability from GOI viewpoint in collaborating with US in apparent joint program directed against Chinese Communists and (3) US has been unable meet GOI's own requests for US military assistance such as tank spare parts.

Sent Department 301, Department pass London.

HENDERSON

793.00/3–1650 : Telegram

The Consul General at Shanghai (McConaughy) to the Secretary of State

SECRET SHANGHAI, March 16, 1950—1 p. m.

1110. As we prepare leave Shanghai, ConGen, without attempting comprehensive survey situation submits following by way of our final impression of certain outstanding features meriting attention as highly significant factors conclusively proven by great weight of evidence. As time precludes detailing such evidence, development of points listed is limited to citation few illustrations:

1. Critical near catastrophic economic situation bringing misery to people at accelerating rate. Attested to from all sides, all areas heard—east China provinces (especially Shantung), Peiping, Tientsin, even Szechuan (whence trained agricultural observer, long contact of ConGen reports "food scarce, land unsaleable, taxes oppressive, business stagnant, labor unemployed, widespread misery dissatisfaction"). ConGen's economic reports have stressed this to extent precluding need further developing theme. Sufficient to observe that Shanghai, which all sources agree is "paradise" compared other ports and areas,

faces serious almost desperate situation as result bombing, blockade but even more Communists bleeding of business through impossible tax and bond demands, with resulting ruin economic enterprise, unemployment, etc. Bureau of Commerce and Industry now has over 6,000 applications for closure firms. To cite banks alone, of 180 private banks left, 27 have applied to close and China Bank manager states he expects not more than 30 will be open year from now. Severity of tax and bond demands impressively confirmed to officers of ConGen by numerous personal contacts who aghast at amounts assessed them. That these affect even poorer classes shown by first hand report that pedicab drivers must pay 380,000 JMP (over 10 US dollars) per pedicab per month in taxes and assessments. Reported frequency suicides and attempted "get-aways" to escape pressure substantiated by several known instances. Bond collecting methods creating near state terror, with collectors callous to please and taking line that all must contribute in order raise funds for conquest Taiwan and thus save properties from bombing. Situation countryside reported far worse with forced autumn food levies intolerable severity.

2. Swelling tide of popular discontent hostility toward new regime, which has spread here and apparently throughout country with startling rapidity during past two months and seems destined grow *pari passu* with economic crisis. Confirmed by mass evidence, with testimony generally agreeing that Shanghai discontent, though great, less developed than most other areas. To illustrate:

(*a*) Many close Chinese contacts of ConGen who less than year ago approved new regime, now disillusioned, disgusted, only hoping for third world war, revolution or other way out. Many sources report similar change attitude affecting great numbers, including many professors other intellectuals. Students (at least older ones) reported increasingly fed up with parading as "childish horseplay."

(*b*) Manifold reports, whose general accuracy substantiated by occasional well vouched evidence and even press admissions reveal increasing frequency throughout interior of suicides, mass arrests and various forms violence such as burning tax offices (to destroy records), rioting, firing upon farmers demonstrating against taxes food levies, and rampant guerrilla banditry. Increasing reports had in many localities actual Communist control confined to city limits with countryside at mercy of bandits guerrillas of uncertain political affiliation. Tax collectors frequently require armed escort.

(*c*) Two reliably reported instances violence at Shanghai Communist-organized bond drive meeting, one involving beating up of Communist orator.

(*d*) Well vouched information that at recent meeting East China regime heads (held following failure their efforts to persuade Peking extend Shanghai bond drive time limit), Chen Yi bluntly declared that new regime's popular support, 20 percent at "liberation", later 60 percent, now sunk to almost nil.

(*e*) Persistent pressure by its Communist leaders to persuade a local labor union to record its "gratitude" to Mao and Stalin for treaty was sullenly rejected by workers on grounds "why

thank anyone with price of rice where it is?" Various other signs incident reveal hostility or apathy toward Moscow alliance.

(*f*) Two Chinese sources state that brutal abuses by cadre workers at Wukiang, recently revealed in press only, came to light as result of bold protest by Liu Ya-tzu [1] made on basis information sent him by relative in Wukiang. General belief that hundreds similar cases, having no Liu to champion, never published or righted, though official press tends to hint at situation.

(*g*) Even among Shanghai labor, Communists firmest support, large section is turning against new regime according many sources.

Despite such signs and constant unconfirmable reports of guerrilla peasant uprisings, more responsible sources agree that nothing approaching real rebellion yet existent and all agree however that, if rebellion once broke, it would rapidly gain wide support. Evidence that Chen Yi and/or other Communist military leaders are in mood for actual putsch remains inconclusive. Two points significant, however: (*a*) all sources agree that, if and when any Communist leaders defect, Chen likely to be first; (*b*) variously reported that Shantung troops, which comprise bulk of Chen's forces and large fraction of Liu Po-cheng's are becoming restive over disturbing news re desperate Shantung conditions sent them by families. Also persistently reported that Chen's relations with Liu Shao-chi very strained.

Considerable proportion of those hostile to new regime feel that even return KMT would be relief, if our Chinese contacts can be taken as representative. Noteworthy, however, that large majority state that Generalissimo and four families never should or could return.

3. Almost universal popular expectation, at least in Shanghai area, of third world war in near future, this fact constantly impressed upon us by contacts all types and classes.

4. At least in Shanghai area—a pronounced revival of popular friendly sentiment toward Western democracies, notably America, which strangely appears grow despite air raids, in measure with Communists increasingly bitter anti-American propaganda. This noted by many observers and demonstrated by manifold small but cumulatively significant signs and incidents personally noted by members and contacts of ConGen. Evidence indicated America more popular now than at height American prestige in postwar era. While difficult to analyse, probable reasons appear (*a*) traditional force of friendship toward America, (*b*) Communists overplay of propaganda to point where it produces skepticism and revulsion re Moscow orientation, (*c*) economic misery which public now contrasts with better days of American era, (*d*) general expectation of third world war and American victory therein, (*e*) preverse liking for underdog, (*f*) "absence makes heart grow fonder." While not a few thoughtful pro-American Chinese wish America would continue use influence to prevent KMT bombing urban centers utilities as senseless contribution to economic chaos benefitting nobody and aggravating public misery, almost none seek hold America

[1] Writer and poet, member of the Central Committee of the Chinese Communist Party.

responsible for bombing, and surprising proportion actually welcomes raids. (Realize this represents some departure from past tone of ConGen reports, but we feel fully justified in face of clearly proven trend.) Average man on street seems to reason: third war inevitable, will certainly be won by America; will bring us suffering but quicker end our misery; bombing hastens day; "sooner over the better".

5. New developing phase of basic Communist policy which, apparently reflecting combination of panic over predicament and determination of top Communists to expedite attainment immediate objectives (especially capture Taiwan) as well long range socialization goals come what may, seems chiefly characterized by bulldog tenacity, truculence, indifference human suffering, and ruthless bleeding of private enterprise and property regardless—or perhaps for purpose—their early extinction. Especially evident is their desperate extortion money from every available quarter—including departing American businessmen. Interesting note that virtually all our sources, including bitterest foes of Communists, agree that, in pursuance of their objectives, rank and file Communists definitely possess certain outstanding qualities. Such include: much greater vigor and thoroughness than KMT; general personal incorruptibility (as regards funds and "squeeze") hitherto unknown in China; extraordinary capacity for hard work; eagerness to learn; Spartan austerity; fervent belief in propaganda fed them re America, etc.; unswerving devotion to party objectives. All sources agree that Communists intensely suspicious of non-Communists whether foreign or Chinese and that this greatly aggravates their problem of finding competent administrative and technical personnel. Most sources further agree that, while top Communists tend to have vision, and ability, such qualities decreasingly evident as pass down to lower ranks. There is also general consensus among those who have observed European situation that, tough as they are, Chinese Communists are to this point milder breed than European version. (Chase, Van Oss [2]).

McCONAUGHY

[2] Hendrik van Oss, Vice Consul at Shanghai.

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123 Clubb, Oliver Edmund: Telegram

The Secretary of State to the Consulate General at Peiping

SECRET
PRIORITY

WASHINGTON, March 22, 1950—7 p. m.

253. Ur 390 Feb 23.[1] Dept believes that some benefit might be derived from an informal discussion with high Commie auths of outstanding

[1] Not printed. It reported Mr. Clubb's view that any United States *démarche* toward the Communist authorities with the idea of improving Sino-American relations might well be delayed for another fortnight, until shortly before the Peiping Consulate General was scheduled to close. In the interim, the return from Moscow of Mao and Chou might occasion a feeler from the Chinese side. Concerning restitution for the requisitioned consular properties, Mr. Clubb was not hopeful, but thought another United States approach might be useful for the record. (122.93/2-2350)

points of friction between US and Commie regime and suggests that prior ur departure you endeavor arrange informal interview with Chou En-lai or highest other Commie official accessible.

Although Dept realizes that procedure for arrangements for meeting and to considerable degree scope or nature of discussion must be left to ur discretion, fol views of Dept may be helpful to you:

It important that you avoid any inference such discussion constitutes move toward recognition or is preliminary to such move and in view recent evidences Communist hostility including seizure ECA assets Shanghai, refusal to permit Shanghai evacuation, closure Shanghai radio, and imminent closure ur radio, that proposed discussion not be construed by Communists as resulting from pressure by them or as indication US weakness. Dept believes that you might initiate discussion by calling attention ur long interest in China and ur imminent departure pursuant to instructions from ur govt adding that you desire prior ur departure discuss on a completely personal and informal basis some of points of friction in order obtain Commie views and make known US views as you understand them. Dept believes you might then proceed to discuss such matters as Commie refusal to permit departure Amers from China including Amer officials, business men particularly in Shanghai, and Smith and Bender, emphasizing inability US public understand these measures and importance which such measures have in determining attitude of US public and hence of US Govt toward Commie regime; seizure of Peiping consular properties; attitude Commie auths toward US business and industrial organizations; attitude toward US officials as reflected in Ward case [2] and other incidents; and similar matters with which you familiar. In discussing these or other points you shld endeavor not only make known US views with which you believed familiar but also ascertain Commie views and if opportunity presents itself general Commie attitude toward western democracies, particularly US. In outlining US views you may find it helpful to draw on Pres's Jan 5 statement, Secy's Jan 12 speech to Natl Press Club and Secy's recent speech to Commonwealth Club in San Francisco,[3] all of which transmitted to you in Radio Bulletin.[4]

ACHESON

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[2] Documentation on the detention of Consul General Angus Ward and the staff of the Consulate General at Mukden by the Communist authorities is scheduled for publication in *Foreign Relations*, 1949, volume VIII.

[3] See the editorial note under date of February 14, p. 311.

[4] For Mr. Clubb's responses to this telegram, see the annexes to the memoranda from Mr. Rusk to Secretary Acheson, dated April 14 and 17, pp. 327, 329.

794A.00/4–850 : Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, April 8, 1950—4 p. m.

566. Latest developments on Taiwan Democratic Association. Called on Yang Chao-chia, provincial commander civilian affairs.[1] Yang stated he associated self with association at this time because did not think it served purpose of Taiwanese in fact might even be dangerous for them; had no popular support; records of most of would-be leaders could not bear inspection. Outside Taipei matter being weighed by potential members who hesitate very much because of this. If leadership good and if platform really appropriate, association would get support.

Yang most anxious work for benefit of Taiwanese but not certain that he would be allowed remain in office or that Chiu Nien-tai, who now adviser to Chinese Government will be able influence government take generous attitude toward Taiwanese. Said wished let me know that leaders of association movement were spreading over island that US Government and I, in particular, backing association and would provide "aid". Chinese Government very suspicious of organization. Yang emphasized bitterness still felt toward mainlanders, fear and oppression which still dominates. Said he regularly has callers who ask him for help in finding members of family or relatives who have disappeared without trace and without legal proceedings. Yang seems honest and fearless and less naive than I once thought.

Yesterday afternoon James Chen called again, said Governor Wu had reversed verbal permission; April 5 sent Peace Preservation Headquarters order jointly signed with Peng Meng-chi[2] that organization meeting to be held evening April 6 not to be assembled and force would be used to break it up if order violated. Response my questions Chen stated some of leaders again approached Wu April 6 and argued Wu should permit organization exist as sign of democracy but Wu, unable refute this argument, merely said he would have to refer matter to Generalissimo. He told Chen I could not and would not advocate to Chinese Government any specific organization. Chen then said Lin Ting-li to approach Chen Cheng on matter. I said if association to exist, its leaders must stand on own feet and not seek shelter of US Government, and thanked him for letting me know latest status.

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[1] Yang Chao-chia was Civil Affairs Commissioner in the Taiwan Provincial Government.

[2] Deputy Commander, Taiwan Peace Preservation Headquarters.

Last evening had Governor and Mrs. Wu for one of our periodical private dinners. Right after dinner Wu asked, "how is your Taiwan Democratic Association coming." I told him it was not "mine" and then reviewed latest status as told to me by unnamed individuals. Wu said these not true facts, that his written order to Tsai Pei-huo and Yumi Chien was merely that leaders of association were not publicly to announce formation of association until organization details settled and definite principles decided on. Said he had not forbidden organization meeting April 6. Then he explained he did not favor association because there were several factions within group which would soon come into conflict and this would be bad. Said also leaders were letting it be known US Embassy and US Government strongly backing association and when it was formed US Government would supply money and arms; if these were not forthcoming there would be widespread resentment against US.

Told Wu he would, of course, know such claims silly; furthermore, when US failed supply such association, if it existed, I was sure there would be no real repercussions against US or against me personally. Then said wanted him understand before next remarks that I was not pressing Chinese Government behalf any particular group or organization; US Government in accord with tradition was interested in free self-expression of all peoples and in achievement their legitimate aspirations; Taiwanese had certain local interests apart from mainland; they now had no political parties or other groups for expressing views or representing own interests; KMT had been dictatorship for long time and might not understand legitimate desires and needs this direction. Taiwanese were not in position overthrow Chinese Government by any means and both sides knew it; feeling of Taiwanese against mainlanders strong and deep-seated; if Chinese Government continued refuse permit them have own political organizations, full and united resentment against mainlanders would continue and grow; on other hand if Chinese Government permitted political association, much of energy and combative spirit would be dissipated in internal squabbles which would draw some of attention from "evils" of Chinese Government; in the end three or four organizations might be created which would more or less represent political divisions among Taiwanese; these would have legitimate role in provincial politics, would not be united against mainlanders, and would make good impression outside; Chinese Government should give up Soviet theory that it knows better what is good for Taiwanese than do they themselves; this is perfect opportunity for Taiwanese learn democratic procedures refused them by Japanese; Chinese Government only stood to gain.

Wu responded that if I wanted association to come into existence he would at once tell Generalissimo he favored it and it would be accepted. I again told Wu that he should not mistake foregoing as advocacy of any group or association, that I was fully aware of the limitations of the leaders of Taiwan democratic association and even of mendacity of some of them, but principle I was arguing was something Chinese Government should not take lightly because if ignored it was very possible consequences at future date would be serious.

After further discussion (Mrs. Wu taking my side) including forthcoming local elections which Wu thought should satisfy Taiwanese, Wu finally said he could see it my way and that he would advise Generalissimo permit association be formed. I told him to be sure he took this viewpoint on principle and not because he thought US Government wanted this particular association to exist. Wu said he understood, but I am not convinced even he realizes the paramount necessity for Chinese Government cease alienate self from people and permit people have organizations not completely controlled by KMT.

During conversation, Wu asserted he getting full information on activities of association leaders because of deep rifts among them. Said Tsai Pei-huo completely an opportunist; Lin Ting-li merely a gangster but an influential one; Mayor Wusan Lien [3] a "clean" man who doing his best administer Taipei.

During next few days I shall try quietly to obtain order put out by Wu and Peng. If terms in accord with what Wu told me, means bulk of leaders lacked intestinal fortitude to continue project without full US protection, whereas if they would cooperate and stand together until association founded they could not fail.

Sent Department 566, repeated Hong Kong 159.

STRONG

[3] Mayor of Taipei.

793.56/2–1450

The Secretary of State to the Secretary of Defense (Johnson)

SECRET WASHINGTON, April 14, 1950.

MY DEAR MR. SECRETARY: Reference is made to your letter of February 14 and to my acknowledgment of February 21.[1] Your letter asks whether the Department of State considers that the United States policy in administering PL 512, 79th Congress,[2] PL 472, 80th Con-

[1] Neither printed.
[2] Approved July 16, 1946; 60 Stat. 537.

gress [3] and Executive Order 9843 [4] in respect to cash sales to the Chinese National Government is superseded by the President's press statement of January 5.

As stated in my acknowledgment of February 21 the Department of State immediately following the issuance of the President's statement of January 5 regarding Formosa, instituted a review of the activities of this Government concerned with military assistance to the Chinese Government. This review has necessarily been delayed due to concurrent and pertinent developments.

On January 12 at the Press Club I made the following comment relative to the President's January 5 statement: "The materials which are now being shipped to Formosa are being paid for by the National Government of China, and those payments have been made either out of their own funds or out of the remaining part of the $125 million which was appropriated by the Congress. These goods are being shipped at the present time. They are being shipped under export licenses and there is no intention or desire to interfere with their shipment." [5]

I believe that the President in stating that "the United States Government will not provide military aid or advice to Chinese forces on Formosa" intended to preclude the further supply of military matériel from United States stores beyond those in the process of procurement and delivery from funds under the $125 million grants already transferred by the Chinese Government to the Department of Defense. It is my opinion that the statement "the resources on Formosa are adequate to enable them to obtain items which they might consider necessary for the defense of the island" was intended to allow for Chinese Government purchases of military matériel in the American commercial market with its own funds.

If you can concur in this interpretation, it would appear proper that the Department of Defense, when orders currently in the process of procurement and delivery from funds under the $125 million grants already allocated to the Department of Defense have been completed, discontinue procurement for the Chinese Government or the transfer of military matériel from U.S. Government stocks to the Chinese Government. The President's statement would also appear to require that no assistance or advice be given to the Chinese Government in their purchase of any other military matériel.

Sincerely yours, DEAN ACHESON

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[3] Approved April 3, 1948; 63 Stat. 137.

[4] Issued April 25, 1947; 12 *Federal Register* 2763.

[5] This statement was made by Mr. Acheson in response to a question following his January 12 speech at the National Press Club.

123 Clubb, Oliver Edmund

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk)[1] *to the Secretary of State*

SECRET [WASHINGTON,] April 14, 1950.

Attached is a copy of a telegram (Tab A) sent by Consul General Clubb in Peiping through British facilities handed to the Department today by an officer of the British Embassy.

This telegram discusses the efforts of Mr. Clubb to get in touch with Chinese Communist officials at Peiping prior to his departure as had been authorized by the Department in its telegram no. 253 of March 22, 1950 (Tab B).[2] It is believed that you will wish to read the telegram in full.[3]

[Annex]

Please pass the following to the State Department from the U.S.A. Consul General, Peking.

Begins:

April 9th 12 noon.[4]

Secret

In the discussion of 1st April regarding the possibility my contacting high Communist leaders for an informal discussion of outstanding Sino-American problems Chang Tung-Sun [5] doubted strongly that the Communists would see me, thought that such contacts would be fruitless in any event and said that he himself nowadays never sought out Communists and was without contacts with them except when they looked him up. Exploratory contacts earlier with Wang Shun-Chih [undeciphered groups] uneasiness on the part of democratic personalities with whom he purports to be in contact as regards any discussion on their own part of the problems of international relations.

Initial approaches seeming infeasible and in any event probably ineffectual I requested the British Embassy to take up the matter incidentally with the Foreign Office in the course of some visit, emphasizing the informal character of that approach noting that the proposal was that such a meeting be arranged if the Communists were willing for the simple purpose of discussing certain aspects of Sino-American relations with the idea of obtaining some clarification of the subject and this was done on 6th April. The Foreign Office contact said that the matter would be referred higher up for consideration. It is of course doubtful whether the Communists side will consent to

[1] Mr. Rusk assumed this position on March 28, 1950.

[2] *Ante*, p. 321.

[3] The file copy of this memorandum was initialed by Mr. Acheson.

[4] A manuscript notation on the source text indicated that this message was received by the British Embassy in Washington from London on April 12.

[5] Professor of Philosophy at the Yenching University in Peking.

any such interview. I believe however that any refusal on their part would now be more from fear of committing themselves on questions of high policy than from basic hostility. Both the above informants admitted the gravity of China's present economic situation and Wang stressed the following factors dominating political scene:

The Chinese concern with face, the slow tempo of administration in a system where personnel are both ignorant and afraid to take responsibility, the desire to get rid of foreign influence and even foreigners despite the conflict of this desire with China's economic aspiration. Wang thinks China will shift to a more amenable position but that no right angle turn is probable and the shift would take at least 6 months to one year. Chang opined that Mao and his party as members of the Communist Church fear excommunication and are unable to take a neutral position respecting Soviet Union, that relaxation of Sino-American relations can come only from either amelioration of American-Soviet relations or American victory in war, for economic competence will not be permitted to overweigh the political for Communists. Mao, he said, could not be expected to make any pronounced shift in less than two years. (Mao and company quite possibly are guided in their tactics by expectation of a new world war).

If the above estimates are even nearly accurate, the Chinese Communist regime cannot be expected to adopt a substantially more conciliatory attitude for some time to come. That the harshness of both facts of country's economic position and experience of political intimacy with Soviet Union will particularly affect the overall situation in China no doubt seems logically to be anticipated. Clubb.

Foreign Office please pass Washington as my telegram No.[6]

[6] No number was supplied in the source text.

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123 Clubb, Oliver Edmund

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

SECRET [WASHINGTON,] April 17, 1950.

Subject: Message from Consul General Clubb at Peiping

Reference is made to my memorandum of April 14, 1950 attaching a message from Consul General Clubb at Peiping regarding his efforts to approach the Chinese Communist authorities there.

Attached is a further telegram on this subject, sent by Mr. Clubb through British facilities, handed to the Department by an officer of the British Embassy today. It is believed that you will also wish to read this telegram in full.[1]

[1] The file copy of this memorandum was initialed by Mr. Acheson.

[Annex]

From U.S. Consul General, Peking
Begins.
April 11th, 4 p. m.
Secret

With reference to this Office's telegram of April 9th, 12 Noon, I was yesterday called to the Alien Affairs Office and with reference to my request for an interview at the Foreign Office was asked topic of proposed discussion. I informed them in brief, offered to supply a more definite agenda if desired and the bureau asked that one be sent that afternoon. Before this could be done I was told to call at the Foreign Office. There I was again asked my business which I introduced along lines suggested in Department's March 23rd 7 p. m.[2] whereupon Foreign Office official one Lin believed to be head of Australian American Affairs Section asked me to define particular problems in point. I gave a sketch of political field again along general line indicated and asked whether Lin desired to undertake discussion or that I define economic and social questions as well. I was told to continue, again touched upon highlights giving a few examples of outstanding questions at issue where clarification would seem beneficial. At the end Lin said time was short, characterised what I said as "worthless talk" said Smith Bender which I had used as an example represented no failure on China's part in respect to international obligations (which I had not charged) but a failure of the United States to respect China's sovereignty, brought up Ward's case (which I had left unmentioned) and asked me to explain without waiting for an answer and then said that for so long as United States continued to support Chiang Kai Shek talk of working an improvement in general situation was ridiculous.

The Foreign Office of course knew from the British side the general direction of my aim but could hardly be sure that there was not some concrete proposal in the offing when they got agenda in general terms through Alien Affairs Office they presumably had enough on which to base at least one of their several alternative replies. My definition of terms was called for in the beginning and matter thus made clear. The Chinese Communist policy as explained previously by Wang Shun-Chih and seemingly confirmed by the present instance is patently that if general problem of "support to Chiang Kai Shek" is cleared up by recognition of Peking regime there might be approach to solution of particular problems otherwise not. My own approach was based upon concept that solution of particular problems might be antecedent to an amelioration of the general situation. In the circumstances there was no point of meeting. I did not at either (Grp.Undec.) indicate that my approach had approval of the Department.[3] Clubb.

Ends.

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[2] Reference is to Department telegram 253, March 22, 7 p. m. to Peiping, p. 321.

[3] Mr. Clubb sent the following message in an unnumbered telegram from Peiping, April 12, 9 a. m.:

"I have turned over custody of building and movable government property here to the British. Codes, seals, confidential material destroyed. The Consulate closed as of close of business 10 April." (125.714/4–1250)

794A.00/4–1750

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State [1]

SECRET [WASHINGTON,] April 17, 1950.

Subject: CIA Reappraisal of Formosa

Reference is made to Mr. Butterworth's [2] memorandum of March 27 (Tab A)[3] bringing to your attention the CIA intelligence estimate (ORE 7–50 published March 20, 1950)[3] of probable developments in Taiwan. This estimate covered information received prior to February 20 and concluded, with the intelligence agencies of the Department of State concurring and those of the Department of Defense dissenting, that the Chinese Communists "are estimated to possess the capability of carrying out their frequently expressed intention of seizing Taiwan during 1950, and will probably do so during the period June–December."

There is attached hereto a memorandum from CIA dated April 10 (Tab B)[3] informally reviewing the intelligence estimate referred to above in the light of information received since February 20, 1950. This informal reappraisal generally reaffirms the earlier estimate (*a*) that no Nationalist regime will effect political and military adjustments sufficient to defend the island successfully against a combination of internal and external threats, and (*b*) that the Chinese Communists are capable of seizing Taiwan before the end of 1950, and will probably do so. However, it points out that more recent information indicating "an improved situation for the Nationalists somewhat weakens the assurance with which the timing of future events can be forecast." In the latter connection, the memorandum concludes: "The fall of Taiwan, before the end of 1950, still seems the most likely course of future developments, but the possibility of a somewhat longer survival of the Nationalist regime on that island should not be excluded."

[1] A note on the source text by Lucius D. Battle, Special Assistant to Mr. Acheson, indicated that the Secretary had seen this memorandum.

[2] W. Walton Butterworth had been Assistant Secretary of State for Far Eastern Affairs before Mr. Rusk.

[3] Not printed.

793B.00/4–1950: Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, April 19, 1950—6 p. m.

380. Tsepon Shakabpa [1] has written Amer whose former US Govt connections well known to Tibetans, in letter seen by Dept Rep, that

[1] Leader of the Tibetan Trade Mission which visited the United States in 1948; for related documentation, see *Foreign Relations*, 1948, vol. VII, pp. 755 ff.

although decision not yet made he may be sent Hong Kong thence Peiping to negotiate re Tibet with Chi Commies.

Almost simultaneously Dept informed by member law firm which represented Tibetan trade mission US that he has recd word from his clients that Tibetans about to go Moscow see what they can do there, having more or less given up hope getting effective support from West.

Dept wld appreciate ur comments re significance this info and ur suggestions steps which we shld take if you believe action our part desirable.

These msgs seem explicable either as effort speed up action Tibetan requests for assistance or as bona fide intention by Tibetans negotiate with Commies, or both. Dept wld not wish Tibetans misinterpret our failure accede their requests as disinterest or lack sympathy their predicament or difficulties. As you aware a primary consideration has been our belief active or overt interest non-Communist countries Tibet at this time wld tend hasten or provoke Chi Communist action against area whereas, in absence such action, cost full-scale Commie mil expedition against Tibet in face geographic and logistic difficulties might lead indefinite delay Commie mil action, particularly, if Tibetan mil capacity resist quietly strengthened. Owing to its geographic location and close relationship Tibet, India in best position carry out measures this nature; hence Dept following with interest reports GOI making some effort supply mil matériel Tibetans. Dept hopes you will feel free whenever suitable opportunities arise convey Tibetans on personal informal basis as much foregoing as you consider desirable.

For ur info Dept contemplates discussing Tibetan situation with Brit during forthcoming Fon Mins mtg [2] along lines outlined above pointing out that geographic and traditional relationships make Tibet primarily area of Brit and Indian responsibility in which Brit shld assume responsibility aiding encouraging covert Indian assistance Tibet and ascertaining extent which India providing and will provide assistance.

ACHESON

[2] See the editorial note under date of May 11, p. 339.

793B.00/4–2450 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, April 24, 1950—10 a. m.

565. Deptel 380, April 19.

1. Tibetans were undoubtedly chagrined when US among others unable meet their requests for aid and joined in discouraging visits Tibetan missions to Washington, London, Delhi, et cetera. It should

be recalled, however, from very outset of Communist threat to Tibet Government at Lhasa had also desired get in touch with Chinese Communists in effort reach understanding (Embdesp 1002, November 22, 1949 [1] and Embtel 18, January 5, 1950).[2]

2. Tsepon Shakabpa was instructed contact Chinese Communists at some point outside China (Embdesp 683, Mar. 27)[2] but British unwilling permit him proceed Singapore or Hong Kong for this purpose. We doubt very much he would proceed Moscow in view his unwillingness (see reference despatch) risk going to China where he would be hostage of Communists.

3. Although sometime ago Indians preferred Shakabpa not come to Delhi lest it appear to Chinese Communists they were intriguing with Tibetans, we are now informed by officials of MEA they would have no objection if Shakabpa and his mission should come here from Calcutta primarily for purpose of talking with new Chinese Ambassador who is expected within next two weeks.

4. We understand Indian supply of arms to Tibet (Embtel 301, March 8) approximates sum total of Tibetan requests and represents as well maximum that could be transported to Lhasa this season and absorbed by untrained Tibetan Army. We believe it was largely result of British encouragement (final paragraph Deptel 380) that GOI decided supply these arms.

5. The concensus in Delhi among officials of those governments particularly interested Tibet is that Communists prefer seek infiltrate and subvert Tibet rather than attempt more expensive military conquest. If they attempt conquest opinions vary widely on Tibetan will to resist. In last several days both Bijaya, Nepalese Foreign Minister, and Jarring, Swedish Minister who has had extensive experience in central Asia, have spoken to us slightingly of Tibetans as fighters and have stressed pacifistic influence of Buddhism. Most observers believe, however, they would resist to best of their ability.

6. We think it likely Tibetan effort ascertain what they may expect from Moscow and Peiping will in end be made through Chinese and Russian representatives Delhi.

7. If and when Tsepon Shakabpa comes here we intend further impress upon him that our failure accede Tibetan request should not be misconstrued as disinterest or lack of sympathy. Should it become clear he will not come here we shall endeavor get discreetly in touch with him Calcutta or elsewhere for purpose having full discussion on situation facing Tibet and US attitude in relation thereto. There is no Tibetan representative Delhi at present.

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[1] Not printed, but see telegram 1437, November 21, 1949, from New Delhi in *Foreign Relations*, 1949, vol. IX, p. 1080.

[2] Not printed.

8. Officials MEA tell us informally that in their opinion Tsepon Shakabpa will never venture go to Moscow anymore than he will dare put his foot on territory controlled by Chinese Communists. They say believe he is hoping to persuade Chinese Communists that if they will accord Tibet autonomy and not interfere in Tibet's internal affairs Tibet will not associate itself with powers opposed to international Communism. These officials say that they now believe Chinese Communists will not endeavor to invade Tibet this year; that Chinese Communists have so many other difficult problems to solve they will not wish to take on a task this kind just now. When we suggested that strengthening Tibet's ability to defend might be good way of continuing discourage invasion by Chinese Communists they agreed but took position that such strengthening should be extremely discreet and moderate in scope. Otherwise Chinese Communists might feel their prestige involved and decide that they could not afford permit any area China, including Tibet engage in activities of character defiant to Peiping. We shall have further discussions both with British and Indians and shall telegraph substance to Department.

Sent Department 565, repeated Calcutta 30, Department pass London.

HENDERSON

661.93/4–1850

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

SECRET [WASHINGTON,] April 26, 1950.

Subject: Renewed Proposals by Service Attachés in Hongkong and Taipei for Further Military Aid to Chinese Nationalists

It is believed that you will be interested in a summary of two recent telegrams[1] received from our Service Attachés in Hongkong and Taipei urging immediate assistance to the Chinese Nationalist Government in an effort to hold Taiwan and divert the Chinese Communist military strength from Southeast Asia.

In their telegrams of April 14th and 22nd respectively our Assistant Naval Attaché in Hongkong (with the Air and Military Attachés concurring) (Tab A) and the Assistant Military Attaché in Taipei (with the Assistant Naval Attaché and Acting Air Attaché concurring) (Tab B) state that in view of widespread Soviet aid to the Chinese Communists the chances for a successful defense of Taiwan by the Nationalist Government are very slight. They argue that the Nationalists are now absorbing the major attention and efforts of the Communists' military forces, which if Taiwan falls may be expected to exert

[1] Neither printed.

full pressure on Southeast Asia. Declaring that U.S. efforts to hold the Indochina–Thailand–Burma line will be very expensive and difficult, they ask that we take immediate steps to maintain the remaining Nationalist military forces in order to gain time for strengthening the defences of Southeast Asia.

The Attachés at Hongkong claim that the Nationalist military forces on Hainan and Chushan Islands "have repeatedly shown the will to fight" and that the Chinese Navy and Air Force "are doing their most effective work since the end of World War II with morale and reliability the highest in years". However, they point out that present stocks of ship and aircraft ammunition and maintenance parts will be exhausted within a few months at the present rate of military activity.

The Assistant Naval Attaché's telegram calls for immediate aid to the Taiwan regime in the form of small shipments of ammunition and plane parts, while the Assistant Military Attaché at Taipei proposes that the U.S. at once announce an unrestricted loan of $10 million a month to the Chinese Nationalist Government, "to be paid as long as Taiwan is held or until such time as a different method of aiding China should be deemed advisable". Both men assert that such steps would give a tremendous boost to the morale of anti-Communist forces. However, the Assistant Military Attaché frankly describes the proposed move as "a pure gamble" which might well turn out to be another "operation rathole".

The message from the Assistant Naval Attaché in Hongkong stated that our Consul General there concurred in his recommendations.

In a telegram of April 22 (Tab C)[2] our Chargé in Taipei said that he did not agree with the recommendations made by the Attachés at that place and had so informed them, giving reasons.[3]

Comments:

The foregoing information is being given you for background, as the President's statement of January 5 regarding Formosa does not

[2] Not printed.

[3] In a letter dated April 20, 1950, to the Director of the Office of Chinese Affairs (Sprouse), the Chargé in China (Strong) made the following observations:

"I am concerned that the representatives of the other agencies of the U.S. Government are lining up solidly behind this regime, are emphasizing the minor improvements and overlooking the major failures, and are not considering the mainland and its potentialities. . . .

"To my present state of mind we might provide greater aid if (or, putting it in the negative, should not provide greater aid unless): (1) the Commies fail to take the Chusans, (2) the economy of Formosa is not expected to be wrecked by bombings, (3) it can gain us considerable vital time in Southeast Asia, and (4) doing so will not conflict basically with our objectives on the mainland as viewed in the light of the present situation. I might add a fifth proviso: if we are about to enter a shooting war. Even this raises questions which I have not taken time to think about. Perhaps a shooting war does not automatically mean immediate large scale aid to the Nationalists.

"I do not believe the foregoing considerations can be met favorably, but I realize my view from here is seriously limited." (794A.5/4–2050)

contemplate the supplying of military aid to the National Government in Taiwan beyond the scope of present programs. The verified appearance of many military type planes (in addition to reports that some of them are jet types) on the Chinese mainland has raised the definite possibility of increased and highly effective Russian military assistance to the Chinese Communists, and may prompt further strong recommendations, official and otherwise, for countervailing aid to the National Government.

794A.00/4–2750 : Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, April 27, 1950—noon

657. James Chen called today after long absence, stated Taiwan Democratic Association dead issue as result of entry of several different secret police cliques into question whether should exist or not; naturally if one thinks it should, others will report unfavorably to gain face for themselves. Chen says other members of group advocating Association have now abandoned idea.

Fact K. C. Wu failed renew subject at private dinner April 24 would indicate matter well above his head (Mytel 566, repeated Hong Kong 159, April 8). (Wu claims all persons arrested in Taiwan must be turned over to Provincial Government, but Sun Li-jen states secret police not so obligated, though Chinese military forces must do so. Thus K. C. unable influence secret police groups not with him. May expect their activities increase as situation deteriorates. Sun declares they are very numerous because few remain on mainland, most reached Taiwan, and all have to justify their existence under emergency conditions.)

After plea for armed intervention by US, Chen asked me get him out of Taiwan, which he said was now universally considered as doomed. Expressed regret I could not help him.

Sent Department 657, repeated Hong Kong 199.

STRONG

794A.00/4–2750 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, April 27, 1950—1 p. m.

658. For Department's use only. No distribution. As anticipated, psychological reaction to Hainan defeat is severe.[1] Main outward mani-

[1] The Communist invasion of Hainan Island had begun on the night of April 16–17. By April 27, the Kuomintang forces were evacuated to Formosa and the abandonment of Hainan was officially announced in Taipei on May 2, 1950.

festation is universal criticism of government for making premature victory claim. Real reaction is not outwardly expressed: each mainlander now believes the days of Taiwan are numbered, that loss of Chusans and then of Taiwan is matter of time. Gloom and pessimism generally prevailing are matched by weather which for past three weeks could compete on almost even terms with Chungking's lowering winter skies.

There is no excitement or panic. It is generally believed that Communists unable attack Taiwan for some time. But many persons are already known to be considering how to get out and where to go. Should Chusans fall, mainlanders will feel matter of haven to be urgent. Others will begin to calculate how best to make their peace with Communists.

Reaction of Formosans is not so well-known. It is felt that they will react in several different ways: independence groups will probably redouble their efforts, the poorer classes will probably become more susceptible to Communist blandishments, and upper classes will probably straddle fence.

Despite any qualifying remarks which could be made in regard to situation on Hainan prior to Communist success, remarks which might tend to detract somewhat from that success, facts remain that (1) Communists did cross water barrier to invade defended island, and did so without air and naval support; (2) former Nationalist troops (Fu Tso-yi's)[2] did remain loyal to Communists and performed duty without defecting; (3) there are already stories that defections occurred among defenders; and (4) Communists proved able continue dictate fate of Nationalists.

Thus the pattern of events on mainland held true although element of water was introduced into the formula: after previous victory, lull ensued in which Communists made thorough preparations; during lull morale of Nationalist upper crust rose because of lack of Communist offensive activities; in addition to strictly military preparations Communists utilized time to increase strength behind Nationalist lines including arranging defections; when they picked their own time to hit with intent to win they hit hard and Hainan, comparable to mainland walled city traditionally defended by Nationalists, collapsed like house of cards in a windstorm; Nationalist morale plunged to new low; officials, and families, and officers and families being evacuated to next base further back, in this case Taiwan from which there is no further retreat for a great majority, and where new problems of housing and maintenance will have to be faced.

It appears doubtful that lost of Hainan will be followed by long

[2] General Fu Tso-yi, Commander in Chief of the Northeastern Kuomintang Army, had been expelled from the Kuomintang in January 1949 for accepting the Communist peace terms in Peking.

lull. Communists will wish utilize own heightened morale as soon as possible. Although theory exists that Communists will by-pass Chusans, and attack Formosa soon it seems highly improbable. Whereas Hainan of technical lesser strategic value to Nationalists, Chusans of vital importance. If Communists by-pass Chusans, portion their small navy and air force needed *in toto* for Formosa campaign would be tied down; Communist troops would benefit from training received in Hainan invasion; air force and navy would benefit from combat experience there; it would further lower morale in Taiwan and enable Communist subvert important segments Nationalist forces Taiwan.

In my opinion Nationalist defenders of Chusans are even more open to subversion than were Nationalist troops in Hainan. Steady traffic with mainland has laid them open to frequent contacts by Communist agents. Although conditions in Chusans may have been superior to conditions Hainan, they are still undesirable, and prolonged relative idleness mixed with tension cannot be favorable to morale.

Communist invasion of Chusans must follow different course from Hainan campaign. Long coastline does not exist; there are no interior Communists to support invading forces. Area is compact with entire perimeter strongly manned. Thus there is no point in numerous small landings; attack must be all-out from beginning with goal of winning on first try. Defeat would set Communists back months, thus they must be sure of success before engaging.

If Communists successful in Chusans they can expect eventual success on Taiwan. Planning, preparation of equipment, building of stockpiles, organization, and training will necessarily consume some time. From May, August weather is a dangerous factor until end of typhoon season in late October or November. Although junks may be used in invasion of Formosa, majoriy of men and supplies will probably be transported in variety of powered vessels from good-sized steamers to coastal vessels to river vessels, LSTs, and landing craft of their own construction, protected by own naval vessels (few and small) and aircraft. Vertical envelopment may occur on small scale.

Should Chusans fall it is difficult to predict course and intensity of internal developments on Taiwan. Mutual distrust will prevail; plots and counterplots will be numerous; many persons will flee; anti-American sentiment will spread; yet it may be expected Generalissimo will hold onto power. There will be tenuous hopes that November elections in US will change US policy before Taiwan's final catastrophe, that Communists will meet unsurmountable troubles on mainland which will require their full military power to combat and thus divert attention from Taiwan, and that third world war will erupt.

These hopes may well be punctuated by CAF and Chinese naval defections.

Loss of Chusans within next month will probably seal doom of Taiwan within nine months thereafter or even sooner, depending on capabilities of Communists, which will be hard to judge. In meantime, Nationalist closure policy will break down, Nationalist naval and air activity against mainland will lessen, and Nationalist Government will probably become almost completely isolated. Internal pressures and Communist air activity may well wreck the economy despite greatly reduced military costs.

To my mind fall of Chusans should be signal for second warning to American citizens to evacuate (on grounds probable air raids and fact Taiwan then an area of military operations) and for early decision by US Government to reduce drastically its establishment in Taiwan. USIS and ECA–JCRR should be liquidated in orderly fashion over period of two to three months (on assumption Communists cannot within that time follow up against Taiwan); attachés should be cut to one officer each service plus one aircraft based elsewhere for supply purposes and possibly for evacuation (attachés should be consolidated on Consulate General premises and have bare minimum ex-enlisted personnel); Embassy and Consulate General should be cut to three officers and three clerks or even better to two officers and four clerks (provided all visas Vice Consuls are suspended); US Government office and living quarters furniture and equipment gradually should be shipped out to maximum degree including cryptographic machines; coding in OTP; final understanding should be reached with Manila Liaison Group on evacuation procedure; if possible some type of hold should be retained on Nationalist Government to prevent interference with these reduction activities and with personnel remaining behind for time being, and all preparations for speedy turnover to British should be completed. As long as attachés remain would seem advisable have diplomatic representative from Department; also useful for protection purposes.

If, by any chance Communists prove content to permit Chusans to wither on vine by merely maintaining air superiority, and consequent naval superiority there, our decisions and actions as outlined above should be taken at such time as that Communist strategy becomes apparent, and at a more rapid tempo.

Perhaps foregoing is too pessimistic a view, but there are few grounds for optimism.

Would be useful for my own thinking to have indication of Department's preliminary views with regard to proposed method and timing of reduction. Believe we should avoid precipitate and undignified flight by taking early and gradual measures.

Shall forward further evaluations in relation to warnings to civilians and own evacuation as events unfold.

Sent Department 658. Repeated Hong Kong 200.

STRONG

793.56/5–650

The Secretary of Defense (Johnson) to the Secretary of State

SECRET WASHINGTON, 6 May 1950.

DEAR MR. SECRETARY: Pending a review of the United States military position with regard to Formosa in light of the recent international developments in the Far East, I wish to reserve comment on the provisions of your letters of 7 March and 14 April in furtherance to my inquiry of 14 February [1] concerning the United States policy in administering Public Law 512, 79th Congress, Public Law 472, 80th Congress, and Executive Order 9843 in connection with the transfer of equipment to the Chinese Nationalist Government.

As soon as the above-mentioned study is completed, I shall advise you of my views. In furtherance to our exchange of correspondence on this subject, I have advised the appropriate agencies within the Department of Defense that as an interim measure the provision of military assistance to the Chinese should be in accordance with the following:

a. Assistance may be continued, except for jet aircraft and medium and heavy tanks, on those orders currently in the process of procurement or delivery as of 14 April from the obligated but unexpended funds authorized under Public Law 472, if such transactions are considered desirable by the Department of Defense in the light of applicable military criteria.

b. Transactions which were requested or pending under Public Law 512 prior to 5 January 1950 may be completed, if such transactions are considered desirable by the Department of Defense in the light of applicable military criteria.

Sincerely yours, LOUIS JOHNSON

[1] Not printed.

Editorial Note

The Foreign Ministers of the United States, France, and the United Kingdom met in London from May 11 to May 13, 1950, for far-ranging discussions on problems of mutual concern. These conversations were preceded by preliminary talks commencing on May 1. In addition to the tripartite sessions, United States officials participated in bilateral meetings with British and French representatives. Matters

receiving attention included subjects of relevance to the East Asian-Pacific area and the problem of China. Documentation on the London Foreign Ministers Meeting is scheduled for publication in volume III.

794A.00/5–1750 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET
PRIORITY

TAIPEI, May 17, 1950—5 p. m.

759. Unexpected evacuation of Chusans[1] by Nationalist Government creates situation almost identical to alternative possibility stated mytel 658, April 27 (by-passing of Chusans by Communists).

Communist resources can now be concentrated against Taiwan solely (whether Chinmen is evacuated or not). How soon Communists can undertake offensive action against Taiwan is matter of sheer guesswork and is dependent on internal developments here as well as on Communist military strength.

In opinion of attachés and myself fate of Taiwan sealed, Communist attack can occur between June 15 and end July. Although probably mid-June too early a date we are not in position prove it, nor is it worth-while arguing whether will occur in one month, two months or three months.

Conference this morning with ECA and attachés resulted agreement internal developments very difficult know and evaluate thoroughly and are equally or more dangerous than external attack. As stated reftel, we feel reduction of American staffs to be matter of greater urgency than would have been case had effort been made defend Chusans. We cannot determine how soon Communist air activity over Taiwan will begin, but it is possible from now on.

My revised recommendations are as follows:

1. Immediate issue formal warning to all Americans leave Taiwan soonest (text to be provided by Department) and passports for entry into Taiwan to be withheld (including Johnston International personnel who due soon to begin well-digging under contract with Taiwan Sugar Company.
2. Immediate evacuation all female employees and remaining dependents in ECA.
3. Commence elimination USIS and ECA–JCRR, and reduction Consulate General staff and attachés. Feel USIS should be terminated completely regardless, but as matter policy, Department may wish continue economic aid as benefit to people on Taiwan. In that event, instead of elimination Department may wish keep very small number

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[1] The Government of the Republic of China ordered evacuation of the Chusan Islands on May 10 before a threatened Communist invasion was launched. The evacuation was completed by May 16 and announced by the Nationalist Government on the following day.

ECA staff here as aid supervisors. Moyer [2] recommends sixty percent reduction, or from twenty Americans to eight. I consider this number as too high and would prefer only three or four, if any are to remain. We agree this matter of policy requiring Washington decision.

J. G. White engineers should be cut from ten Americans to maximum of three.

Cut Consulate General staff to myself, Swayne, Albaugh, Bowling, Courton and McCarthy (sole use of OTP will require more code clerks).

Remove cryptographic machines.

Other agencies nominate personnel to remain after reduction. Should be held to minimum consistent with gaining intelligence on Soviets and Chinese Communists, and maintaining historical record military events here. Target date for completion elimination and reduction June 15.

4. Cease issuance exit visas after June 15. Department will note new quota year commences July 1. Taipei as only office able issue preference visas under Chinese racial quota may be swamped with visa applicants after that date. If Department unable concur cessation visa functions, additional officer required here (Pletcher).

. . . . . .

5. Clamp down on entries by Chinese into Japan.

6. Tokyo provide by radio summaries of Communist broadcasts containing significant comment on Taiwan.

7. If Pletcher not to remain here, authorize Swayne act as both disbursing and certifying officer. If Pletcher to remain here, authorize Swayne temporary duty Hong Kong, after evacuation, en route Singapore enable him complete accounts in company with Pletcher (who assigned Hong Kong).

Expect take following action soon:

1. Base both attaché planes Hong Kong in order minimize danger from sabotage as well as Communist air attacks.

2. Inaugurate frequent shuttle flights Hong Kong–Taipei in order establish regularity of clearance with Chinese authorities. Will use these flights to remove to Hong Kong US Government property of utility and value. Request Hong Kong advise whether can still use household and office furniture and equipment. Request Department advise both Taipei and Hong Kong whether other offices in area need such items.

3. Meet with MLG representatives at Hong Kong to obtain final understanding on evacuation.

Upon receipt of reply from Department will calculate funds needed terminate by June 15 alien employees listed mytel 388, May 11.[3]

We shall have all documentation necessary for transfer to British Consul prepared prior June 15, and following receipt of reply shall establish internal and external evacuation units.

Appreciate early action by Department enable me set wheels in

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[2] Raymond T. Moyer, Chief of the ECA Mission on Taiwan.

[3] Not printed.

motion. In view of the number of imponderables in Taiwan situation feel necessary take initial action sooner rather than later. Once cut down to manageable size, we can quickly react to any contingency.

Foregoing involves changes in a few details of recommendations made in reftel, but for greater part conforms therewith.

Am informed Taipei flooded with rumors that US personnel being evacuated at once by destroyer. UP correspondent Robert Miller learned of meeting this morning. In reponse to questions I confirmed meeting and review of newly-created situation sent Department but refused further comment except that do not consider crisis exists now and any future course of action must be laid down in Washington.

View delicacy of matter, suggest Department keep Taipei informed advance of any and all public pronouncements. Initial statement referring evacuation notice can be coupled with specific indication of level at which US activities here to continue. Although danger from internal developments is probably greater than from external attack, Department may deem it wiser omit reference in text of notice to American citizens and Department's initial public release.

Am aware Department's desire take no step which would lower Nationalist morale, but feel that balanced statement at this time would in fact not cause morale fall lower than it actually is despite inevitable words which will be said here in response.

Sent Department 759, repeated Hong Kong 229.

STRONG

294A.1122/5–1950 : Telegram

The Acting Secretary of State to the Embassy in China

RESTRICTED WASHINGTON, May 19, 1950—8 p. m.

405. Fol is text warning to Amers, which shld be communicated to them by most expeditious means. Suggest use registered mail.

"Reference is made to the warning which was issued by this office in Nov 1949 that milit developments along the China coast made it appear possible that hostilities might spread to points hitherto peaceful, with the result that normal transportation facilities from Taiwan might be disrupted. It was pointed out at that time that those remaining under such circumstances might be subjected to undue hardships, and it was suggested, therefore, that Amer cits without compelling reason to remain give early consideration to the desirability of leaving Formosa while normal transportation facilities remained available.

"As you know, Chi Commie forces have been consolidating their control over the southern and southeastern coastal areas of China, while the Chi Nat milit forces have recently evacuated Hainan and the Chusan archipelago.

"In view of the now increased possibility that hostilities in this area may result in the disruption of means of egress, all Amers who do not intend to remain on the island regardless of possible developments are now strongly advised to withdraw as soon as possible. There can be no assurance that the US Govt will be able to provide transportation facilities in any emergency that may arise." [1]

WEBB

[1] In telegram 404, May 19, to Taipei, not printed, the Department stated its wish that no publicity be given to the issuance of the above notice. In the event of press inquiries, however, confirmation could be given that such a notice had been sent out. (294A.1122/5–1950)

611.93/5–2550

Memorandum of Conversation, by Mr. John Foster Dulles, Consultant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] May 25, 1950.

Participants: Mr. Hollington Tong [1]
S—Mr. John Foster Dulles

Mr. Tong said that he had left Formosa on April 26 and had come here via Hong Kong, Paris and London. He expected to be going on to Tokyo and back to Formosa the latter part of June. He asked what could be done to improve relations between the Nationalist Government and the United States and to insure more help in relation to the defense of Formosa. I said to Mr. Tong that I did not think that this was a matter where there was any possibility of any sort of a bargaining arrangement; that I had in all frankness to say to him that there had been both in official quarters and in American public opinion a very complete loss of confidence in the will of the Nationalist forces to fight. The impression prevailed that they had ample material strength to defend Formosa if they would, but that there was grave doubt that they would. Rumors were current that many of the leaders, including the Generalissimo, were already making plans to get away from Formosa to safety and past performance gave credibility to these rumors. I recalled that when Mme. Chiang Kai-Shek was here during the war she had, in a speech to Congress used the expression "God helps those who help themselves". I thought this was a very good time for the Nationalist forces to take that to heart.

Mr. Tong asked whether I thought that if they should defend

[1] Member of the Central Advisory Committee of the Kuomintang and General Manager of the China Broadcasting Corporation.

Formosa for a certain period of time that that would lead to a change of official and public opinion. I said that I could not answer that question, but that I thought that the spirit which prompted it was incorrect. The idea that by fighting for a certain number of months they could then get a certain amount of help was totally false. If they fought they would have to fight because they had something that they really believed in and were willing to sacrifice and die for. That was not something to be bargained about. I referred to Churchill's leadership in England in 1940 and to the struggle of the revolutionists in Cuba. American public opinion had become sympathetic because there was evidence of a cause of liberty in which people believed and for which they were willing to die. If there were evidence of that sort in relation to Formosa, it might or might not affect the United States attitude. Certainly, however, the United States' attitude would not be altered if the only fighting that was done was being done on a time basis for the purpose of winning U.S. support and not because there was a cause of their own which attracted their loyalty.

I said that it might very well be that there was no such cause; that China had not developed the type of National and spiritual loyalties such as prevailed in the Western countries. If that were the case, there was nothing to be done about it.

Mr. Tong thanked me very much for the frankness with which I had expressed myself.

294A.1122/5–2650 : Telegram

The Acting Secretary of State to the Embassy in China

TOP SECRET WASHINGTON, May 26, 1950—5 p. m.

421. Fol authorization is to be considered as guidance for emergency conditions.

Reur 759 May 17 and Deptel 404 May 19 [1] Dept likewise realizes dilemma because of polit considerations, between choice last minute flight and timely and orderly withdrawal. However, situation for Amer officials in Formosa differs markedly from that which existed on mainland. Complications which might fol "capture" of our official

[1] See footnote 1 to telegram 405, May 19, to Taipei, p. 343. In telegram 404, the Department warned against the bad effects which might result on Taiwan from a public statement on reduction of United States personnel on the island. The Department wished to avoid the interpretation that any such reduction indicated a United States position that the situation was seriously deteriorating or hopeless on Taiwan. (294A.1122/5–1950)

personnel in Formosa cld be far more serious for our internal relations than adverse criticism which may fol timely evac. Ur actions shld be guided by precept of internatl law that deparature dipl officers from terr of fon State is justified in seasons of war or civil strife when for any reason safety of their persons or contd performance their duties is jeopardized by maintaining residence or official hdqrs in terr of receiving State.

Dept concurs ur view that early and gradual measures shld be basis evac plan, so that total official party at time closure wld be manageable size for any route or facilities available.

Dept agrees advisable have Dept dipl reps as long as attachés remain. You may make all necessary arrangements with Brit on confidential basis for turnover in case needed. Washington Liaison Group being kept advised evac procedures. Staff reductions authorized this tel are to be considered as stage one and have target date based on gradual rather than mass evac official personnel, which may therefore extend beyond Jun 15.

(1) You authorized cut ConGen staff (except USIS) as recommended ur para nrd 3. Pletcher to remain pending decision on visa functions. Although Dept assumes Vallieres and Lynch also remaining, pls comment.

(2) In view conspicuous role played by USIS Dept desires at this time continuation its functions with two present officers to remain.

(3) Dept has conferred with reps armed services and fol is stage one reduction agreed upon: Army, two officers, one enlisted man; Navy, one officer; Air Force, one officer, one steno-clk. Armed services will communicate with attachés re stationing planes. Air Force favors stationing one plane Naha.

(4) Separate instr to Moyer from ECA gives principles governing scope future ECA activities and requests further advice from Moyer re personnel in light these principles. Dept requests ur comments after consultation Moyer on goal reduction ECA personnel.

Administratively Dept reiterates that if unable comply completely with all instr on disposal or storage USGovt movable property you have complete auth proceed this aspect closure by most feasible means in ur discretion. Under no circumstances shld admin matters in closure post delay ur departure.

Above plans which are based on present estimate contingencies must of course be considered flexible and subj any revision which changes in situation may indicate as desirable.

Dept desires future msgs this subj be classified lower than topsec as that classification is to be used only for material which if disclosed

without authorization wld cause exceptionally grave danger to Nation. You may when you feel it desirable indicate limitation distribution.[2]

WEBB

[2] In connection with evacuation plans for Taiwan, the United States Government raised with the Philippine Government the question of President Chiang Kai-shek and members of the Nationalist Government taking refuge in the Philippines in the event of a precipitate flight from Formosa. In telegram 1603, June 2, from Manila, not printed, the Ambassador in the Philippines (Cowen) informed the Department of President Quirino's position that Chiang would not be welcome. Foreign Minister Romulo said that if Chiang came to the Philippines he would be given 24 hours to get out. (793.00/6–250)

794A.5/5–2950

Memorandum by the Special Assistant to the Secretary of Defense for Foreign Military Affairs and Assistance (Burns) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET WASHINGTON, 29 May 1950.

Subject: Notes on State–Defense Conference Held 25 May 1950

In furtherance to our discussion at the State–Defense meeting held in General Lemnitzer's [1] office on 25 May, I am forwarding my understanding of the points which were agreed upon in connection with (1) policies relating to the provision of military assistance to the Nationalist Chinese Government on Formosa, and (2) organization for the provision of military assistance to Southeast Asia:

1. Provision of military assistance to the Nationalist Chinese Government on Formosa—every step should be taken within existing United States policy to provide assistance to the Chinese Nationalist Government on Formosa. Accordingly:

a. You agreed to take the necessary action within the Department of State to determine whether or not the provisions of the Secretary of State's letters dated 7 March and 14 April, can be broadened.

b. You agreed to take steps within the Department of State to authorize and facilitate the granting of export licenses to the Chinese Nationalist Government on Formosa for military equipment purchased in the United States.

c. Upon receipt of any revised interpretations of policy, the Department of Defense will expedite the supply of that equipment which can be provided under the provisions of Public Law 472 ($125 million program).

d. The Department of Defense will make every attempt to insure that equipment furnished the Chinese Nationalist Government are items urgently required in connection with the defense of Formosa.

e. There should be no change in the application of existing pricing policies applied toward the $125 million program.

[1] Maj. Gen. Lyman Lemnitzer, Director of the Office of Military Assistance, Department of Defense.

f. The Department of Defense in reviewing the situation in Formosa will indicate at an early date its views with regard to the desirability of recommending changes in existing U.S. policy and with regard to contents of Mr. Acheson's letters of 7 March and 14 April.

g. It was recognized by both sides that covert action in support of resistance on Formosa, while of limited possibilities, is authorized by existing U.S. policies and that augmentation and intensification of the covert effort is desirable. You agreed to request Presidential release of such 303 funds [2] as might be required for authorized projects.

[Here follows numbered paragraph 2 dealing with provision of military assistance to Southeast Asia; for documentation relating to Indochina, see pages 690 ff.]

J. H. BURNS

[2] Reference is to Section 303 of the Mutual Defense Assistance Act of October 6, 1949 (P.L. 329; 81st Congress; 63 Stat. 714), which provided $75,000,000 as an emergency fund to be expended by the President to accomplish in the general area of China the purposes set forth in the Mutual Defense Assistance Act.

794A.00/5–3150

Memorandum by the Deputy Special Assistant for Intelligence (Howe) to Mr. W. Park Armstrong, Special Assistant to the Secretary of State for Intelligence and Research

TOP SECRET [WASHINGTON,] May 31, 1950.

For P.A. only. At Rusk's invitation I attended a meeting yesterday (May 30—holiday) afternoon for two hours, with Rusk, Jessup, Nitze, Merchant and Sprouse on the subject of Formosa. Rusk is still working toward raising the question of Formosa, basing his thinking generally along the lines that world opinion and US opinion are generally unhappy at lack of a forthright action on our part in the Far East; that Formosa presents a plausible place to "draw the line" and is, in itself, important politically if not strategically, for what it represents in continued Communist expansion.

Rusk has been drafting and redrafting papers with a view to presenting them to the Secretary. Our Estimates Group assisted in one analysis which is a Tab in Rusk's current documentation.[1] I believe that the representation at this meeting, plus Dulles, constitute the only ones who are aware of this move on Rusk's part. The talks at the meeting were based first on a brief paper in which Rusk pointed

[1] Much of the documentation referred to is in files 611.94A/5–3050 and 611.93/6–950. Both of these files contain copies of memoranda from Mr. Rusk to Secretary Acheson, but the file copies are not signed or initialed by Mr. Rusk and there is no indication that Mr. Acheson saw them if they were forwarded to him. An extract from one of these draft memoranda is printed as an annex to this document.

up the desirability of "packaging" three problems: (1) Formosa; (2) Recognition of Communist China; (3) Seating in the UN.[2]

Subsequent discussion explored the various possibilities in the Formosa move, based on Rusk's rather lengthy documentation of past policy, changed circumstances, and alternative courses. The documentation was limited by not having any appraisal of the possible consequences—militarily and politically within the area and throughout the world—of a US move involving force to prevent the fall of Formosa. I urged Rusk to give us a green light on such a study as soon as it was possible to let more people know that the subject was in the wind.

The net result of the discussion was a general agreement to go ahead with the following proposition which Rusk hoped to document that evening to discuss informally with the Secretary today:

The Gimo would be approached, probably by Dulles in the course of his trip to Japan on June 15,[3] with the word that (*a*) the fall of Formosa in the present circumstances was inevitable, (*b*) the US would do nothing to assist Gimo in preventing this, (*c*) the only course open to the Gimo to prevent the bloodshed of his people was to request UN trusteeship. The US would be prepared to back such a move for trusteeship and would ready the fleet to prevent any armed attack on

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[2] A memorandum by Charles Yost, Director of the Office of Eastern European Affairs, dated June 1 (not printed), indicated that Mr. Rusk, on behalf of Mr. Acheson, requested assistance from other Offices and Bureaus in the Department in preparation of a memorandum regarding recognition of a government in China and seating in the United Nations; no mention was made of Formosa (793.02/6–150).

A further memorandum by the Deputy Legal Adviser, Jack B. Tate, to Mr. Rusk on June 6 summarized the thrust of Mr. Rusk's and Mr. Acheson's thinking on recognition:

"Your memorandum of June 1 states that the Secretary has asked that consideration be given to the following suggestion on United States recognition policy in regard to China:

> 'to tie our policy on recognition to such realistic and well understood factors as (a) the exercise of de facto control, (b) the consent or acquiescence of the people concerned, (c) attitude toward normal relations with others, including the treatment of foreigners, both official and private, (d) acceptance in good faith of international obligations. The United States should announce that, pending clarification of the situation in China: (1) it takes account of the fact that the Peking regime exercises certain de facto control in parts of China. In accordance with established international law, the United States will therefore hold that regime responsible for the discharge of international obligations wherever in China its actual authority extends; (2) that it (the United States) continues to acknowledge that the Nationalist Government of China is the recognized government with which the United States maintains diplomatic and consular relations.'" (793.02/6–650)

The unsigned memorandum addressed to Mr. Acheson on June 9 by Mr. Rusk dealt with the three questions: Formosa, recognition, and U.N. representation (611.93/6–950). As indicated above, the file copy shows no indication that it was forwarded or that the Secretary saw or acted on it. No policy decision on these three questions was made prior to the outbreak of hostilities in Korea.

[3] Mr. Dulles, whose primary area of responsibility was the Japanese peace treaty, visited Japan and Korea during his trip, June 14–29, but he did not go to Formosa. For documentation on Japan, see pp. 1109 ff.

Formosa while the move for trusteeship was pending. It was generally agreed that the trusteeship would probably have to include Russia and that the negotation over the trusteeship agreement might be extremely difficult and prolonged, but it would give the US a chance to prevent the fall of Formosa under circumstances sponsored by the UN. Such a course, if adopted by the US, would be discussed with the British and possibly others before it was formally taken up.

(*Note:* My concern, which Rusk accepts as valid, is that the Russians may well welcome a partial commitment of US forces in the protection of Formosa, which would give them an opportunity for pushing the Chinese Communists into a clash with us, aided probably by some direct if unidentifiable Russian effort such as submarines. It is therefore important that as soon as possible we get some considered spectulation, assisted by the military, on what the probable consequences would be of a US commitment of even partial force, such as the fleet, in the area.)

[Annex]

611.94A/5–3050

Extract From a Draft Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State [4]

TOP SECRET [WASHINGTON,] May 30, 1950.

The United States faces a new and critical period in its world position.

The loss of China to Communists who, it now seems, will work in Asia as junior partners of Soviet Communism has had tremendous repercussions throughout the world. It has marked a shift in the balance of power in favor of Soviet Russia and to the disfavor of the United States.

While that *basic fact* is generally accepted, no one is yet quite sure as to the *precise extent* to which that power relationship has been shifted. Throughout the world, in Europe, the Mediterranean, the Middle East, Asia and the Pacific, governments and peoples are intently watching for the next move which will provide a measure of the extent of the power shift, so that they can orient their own policies accordingly.

The barometer most closely watched is that which seems to measure the judgment of the United States itself as to its present power and position in the world. If our conduct indicates a continuing disposition to fall back and allow doubtful areas to fall under Soviet Communist control, then many nations will feel confirmed in the impression, already drawn from the North Atlantic Treaty, that we do not expect

[4] This memorandum is identical with a memorandum prepared by Mr. Dulles for Secretary of State Acheson on May 18. The text is scheduled for publication in volume I. (611.00/5–1850)

to stand firm short of the North Atlantic area—which under the Treaty includes Berlin—and the Americas covered traditionally by the Monroe Doctrine and now by the Rio Pact.

If our conduct seems to confirm that conclusion, then we can expect an accelerated deterioration of our influence in the Mediterranean, Near East, Asia and the Pacific. The situation in Japan may become untenable and possibly that in the Philippines. Indonesia, with its vast natural resources may be lost and the oil of the Middle East will be in jeopardy. None of these places provide good "holding" grounds once the people feel that Communism is the wave of the future and that even we are retreating before it.

This series of disasters can probably be prevented if at some doubtful point we quickly take a dramatic and strong stand that shows our confidence and resolution. Probably this series of disasters cannot be prevented in any other way.

Of the doubtful areas where such a stand might be taken, Formosa has advantages superior to any other. It is not subject to the immediate influence of Soviet land power. It is close to our naval and air power. It is occupied by the remnants of the non-Communists who have traditionally been our friends and allies. Its status internationally is undetermined by any international act and we have at least some moral responsibility for the native inhabitants. It is gravely menaced by a joint Chinese-Russian expedition in formation. The eyes of the world are focused upon it.

If the United States were to announce that it would neutralize Formosa, not permitting it either to be taken by Communists or to be used as a base of military operations against the mainland, that is a decision which we could certainly maintain, short of open war by the Soviet Union. Everyone knows that that is the case. If we do not act, it will be everywhere interpreted that we are making another retreat because we do not dare risk war. If it is inferred that we do not dare take a stand that risks war unless our own citadel of the North Atlantic and American areas is directly attacked, then the disasters referred to above will almost surely happen.

We are not so situated that time is working for us so that it can be argued that we have to buy time. The further losses possible in Indonesia and the Near East would greatly increase the war-making power of the Soviet Union. Quite apart from that, the Soviet Union is increasing its force-in-being, its atomic stockpile and its basic military potential at a rate so rapid that the relative position will be worse two years from now than it is today. That would be so, even though we somewhat increased our own efforts. That also is something that is generally known. In consequence, if the rest of the world feels that we are today afraid to take a stand which would involve a possible risk of war then they would judge that almost certainly we will not

take that risk tomorrow unless it is forced upon us by actual attack upon either the North Atlantic or American area.

Admittedly the determination to withhold Formosa from Communists would involve complications with the Nationalist Government and with their elements on Formosa. It would involve spreading of our own military force, and possibly some actual losses. However, these aspects are of a secondary order. It is within our power to solve the political complications if we have the resolute will. Also, these same problems will embarrass us if we allow Formosa to fall. The efforts at evacuation, particularly attempts to evacuate to the Philippines large numbers of Nationalists, will pose new problems and difficulties perhaps as embarrassing as those that would be posed by an affirmative policy. It will not leave a good taste if we allow our political problems to be solved by the extermination of our war allies. That was the Russian solution of General Bor's Polish Army.[5]

Admittedly, a strong stand at Formosa would involve a slightly increased risk of early war. But sometimes such a risk has to be taken in order to preserve peace in the world and to keep the national prestige required if we are to play our indispensable part in sustaining a free world.

Action to be effective must be prompt.

[5] For related documentation, see *Foreign Relations*, 1944, vol. III, pp. 1354–1398.

793.56/5–650

The Secretary of State to the Secretary of Defense (Johnson)

SECRET WASHINGTON, June 1, 1950.

DEAR MR. SECRETARY: Reference is made to my letter of April 14, 1950 and to paragraph (*a*) of your reply dated May 6, 1950, regarding the continuation of assistance to the Government of China under Section 404(*b*), Public Law 472. It is noted that you have advised the appropriate agencies of the Department of Defense that assistance under this legislation may be continued "on those orders currently in the process of procurement or delivery as of 14 April" (exceptions being made in the case of jet aircraft and medium and heavy tanks).

In responding to your request for recommendations regarding further military assistance to China, it was the understanding of the Department of State that all funds on deposit with the Departments of the Army, Navy, and Air Force under the $125 million grants had been definitely and finally committed by Chinese Government requisitions. The Department of State recommended in its letter of April 14 that the material on these requisitions be procured and shipped in order to exhaust the balances on deposit under the $125 million grants.

It was not the Department's view, however, that a deadline should be established for the submission of requisitions by the Chinese Government under the $125 million grants, with the Departments of the Army, Navy, and Air Force refusing to honor new Chinese Government requests.

It is the opinion of the Department of State that assistance by the Departments of the Army, Navy, and Air Force under section 404(*b*) of Public Law 472 should be continued until all funds allocated to those Departments from the $125 million grants have been exhausted, including not only orders under procurement or delivery as of April 14 but also any subsequent requisitions which the Chinese may submit while these funds remain available.[1]

Sincerely yours, DEAN ACHESON

[1] Under date of June 8, Mr. Johnson sent the following reply to Secretary of State Acheson:

"In furtherance to your memorandum dated 1 June 1950 on the subject of military assistance to the Chinese Nationalist Government, under Public Law 472, I have advised the appropriate agencies within the Department of Defense that the provision of military assistance to the Chinese should be in accordance with the following:

'Assistance to the Chinese Nationalist Government, under Public Law 472, should be continued, except for jet aircraft and medium and heavy tanks, until all funds allocated to the Department of Defense from the $125 million grants have been exhausted, including not only orders under procurement or delivery as of 14 April, but also any subsequent requisitions which the Chinese may submit while these funds remain available.'" (793.56/6–850)

793.00/6–250

Memorandum by Mr. Charlton Ogburn of the Bureau of Far Eastern Affairs

CONFIDENTIAL [WASHINGTON,] June 2, 1950.

REMARKS ON THE SITUATION IN CHINA BY CONSUL GENERAL MCCONAUGHY AT THE INTER-DEPARTMENTAL MEETING ON THE FAR EAST

THURSDAY, JUNE 1, 1950, 11:30 A. M., ROOM 5106 NEW STATE [1]

Mr. McConaughy began by expressing the feeling that no one can be dogmatic about the situation in Shanghai. No easy formula for a solution to the problems the Chinese Communists have presented us with can be offered and all proposals for pat solutions must be regarded with reserve. The Chinese Communists themselves present many baffling contradictions. On the whole their record is exceedingly bad from our point of view. There are, however, some signs that they are not ready for a complete break with us. At times they could have taken

[1] The meeting was attended by 22 officials, 14 from the Department of State; two each from the Departments of the Treasury, Agriculture, and Army; one from the Department of Labor; and one from the Bureau of the Budget.

more extreme actions against us than they did. Some of their actions could even be considered semi-conciliatory. For example, there was the recent release of the three American fliers, Smith, Bender, and McGovern. No explanation could be offered for their having done so. Moreover, after long delays the Chinese Communists did finally allow the departure of American officials.[2] Previously they had allowed the Consulate General to keep its radio in operation for ten months although preventing the dispatch of air mail pouches. In these actions the influence of moderate elements in the party could perhaps be detected. Unfortunately, these elements are apparently being eclipsed as Soviet influence in China grows. Three thousand Russians had arrived in Shanghai by the time the Consulate General closed in April. Despite the increasing power of the pro-Moscow faction in the party, some American businessmen had recently been released. It may be that these inconsistencies in Chinese Communist policy are designed to confuse us. In any case it would seem that the Peiping regime is not yet ready to deport all Americans or to attempt to eradicate all American influence. Meanwhile we should try to strengthen the position of American missionaries and businessmen in China. It is to be hoped that we shall not have to withdraw entirely from the country.

Mr. McConaughy explained that there were a number of points he wished to cover and that he would present them individually.

1. The Chinese Communists are acutely sensitive to foreign criticism. This was manifest in their reaction to the broadcasts of the Voice of America for example. Minor inaccuracies in these broadcasts were invariably picked up by them. They tended to admit to the main charges brought against them in the broadcasts but resented small errors and blamed the Consulate General for them. In accordance with the new nationalism the Chinese must always be regarded as right. There was, for example, the case of an English teacher accused of reprimanding a Chinese student for spitting on the floor; those charged with investigating the incident determined that a Chinese could not be guilty of this fault and found that the English teacher herself had been drooling at the time of the alleged occurrence.

2. The Chinese Communists show an exceptionally strong interest in Southeast Asia. In their evident intention to exert domination in the area they are doubtless egged on by the Soviets. Hong Kong, northern Indochina and Burma are all objects of Chinese irredentism. Their propaganda, however, is aimed at the whole area. They clearly hope to use the Chinese merchants in the various Southeast Asian countries as instruments of their policy, apparently believing that they can win over the merchants despite their bourgeois background. From Shanghai it appeared that there had been some response. The merchants were of course influenced by family motives in their willingness to cooperate with the Chinese Communist regime. Regardless of the

[2] All United States diplomatic and consular posts in the People's Republic of China had been closed by April 1950, and official United States personnel had departed that country in late April and early May. (See the Department of State *Bulletin*, May 15, 1950, p. 755.)

character of the government in China, remittances by overseas Chinese would continue to be made to dependents at home. Moreover, the overseas Chinese tend to feel that for the first time there is a regime in China which, whatever its shortcomings, can command respect and assert itself.

3. In trade the trend in Communist China is toward monopoly. The Chinese Communists evidently intend to monopolize exports first, then imports. Tung and other vegetable oils, bristles, tea, and tungsten are exports which have so far been brought under government control. This control is exercised to reduce the margin of profit to the point at which business is discouraged and foreign exporters are being frozen out. The trend is not one that we can easily oppose by countermeasures. Imports from China can hardly be embargoed on the grounds of their being subject to government monopoly, but perhaps we could take action based upon the deterioration of the quality of these imports. Certainly the quality of bristles being exported from China has deteriorated. With regard to imports into China, the Chinese Communists are setting up companies to act as official purchasing agents, possibly having in mind the institution of overseas purchasing agents on the pattern of Amtorg. They explicitly wish to eliminate the middleman as a needless expense.

4. Reports of deviationism among the Chinese Communists on the Titoist model should be discounted. No break between Peiping and Moscow is in the offing. There is, however some pulling and hauling below the surface among Chinese officials. For instance, there has been some friction between General Chen Yi and the Political Commissar in the Shanghai area. The question has frequently arisen as to whether Chen Yi might not split off from Peiping and take east China with him. However, while Chen Yi is not as extreme in his views as the Moscow clique, he knows what side his bread is buttered on. He may well be in charge of the campaign against Formosa, a successful outcome of which would enable him to consolidate his position and come to a satisfactory adjustment with Peiping. In any event, the monolithic structure of the party is likely to continue. There is no longer any catering to the minority parties such as the Democratic League and the Kuomintang Revolutionary Committee. These have now been incorporated into the Chinese Communist Party and their leaders have been forced to sign anti-American manifestos.

5. Self-examination, as it is called, is encouraged among the Chinese Communists. While the top officials are of course immune to criticism, middle-rank officials are often attacked in the press and reprimanded or cashiered. The tendency may be to increase the efficiency of the regime. The possibility of the regime's bogging down in bureaucracy is a counter-tendency. As an example of the proliferation of bureaucratic controls Mr. McConaughy's own exit permit received the chops of 30 officers in the course of its validation. Although Chinese Communist officials work long hours ungrudgingly for little pay (those inherited from the Kuomintang being less enthusiastic), the bureaucracy already puts a heavy financial burden on the country.

6. The position the intellectuals have taken towards the Chinese Communists is very disappointing. The majority, while perhaps favorable to Marxist theory, are still opposed to Stalinism but make no attempt to use their influence—for example in the schools—to oppose the drift of the regime. They are in fact supine. A minority actively

supports the regime and is abetting the takeover of schools by the government. Obviously in some cases self-advancement is a motive. Many of the students who have returned from the United States have defected to the Communists and have become enemies of ours, voicing a real hatred of the United States. Many factors are doubtless involved in their attitude. Among them is probably a deep racial feeling. Some of the Chinese students have perhaps received real or fancied slights while here and been subject to discrimination. Many were perhaps already fellow travelers. However, it is only a minority of the returned students who are virulently hostile toward us. The Chinese Communists readily accept returned students and feel capable through the extensive indoctrination given all classes of winning them over.

7. The decision for us to retain our representation in China for as long as we did was a wise one. As a result we were able to obtain an insight into the structure and objectives of the Peiping regime and the character of individual officials. We were also able to accomplish something in the protection of American citizens. However, the decision to withdraw our officials in April was also a correct one. The situation had become impossible. With Soviet instigation, anti-American acts could certainly be expected to increase. Moreover, with the silencing of its radio our Consulate General in Shanghai was virtually incommunicado and could perform no other useful service.

8. Our missionaries feel that they can hold out in China, their prospects being better than those of foreign businessmen. There is in fact no evidence that the Chinese Communists mean to eradicate religion. On the contrary they profess sympathy for religious freedom. In line with their policy of encouraging the Moslems in the western part of the country and of winning over the Tibetans, they are stressing religious toleration. There have been only scattered instances of mistreatment of missionaries. On the other hand, large churches in Shanghai are now packed during services, very likely as a concomitant of oppression and a sense of crisis. However the new nationalism of the Chinese must be considered, and Chinese pastors in the Christian churches will doubtless have to be pushed to the forefront. It is important for us that the Christian missions remain in China as an evidence of our continuing interest in the country. There is some considerable chance that they may be able to remain owing to the value the Communists attach to the remittances received by the churches and the hospital work and training they conduct.

9. Of the 3,000 Soviets who had arrived in the Shanghai area by April about half were military, consisting for the most part of air force personnel, including the crews and technicians requisite to ground installations. Of the civilians, most were technicians in the fields of engineering, public health, etc. Soviet influence tends to be clandestine. The Russians obviously wish to avoid the limelight. Their quarters are cordoned off from the Chinese public. They avoid a patronizing attitude and evidently wish to be considered as big brothers of the Chinese.

10. Famine in east central and northern China is serious as a result of floods, drought and heavy requisitions of grain by the government. An estimate of the numbers who actually face starvation is, however, impossible to make. Shanghai has suffered an influx of victims of the famine. Those who are able-bodied are put into the work corps while the aged and infirm beg on the streets. With regard to the possibility

of relief from the outside, it is obvious that the Chinese Communists will not permit us to provide relief on terms which would possibly be acceptable to us. They have made clear that foodstuffs even if imported for famine relief must pay the usual tax and that foreigners will be allowed no say-so whatsoever with regard to the distribution of such foodstuffs. The summary seizure by the Chinese Communists in March of $17 million worth of ECA supplies which were to have been used in bona fide relief affords an illustration of the Chinese Communist attitude.

In response to a question as to whether a break between Peiping and Moscow or the overthrow of the Peiping regime by internal forces was the more likely to take place, Mr. McConaughy stated that he considered both possibilities highly unlikely. Recently the Chinese Communist ties with the USSR have been strengthened while their regime has continued to consolidate its power in China. In response to a question as to what criteria should govern the Department's decisions with respect to applications by persons seeking passports to China, Mr. McConaughy stated that he believed we should issue such passports when the applicant proved to have a realistic knowledge of the situation in China and to possess emotional stability.

In response to a question as to how many Americans remain in the Shanghai area, Mr. McConaughy estimated the number as 300, of whom the majority are missionaries.

In response to a question as to whether the Chinese Communists had been successful in stemming inflation, Mr. McConaughy noted that the exchange rate of their currency in Shanghai had initially been 1600 to the dollar, had risen to 42,000 to the dollar, but had now been brought down to 36,000 to the dollar. He added that the Communists believing inflation to have been a major cause of the downfall of the Nationalists, were making extreme efforts to control inflationary trends and that in this endeavor they had the assistance of well-qualified financial experts, both from the Communist and Nationalist camps.

794A.00/6–250 : Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, June 2, 1950—1 p. m.
PRIORITY

844. Several of the 19 Formosans connected with Formosan League for Reemancipation arrested last half of May going before military court today. Action initiated by Chiang Ching-kuo.[1] Arrested include John Liao, nephew of Thomas and Joshua.[2]

[1] Son of Chiang Kai-shek and Chief of the Political Department in the Ministry of National Defense.

[2] Founders of the FLR. Both men were by this time in exile in Japan.

Yang Chao-chia, Commissioner of Civil Affairs, appealed to K. C. Wu to intervene; K. C. stated he had no power.

In opinion of members of my staff best acquainted with FLR activities, there has been almost no activity on part of its leaders for three to four months, and they constitute no threat to Chinese Government. Leaders have recently been considering cooperation with Government against Communists.

Request Department advise urgently whether it is in order for me to make representations to Chinese Government on case and if so general tenor of approach. It is my feeling that arrests and trial are continuation of KMT intolerant police state methods which have consistently served to alienate population.

UP correspondents Art Goul and Bob Miller yesterday tried get information from member of my staff reference FLR, obviously with intent make headline story of machinations of US officials here with Formosans against Chinese Government. Seems to be their intention seize any opportunity discredit this office and Department.

Sent Department 844, repeated info Hong Kong 243.

STRONG

794A.00/6–250 : Telegram

The Secretary of State to the Embassy in China

CONFIDENTIAL WASHINGTON, June 2, 1950—6 p. m.

PRIORITY

440. Ur 844 rptd Hong Kong 243 June 2. Dept desires you discuss informally with FonMin arrest trial FLR Reps stating Dept has requested you report re charges, nature of evidence and outcome trial these persons insofar as info available. You shld add that as FonMin aware US Govt has been interested in and sought to further where it cld resistance Formosan population to Commie penetration and subversion and good relations between Natl Govt and Formosan people. US interest in present case arises from its interest these factors and possible effect which case might have upon them.

FYI only you shld avoid giving any impression US questioning propriety of arrests or prejudging case.[1]

ACHESON

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[1] In his telegram 880, June 8, from Taipei, not printed, Mr. Strong reported that Chen Tai-chu, Director of the American Department in the Ministry of Foreign Affairs, had informed him that the charges against the prisoners were, in general, treason involving advocacy of the overthrow of the National Government (794A.00/6–850).

On June 21, the Chargé stated that 10 of the FLR prisoners had been released, with the other nine, including Peter Huang and John Liao, being held very possibly as hostages to force the return of Thomas Liao to Taiwan. The trial of these nine prisoners was being put off from day to day. (telegram 954, June 21, from Taipei; 794A.00/6–2150)

793B.00/6–350 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NIACT NEW DELHI, June 3, 1950—2 p. m.

799. 1. Menon, Foreign Secretary, handed Steere[1] this morning message Tibetan Government communicated through Indian Political Officer Sikkim in reply to our request that we be permitted to send small party to Lhasa to render assistance to survivors MacKiernan party (Embtel 762, May 30).[2] This message reads as follows (question marks denote garble in Indian message):

"The survivors are expected at Lhasa (?) within one week and Tibetan Government will take every care of them there and on journey to India which they are perhaps better able to do than persons without experience of Tibetan conditions. There have been many baseless allegations by Communists of foreign especially American designs on Tibet and as Tibetan Government are now arranging talks with Chinese Government they are particularly anxious to avoid possibility of further such allegations which proposed visit (?) would inevitably cause. Tibetan Government therefore ask that proposal to send US officials to Tibet may please be dropped".

2. Menon stated that Richardson, Indian representative Lhasa had obtained information to effect that American survivor is Frank Bessac.

3. If Tibetan Government's statements are accurate survivors will reach Lhasa within week. They may well depart for Indian frontier long before our party could reach Lhasa. Therefore our party would either meet them en route and never reach Lhasa or they would be held in Lhasa awaiting our party. For following reasons we are inclined believe we should not insist that our party enter Tibet:

(*a*) In view uncertain political situation in Tibet survivors should reach Indian frontier at earliest moment possible and dispatch our party might delay rather than expedite their travel.

(*b*) It is probable that Chinese Communists in case conversations that place with Tibetans will make issue of admission of American officials at this time and since there is little we can do for Tibet we should not insist upon Tibetans agreeing to steps being taken which might prejudice Tibet's position with Chinese Communists.

4. If Department approves I plan send message immediately through Richardson to Tibetan Foreign Minister expressing apprecia-

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[1] Lloyd V. Steere, Counselor of Embassy in New Delhi.

[2] Telegram 762 not printed. Douglas MacKiernan, Vice Consul at the American Consulate at Tihwa in Sinkiang Province, upon closing that post in September 1949 had proceeded with a small party including one other American—Frank Bessac, a Fulbright Scholar—overland toward India by way of Tibet. Shortly after entering Tibet, the party was stopped by a Tibetan border patrol which shot and killed Mr. MacKiernan on April 29, 1950. Mr. Bessac proceeded to Lhasa, arriving there on June 11. After a short stay, he went on to India arriving at the Indo-Tibetan frontier on August 21, 1950.

tion for assurance that Tibetan Government will take every care of survivors and hope that it will do all possible, bearing physical conditions of survivors in mind, in expedite their travel to India. I intend also to ask that we be informed earliest possible time approximate date and point of arrival survivors at Tibetan border so I will be able to meet them.

5. I plan requesting Ministry External Affairs in its discretion ask Richardson get in immediate touch with survivors, render them all possible assistance and report to us their physical and mental condition and also to assure them of our anxiety with regard to their welfare.

6. We also plan to send party to Tibetan point of exit to meet survivors.

7. Department's approval our suggested course action requested.[3]

HENDERSON

[3] The Department of State gave approval to the suggested course of action in telegram 554, June 3, to New Delhi, not printed (793B.00/6–350).

794A.00/6–750 : Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET TAIPEI, June 7, 1950—3 p. m.

877. Source inside Chinese Government recently made remarks on following subjects during long private conversation:

Chinmen Island. Recent Communist shelling destroyed facilities where supplies and troops landed and debarked. Resupply of food hampered and if it were necessary evacuation could not be carried out for estimated 20 days until wharf built. Do not expect Communists attack Chinmen. Although government will withdraw troops eventually, no hurry to do so because lack billets Taiwan (comment: Communist gunfire may interdict beach use for landing supplies from LST and thus necessitate construction wharf outside gun range).

Ground forces. Now total 410,000 on Taiwan and Chinmen. Some 26,000 able bodied males from civilians on Chusans were brought back Taiwan and enlisted in armed forces. Source believes they will be no military value at time needed. Taiwan defenses planned consists of four lines, one on beach, one between beach and railway line, one based along railway lines, and fourth in foothills. Only first two lines will be completed. Final stage will be retreat into mountains and carrying on warfare from there.

Communists. Buying laid-up vessels Hong Kong and Singapore. Using various methods economic warfare against Nationalists such as depressing Hong Kong gold market. reducing price salt.

Nationalist soldiers. Will probably prove willing fight because are convinced mainland holds no living for them now and all information from their homes tells them stay here.

Chen Cheng. Submission of resignation [1] not due proposal increase power of Sun Li-jen (which source says Gimo will never agree to) but result of furor created by failure of SOS general in Chusans (a Chen Cheng man) to bring out military supplies and equipment; he gave precedence to commercial cargo which he and many associates (also Chen Cheng men) were trading to and buying from mainland on grand scale. Sun Li-jen central figure in this discrediting of Chen because Chusan forces accountable to him for much of equipment and supplies left behind and he is demanding they be made good to him or he has inadequate material for Taiwan defense. One of major reasons for recent drop in rice price was loss of Chusans which ended easy means trading rice to mainland.

Gimo. Recently more bitter than ever against US. As is always case when he is in tight spot and things going badly he shouts over telephone and at visitors, and slams objects about his office. Chang Chun is also bitter against US but on other hand states Chinese Government not doing well at all. He is no longer "in the know" on all inner affairs though he spends considerable time with Gimo. This has affected his normal balanced humor because he constantly has to cover up his ignorance of what is going on.

Gold reserves. Now being spent at rate $95,000 monthly. Official reports say about $600,000 left (apart from reserve for currency). Private information corroborates this information. Hopeful of reducing to $70,000 outlay monthly.

Hainan. Debacle caused by leak in Taipei. One division of 32nd Army placed to prevent interior Communists attack Haikow or Hsueh Yueh's [2] rear. When Gimo ordered Hainan evacuation, Hsueh in conference with Chen Chi-tang [3] and Yuhan-mou [4] decided attack Communist landing force with all reserves, which in part were brought up from south by air. Few hours before attack due, CAF scout plane reported could not find the division of 32nd Army containing interior Communists. More planes sent out but could not find this division. While Hsueh still debating what to do, interior Communists sortied from lairs, threatened Haikow and Nationalist rear and forced cancellation attack plans. Division never seen again; believed started march for Yulin, surrounded by Communists and cleaned up to last man. Later investigation revealed Chief of Staff of 32nd Army learned

[1] Chen Cheng, Premier of the Republic of China, had also been Administrator of Military and Political Affairs for the Southeastern Provinces. He stayed on as Premier.

[2] Nationalist Governor of Kwangtung Province.

[3] Governor of Hainan Island.

[4] Director of Military and Political Affairs, South China.

of evacuation plans and either flew himself or sent representative to Hainan to hold meeting with officers of division concerned. At meeting it was agreed Hsueh intended sacrifice division (Shantung men) in rearguard action while Cantonese troops abandoned them. Thus decision disobey orders and return Yulin. Chief of Staff of 32nd Army arrested Taipei as result.

Sent Department 877, repeated info Hong Kong 264.

STRONG

793B.00/6–950 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, June 9, 1950—9 p. m.

839. 1. Tibetan mission headed by Tsepon Shakabpa and including Tseghag Gyalpo and Lachag Taring who acted as interpreter asked to make an informal and unofficial visit on me.

2. Accompanied by Steere, Gilmore [1] and Forman [2] I received them in chancery and we talked for approximately one and one-half hours. Both sides emphasized fact that conversation was on personal basis and no one was speaking for his government.

3. After usual exchange of greetings and small talk we asked re their plans. They said they wished go Hong Kong to discuss future relationship Tibet with representatives Peiping Government who were to meet them there. Unfortunately although their travel documents were in order they were not permitted to leave because according to UK High Commissioner, UK could not afford recognize Tibetan passport. (Comment: Apparently GOI prevented departure at UK request.) They had talked with UK High Commissioner June 7 and had asked him if UK attitude meant that UK recognized Tibet as under Chinese suzerainty and UK High Commissioner denied that such was significance of UK attitude. Final answer had not yet been received from UK re permission proceed.

4. They asked for our personal advice whether they should negotiate in Delhi, Hong Kong or Peiping. After considerable circumlocution we ventured suggest that Delhi might be most advantageous place for negotiations if agreeable Peiping Government since atmosphere of Delhi probably more friendly to them than that of Peiping or Hong Kong and communication with Lhasa easier.

5. They expressed some doubt re friendliness UK and GOI—of UK primarily because of reluctance to recognize Tibetan passports and of GOI because of Nehru's announcement several months ago that GOI recognized Chinese suzerainty over Tibet. GOI they said seemed prepared hand Tibet over to Chinese.

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[1] Eugene A. Gilmore, First Secretary in the Embassy in New Delhi.
[2] Douglas N. Forman, Second Secretary in the Embassy in New Delhi.

6. We pointed out that such interpretation of Nehru's statement may not be accurate; that recognition of Chinese suzerainty did not necessarily mean India was agreeable to loss by Tibet of its autonomy and of Tibet being incorporated in a centralized Communist Chinese state.

7. They emphasized fact of Tibet's difficult position and asked us to describe it to US Government especially its long practically undefended frontier with China, limited defense forces and small amount of military supplies. They hoped through negotiations with Chinese Communists to maintain their freedom but if negotiations failed they expected invasion and without foreign help saw little chance of preserving their freedom.

8. Peiping over radio had offered Tibet autonomy but Tibet did not want autonomy; they wanted to stay as they were. We indicated concept autonomy to a Communist state might not be same as autonomy to states with other forms of government. They apparently seemed aware that if Chinese Communists could get their foot into door in Tibet they would eventually gain full control of country.

9. We explained to them reasons which prompted us to inform Lhasa several months ago that it would be inadvisable for Tibet mission to proceed US in present circumstances and they said they recognized that they had made effort to form closer ties with US too late. They said however they felt confident that in the end they could rely on American friendship and they hinted, although they did not say so openly, that they might approach US again.

10. We described Mackiernan affair to them and they said they had not heard previously of it. They expressed deep regret and asked if they could be of assistance. We replied that in our opinion Tibetan Government was doing everything possible.

11. We asked if they were still interested in obtaining high powered radio for Lhasa (Embdesp 274 February 3)[3] pointing out that certain types radio might require an American technician to install. They said they thought their government was still interested but gave no direct reply re technician. Impression was that they would communicate again with their government in this matter. We made clear that thus far our government had made no decision in this regard.

12. At conclusion conversation they said they were particularly concerned at delay of negotiations because of telegram received from Lhasa to effect that Chinese Communists have made incursions Tibet's eastern borders and captured several villages in one of which was mobile radio unit (Embtel 808, June 5).[3]

HENDERSON

[3] Not printed.

793.5 MAP/6–1450

Memorandum by the Acting Deputy Director of the Office of Chinese Affairs (Freeman) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

CONFIDENTIAL [WASHINGTON,] June 14, 1950.

Subject: Request by Chinese Government to purchase napalm bombs with money refunded under $125 million grants.

Attached is a memorandum of conversation [1] between Mr. Johnson of CA and Dr. Wang of the Chinese Embassy, in which Dr. Wang indicates that the Chinese Government desires to purchase napalm bombs and other incendiaries with the refunds now becoming available on OFLC–Chinese Government contracts financed under the $125 million grants.

CA has informed Dr. Wang in response to his query that requests for the expenditure of these refunds should be submitted to the Department in the form originally prescribed under the $125 million grants.

There remains, however, the basic question regarding the desirability of allowing the Chinese to obtain incendiary bombs from the United States Government. When the request for this matériel was originally submitted, in a memorandum dated November 7 [3], 1949,[2] the Department referred it to the Department of Defense indicating that we had no objection to the issuance of the matériel providing the Chinese paid for it with their own funds and shipped it commercially. No procurement action was taken in the Department of Defense because the Department of State subsequently expressed the view that the President's January 5 statement on Taiwan precluded Chinese purchases for cash from Defense stocks. In February the Chinese resubmitted the request in the form of a requisition to Air Force under the $125 million grants, and Air Force indicated that the matériel could be made available. Again, however, no procurement action was taken, because it was ascertained that all funds allocated to Air Force under the $125 million grants had been exhausted. The Chinese are now requesting that the refunded China Aid Act money plus China Aid Act funds remaining in their special account at Riggs Bank be transferred to the Air Force for this purpose. Air Force has indicated informally to CA that the matériel is presently in stock and that it has no objection to complying with the Chinese Government's request.

CA would appreciate your views as to whether the Department should adhere to the substance of its original recommendation and

[1] Not printed.
[2] See *Foreign Relations*, 1949, vol. IX, p. 577.

pass along the Chinese request without objection. Questions have been raised from time to time as to the desirability, on psychological as well as strategic grounds, of supplying incendiary bombs to the Chinese Government. While these bombs are essentially an anti-personnel weapon not designed for large-scale destruction of urban areas, they might possibly provide the Chinese Communists with a dangerous weapon for use in attacks on Hong Kong and elsewhere in Southeast Asia. It has also been suggested that the Department take into consideration the adverse psychological and propaganda effect which might result from the use by the Chinese Government of anti-personnel "horror weapons" provided by the United States. On the other hand, the United States has in the past furnished bombs of other types to the Chinese Government; and it has been the Government's policy not to interfere with the desires of the Chinese in disposing of the $125 million grants as long as the Department of Defense was willing and able to make requested matériel available.[3]

[3] On the source text, the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) wrote a brief comment to Mr. Rusk which read as follows: "Despite the nature of the bomb & the risk it might later be used against Hong Kong or in SEA, I think we should place no obstacle in path of Chinese procurement as desired." Mr. Rusk wrote that he had no objection.

793B.00/6–1650 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET WASHINGTON, June 16, 1950—7 p. m.

2945. Dept today called in rep Brit Emb for purpose informal discussion Tibet with particular reference any steps which cld or shld be taken to encourage Tibetan resistance to Commie control. Brit rep was given brief informal outline US thinking[1] this problem along lines

[1] A copy of the Department's paper which was given to Mr. Graves of the British Embassy by Mr. Freeman of the Office of Chinese Affairs is attached to the memorandum of their conversation in file 793B.00/6–1650. The paper stated that Tibet under Chinese control might offer a base for the extension of Communist penetration and subversive activities into Nepal and Bhutan and, eventually, India. Although probably Communist China had the strength to conquer Tibet, comparatively little covert assistance in the form of specialized military instruction and supplies to the Tibetans might make a Chinese military expedition prohibitively costly, particularly if the Western States manifested no extraordinary interest in attempting to alter Tibet's international status.

The concluding paragraph of the Department's paper read as follows:

"By reason of its traditional interest in Tibet and its special relationship with India, the British Government obviously is in a better position than is the United States Government to appraise Tibetan needs, to ascertain the extent of Indian help and to exert influence upon the Government of India to assume responsibility for any necessary action respecting Tibet. In the opinion of the United States Government, however, it would be undesirable, because of Indian sensibilities, for British representatives to refer to any exchanges of views between the British and United States Governments regarding Tibet in discussions which they may have with the Government of India."

set forth position paper this subj prepared for FonMins mtg last month.[2] Brit Emb will transmit outline FonOff for study and comment. Meanwhile rep expressed pessimism personally that Brit Gov wld be willing assume any special responsibility vis-à-vis Indian Gov or even approach GOI respecting Tibet. This contrasts attitude Dening [3] with whom Merchant discussed US position briefly in London and who concurred in our view of primary responsibility India and Brit.

ACHESON

[2] See the editorial note under date of May 11, p. 339.
[3] Maberly Esler Dening, Assistant Under Secretary of State, British Foreign Office.

793B.00/6–2050 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, June 20, 1950—7 p. m.

3480. Deptel 2945, June 16, repeated New Delhi unnumbered. In reply guarded reference conversations with British Embassy Washington regarding Tibet, Foreign Office showed Embassy official text instructions this subject sent Washington evening June 15. Following in abbreviated form is substance such instructions:

1. United Kingdom has always been prepared recognize Chinese sovereignty over Tibet but only on understanding Tibet regarded as autonomous.

2. Tibet's inaccessibility makes it impracticable do anything stiffen military resistance to China. Tibet long judged incapable of more than nominal resistance.

3. British past interests in Tibet arose from proximity to India. These interests now inherited by India. United Kingdom no longer has representative in Lhasa. India has made it plain no possibility of her giving Tibet direct military support. In January 1950 after consultation with United Kingdom, India decided give Tibet diplomatic support and supply limited quantity small arms. India recognizes nothing can stop Chinese from taking Tibet if determined do so. When Panikkar [1] talked with Mao reference was made to friendly relations between two nations with common frontier.

4. Any attempt intervene would be impracticable and unwise. United Kingdom not sufficiently interested in area to warrant embroiling itself with China and in any case can not get out of step with India. Publicity should be discouraged; Tibetan collapse would have more

[1] K. M. Panikkar, Indian Ambassador in the People's Republic of China.

serious effect in neighboring countries if issue were played up in advance.

5. Regarding Tibetan mission in India, United Kingdom has no wish obstruct negotiations with China. United Kingdom does, however, object negotiations in Hong Kong and hopes they will take place in India. United Kingdom has no information to warrant inference Tibetans prepared to give in to Peiping, press reports to contrary notwithstanding.

Sent Department 3480; repeated information New Delhi 45.

DOUGLAS

794A.00/6–2250 : Telegram

The Acting Political Adviser in Japan (Sebald) to the Secretary of State

TOP SECRET TOKYO, June 22, 1950.

605. From Dulles. General MacArthur has given Secretary Johnson and me copies of a memorandum on Formosa dated June 14, 1950,[1] in which he traces the strategic importance of Formosa as well as its importance as a political area to western ideology. He states, "There can be no doubt but that the eventual fate of Formosa rests with the US". His memorandum concludes with the following:

"Formosa has not yet fallen to Communist domination. There are conflicting reports as to the capability and will of the Chinese Nationalist forces as now constituted and equipped to prevent either the military or political conquest of the Island of Formosa. I cannot predict what the cost may be of preventing Communist domination of that island, although I have advised the Joint Chiefs of Staff what the cost may be if such an event transpires. I am satisfied, however, that the domination of Formosa by an unfriendly power would be a disaster of utmost importance to the US, and I am convinced that time is of the essence. I strongly believe that the Commander-in-Chief Far East should be authorized and directed to initiate without delay a survey of the military, economic and political requirements to prevent the domination of Formosa by a Communist power and that the results of such a survey be analyzed and acted upon as a basis for US national policy with respect to Formosa."

In consequence of my discussion with MacArthur concerning this memorandum and his views on the subject, it was apparent to me that MacArthur himself stands ready to undertake the recommended survey. MacArthur also made it clear that unless it were possible for him personally to make such survey it would be impracticable to make

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[1] For the complete text of this memorandum printed as an annex to the memorandum of conversation by Ambassador Jessup of the Blair House meeting held on June 25, 1950, see vol. VII, p. 161.

detailed recommendations regarding methods of accomplishing the desired end. [Dulles] [2]

SEBALD

[2] The Department of State sent the following reply in telegram 470, June 22, 6 p. m., to Tokyo:

"Appreciate info Tokyo's 605, Jun 22. We assume urtel for info only and that Sec Defense is action channel. Implications being studied by Dept." (794A.00/6–2250)

Editorial Note

Following the outbreak of fighting in Korea on June 24 (EDT), the United States Government made a fundamental change in its policy toward Formosa. In a statement issued on June 27, President Truman said:

". . . I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action I am calling on the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations." (*Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, page 492)

For documentation relating to China and Formosa during the first days of the Korean crisis, June 24–30, see volume VII. Documentation relating to the role of the People's Republic of China in the Korean fighting is also contained in that volume, in addition to documentation relating to Anglo-American exchanges on the British divergence of view concerning United States policy toward Formosa subsequent to the outbreak of fighting in Korea.

794A.00/7–150: Circular telegram

The Secretary of State to All Diplomatic and Certain Consular Offices [1]

SECRET WASHINGTON, July 1, 1950—3 a. m.

In event you queried by Govt to which you accredited or by ur dipl colleagues re significance that part Pres's Jun 27 statement which deals with Formosa, fol gen views Dept may be helpful:

Action to prevent attack on Formosa and to prevent Natl Govt air and sea operations against mainland taken as immediate security measure to preserve peace in Pacific and without prejudice to pol questions

[1] In addition to all American diplomatic missions, this telegram was sent to the Consulates General in Hong Kong and Singapore.

affecting Chi Govt. No change anticipated in relations between US Govt and Chi Govt.

ACHESON

601.9193/7–550 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, July 5, 1950—6 p. m.

21. 1. At request Bajpai SYG MEA I called on him noon today. He showed me telegram just received from Pannikar Indian Ambassador to China, main points of which were as follows:

a. Condemnation by Communist Chinese Government of US for latter's recent activities re Formosa and branding of US as aggressor against China should not be dismissed as mere propaganda.[1] Underlying purpose was to enable China, if it so desired, to call on Russia for assistance under terms recent Sino-Soviet treaty in which Russia promised assist China in case latter was victim aggression.

b. Hundreds of telegrams from individuals and organizations were being received by Communist Chinese Government pledging support and condemning US for aggression against China. There seemed to be rising feeling in China that US was using Korea merely as pretext to strengthen armed forces in Far East which would eventually be used to assist Nationalist China against Communists.

c. In Pannikar's opinion GOI should redouble efforts get Communist China into SC so that Russia also could return. Unless SC could begin functioning with Russia and Communist China participating, world might well be drifting to third great war. One hopeful aspect was that Peiping showed tendency differentiate between problem of Korea and that of Formosa. In his opinion Peiping did not wish to become involved in Korean fighting. Its attitude toward Formosa, however, indicated firmness and determination.

2. Bajpai said that although certain allowances must be made for atmosphere in which Pannikar was working, nevertheless he considered that points made in telegram had much force and should not be ignored. He sincerely hoped that in not too distant future Russia and Communist China would be in SC.

3. I said I was wondering what practical benefit would accrue from presence of Russia and Communist China in SC at this stage. It seemed to me they would both be likely adopt SC attitude similar to that which they were taking outside SC. So long as they adhered to their present positions their mere physical presence in SC would not necessarily lessen danger of war. If they were admitted into SC their first move I supposed would be to denounce all actions taken during their absence *by SC* as invalid and their second move would be to

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[1] For the text of a message along these lines sent on July 6 by Chou En-lai to U.N. Secretary-General Trygve Lie, see U.N. document S/1583.

present resolution condemning US for aggression against China. Making of such moves might give rise to considerable bickering and confusion but I doubted they would accomplish anything constructive.

4. Bajpai said there was always possibility that if Russia and Communist China were represented in SC way would be clear for private conversations outside of SC which might solve problem both of Korea and Formosa. He referred to settling of Berlin dispute as example. Another advantage their presence would be that it could no longer be said SC had degenerated into organization composed of group of nations revolving around US and other western powers.

5. I thanked Bajpai for the information which he had given me and promised transmit it immediately to Washington.

HENDERSON

794A.00/7–650 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET
PRIORITY

LONDON, July 6, 1950—1 p. m.

86. Deptel 17, July 3.[1] As late as June 25 Chinese press in Peiping had been making almost daily appeals to people of Formosa to arise against their "oppressors" as the eleventh hour leading to their liberation was approaching. It had been noted that Chu Teh had been absent from Peiping and it was generally assumed he had left for the south to engage in planning for the attack on Formosa (Embassy suggests possibility he may have been in touch with North Korean leaders). British Chargé Peiping reports possibility Korean move primarily diversion for later attack on Formosa. He believes more likely however Peiping not informed on impending North Korean action. He has firm opinion latter came as shocking surprise to CPG. He reports having been reliably informed that Ma Yin-Chu, well known economist and presently Vice Director Financial and Economic Commission CPG expressed view invasion of Formosa would now have to be abandoned. (Foreign Office especially requests name of Chinese source be strictly guarded.)[2]

Sent Department 86, repeated Moscow 4. Department pass Moscow.

DOUGLAS

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[1] Not printed. It requested that the Foreign Office be asked concerning any information coming from the British Consul General at Shanghai bearing on Chinese Communist preparations for an invasion of Formosa (794A.00/7–350).

[2] In his telegram 246, July 12, from London, not printed, Ambassador Douglas reported that the general feeling in the British Foreign Office was that the attack on Formosa would be delayed indefinitely. Such little evidence as was available in the Foreign Office indicated that the Chinese Communists were more concerned with Korea and the Chinese land approaches thereto than with Formosa. (794A.00/7–1250)

795.00/7–750 : Telegram

The Acting Political Adviser in Japan (Sebald) to the Secretary of State

SECRET Tokyo, July 7, 1950—5 p. m.

54. Eyes only for Secretary and Rusk. Reference *aide-mémoire* to Chinese Ambassador, Washington quoted in JCS telegram 30846 of 3 July.[1] MacArthur advised me that he fully explained to General Ho Shai-lai, chief of Chinese mission Tokyo, his concepts concerning Chinese offer with aim of having General Ho personally explain MacArthur's views to Chiang Kai-shek. Ho proceeds to Taiwan 7 July.

MacArthur advised Ho as follows:

(*a*) He fully concurs with Washington view that defense of Taiwan should not be weakened at present.

(*b*) In view of breathing space which interposition of American naval forces affords to forces on Formosa, intervening time should be spent in augmenting strength logistics and readiness of Nationalist forces to meet any contingency.

(*c*) Since Nationalist army offered for Korea without artillery, transport, logistic support and short of ammunition, it would not be effective force on Korean front under present conditions.

(*d*) While discussions suggested in *aide-mémoire* of 1 July are not practical at present, MacArthur plans visit Taiwan *at first available opportunity* to investigate situation first hand.[2]

Foregoing information for Department only and for possible use instructing missions which have expressed concern regarding Chinese offer.

Sebald

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[1] Telegram not printed. The *aide-mémoire*, dated July 1, is summarized in vol. VII, p. 276. In it, the Department of State declined the Republic of China's offer of troops for use in Korea in view of the threat of a Communist invasion of Taiwan. (795B.5/6–2950)

[2] The discussions referred to were to be concerned with military plans for defense of Taiwan against invasion. On July 7, Mr. Rusk addressed a letter to Major General Burns on the question of coordination of United States and Chinese plans for the defense of Formosa, the last paragraph of which reads:

"Some question has been raised as to whether General MacArthur should not himself conduct an overall political, economic and military survey of Formosa as a basis for recommendations to this Government on general policy toward Formosa. We understand a proposal along this line was made by General MacArthur to the Secretary of Defense during the latter's visit to Tokyo. We have assumed that if the Secretary of Defense wishes to raise this more comprehensive proposal, that he would do so by discussions with the Department of State or in the National Security Council. In any event, the *Aide-Mémoire* to the Chinese Government on the use of Chinese forces in Korea was not intended by us as approval of the broader proposal which has not been officially brought to our attention." (795B.5/7–750)

794A.00/7–750: Telegram

The Secretary of State to the Embassy in China

CONFIDENTIAL WASHINGTON, July 7, 1950—7 p. m.

15. Fol is substantive portion Chi Emb *aide-mémoire* dated July 7:

"1. In view of the continuous and increasing milit movement along the coast of the mainland of China apparently in preparation for invasion of Formosa, the Chi milit command deems it imperative that air and naval reconnaissance shld be continued. Strict orders, however, have been issued not to take any other action.

2. The Chi milit command in Taiwan considers it highly desirable to set up a system of direct communication with the 7th Fleet of the US for the purpose of exchanging info directly and ensuring the quickest possible communication. The Chi Govt, therefore, recommends that the 7th Fleet set up its own system of communication in Taiwan and possibly also assign a ship to be stationed at Keelung for facilitating such purpose.

3. The Chi Navy will continue to exercise the right of visit and search on ships flying the flag of the Republic of China or the Chi Commie flag in territorial waters of China or on the high seas in order prevent Chi ships from carying milit supplies to Commie-held ports.

4. Chi Govt will appreciate it if US Govt wld see its way to make appropriate representations to Brit Govt with a view to preventing milit supplies from being shipped from Hong Kong to Commie-held ports.

5. Chi Govt wishes to call attn of US Govt again to fact that Chi Govt is at present maintaining positions on a nr of islands such as Lintin and Lema Islands off Canton, Kinmen Island off Amoy, Matsu Island off Foochow, Tachen Islands off Chekiang Province, etc. These island positions, together with those on the Pescadores, form part of the defense of Taiwan. They are guarded by considerable nr of ground troops with the support of air and naval forces. They have been, however, under constant attacks by Chi Commies, and Chi milit command feels obliged to resist these attacks in self-defense. Chi Govt will appreciate it if US Govt wld indicate its views regarding the matter."

Dept studying these questions, which similar to those mentioned urtel 11 July 4,[1] and will inform you when decisions reached.

ACHESON

[1] Not printed.

794A.00/7–950: Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NIACT NEW DELHI, July 9, 1950— 3 p. m.

47. 1. At request Bajpai, SYG MEA, I called on him July 9. He read aloud excerpts from telegram just received from Pannikar,

Indian Ambassador to China. Following is summary of excerpts as I recall them:

(*a*) Pannikar had been given for delivery to GOI copy of Chou En-lai's message to SC accusing US of aggression re Formosa.[1] He was of opinion that this message had been sent (1) in order clearly to separate developments in Korea from US action re Formosa and (2) to place SC in unfavorable light in world opinion since SC would be sure to reject Communist China complaint.

(*b*) He now had impression that Communist China was preparing for attack on Formosa in immediate future even though such attack would involve war with US.

(*c*) In his opinion problem of Formosa represented most dangerous world war threat. China by invoking Sino-Russian treaty could demand Soviet assistance against US.

(*d*) At dinner on preceding evening in Soviet Embassy Soviet Ambassador[2] had toasted to early liberation of Formosa.

(*e*) Soviet Ambassador had told Pannikar that neutral attitude and indifference of most Asian powers towards events in Korea had practically isolated US in its attack on Koreans.

2. Bajpai said GOI was deeply disturbed at prospect of war breaking out between US and Communist China over Formosa and hoped something can be done to avoid it. He read excerpt from telegram just sent to Pannikar asking latter stress to Chinese Communist Government necessity of exercising restraint at this particular time pointing out that lack of restraint migh precipitate world war.

3. Bajpai said he hoped US Government could find some way alleviating strain between US Government and Communist China. War between US and China which Russia now seemed to desire would strengthen Russia vis-à-vis US in Europe and elsewhere. He hoped that for sake of public opinion US could issue public statement on Formosa stressing it had no territorial or other ambitions re this island; that its decision not to permit further fighting to take place between Nationalist forces in Formosa and Chinese Communists on mainland was of only temporary nature and had been prompted merely in order to prevent diversion of efforts halt aggression in Korea, etc.

4. Bajpai said that he wished US would be able issue some encouraging statements re fighting in Korea. Practically all news from Korea seemed to be of discouraging nature and was having considerable effect on Indian public. Information to press explaining current difficulties and expressing confidence in future would be helpful.

5. I agreed with Bajpai's statements set forth in (4) above. Among many Asians success is more effective argument than logic and there is danger that unless some reassurance can be given from high US

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[1] See footnote 1 to telegram 21 from New Delhi, July 5, p. 368.

[2] N. V. Roschin.

sources of ultimate outcome of conflict, sentiment will develop in India that GOI has chosen wrong side.

HENDERSON

794.00/7–1050

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, July 10, 1950—noon.

34. For Department use only. No distribution. Call on Generalissimo July 8 was pleasant, lasting 75 minutes. Present also were Mme. Chiang, Admiral Kwei and Ho Shih-li. Shen Chang-huang interpreted.

Generalissimo showed real pleasure at Admiral Struble's presence in Formosa [1] and in my call. Was interested in Korean developments and in strength of Seventh Fleet in Formosa area.

Discussed briefly question of liaison and stated had ordered Chou Chih-jou and Chinese Navy and CAF give full cooperation (which Chou and Kwei have done). Brought up question of reconnaissance of Chinese Communist coastal areas and was assured by Admiral Struble that such reconnaissance essential to defense and not objected to. Generalissimo warned against surprise air attack on US vessels and predicted that Communists still intended attack, and would have to do so within next 40 days, attack probably at earlier date within this period rather than later; disagree with Admiral Cooke [2] who believed Communists abandoned invasion plans; Communist preparations for attack completed; Chinese Communists would attack even though they knew they could not win. Nationalists had suffered many defeats in past but learned many lessons.

Admiral Struble indicated need and desire return Formosa near future in order firm up liaison details. Generalissimo recalled that he took over Formosa as Allied Commander of Chinese theater pending peace treaty while General MacArthur took over Japan and other areas as SCAP; now Chinese government was here, but he hoped despite this fact Struble would not feel he coming to foreign territory in visiting Formosa. He stated he has special regard for and real friendship with each US naval commander in Far East; admired Navy particularly because they always willing come to help of friends in need.

Call of 40 minutes on Chen Cheng passed in exchange of pleasantries only.

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[1] Vice Adm. Arthur D. Struble was Commander of the United States Seventh Fleet.

[2] Adm. Charles M. Cooke, U.S. Navy (ret.), former Commander of the Seventh Fleet, was in Formosa in a private capacity; see footnote 4 to telegram 181, August 3, from Taipei, p. 413.

Struble declared in private that General MacArthur wishes visit Formosa himself but unable take time. Also said had determined could not help Nationalists defend islands off mainland coast,[3] but could not place obstacles in way of Nationalists short of directive against Nationalist operations against mainland. Hoped to establish general zones of responsibility relative to Formosa, giving Nationalists prime responsibility for sea area close around island while assuming main role himself in bulk of waters between Formosa and mainland.

Struble spent night with Admiral Cooke, who also took him to conference with Admiral Kwei this morning.

STRONG

[3] In his telegram C–57148, July 3, to the Department of the Army, not printed, General MacArthur recommended that the area of United States protection include the Pescadores, but not the offshore islands.

794A.00/7–1250 : Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

TOP SECRET Moscow, July 12, 1950—2 p. m.

106. Kapur at Indian Embassy showed Embassy officer July 11 top secret telegram for Indian Ambassador Peiping dated July 10 which refers to intensity Chinese Communist feeling about Formosa and expresses opinion that prolongation hostilities Korea make it more certain than ever "that Chinese Communists will move against Formosa soon". Chou En-Lai's message to Trygve Lie analyzed as arising from Peiping's desire clearly demarcate between Korean and Formosan issues since US step re latter not covered by SC Resolutions. Reference also made to remarks of Soviet Ambassador Peiping who reportedly said Soviets did not desire "widen conflict" and that calmness Soviet people plus neutral attitude Asian nations re Korea may give pause "US desire broaden conflict". On other hand Soviet Ambassador said to have given toast to "early liberation of Taiwan", Kapur used this cable as basis for elucidation now familiar Indian line that US should throw Formosa question into UN before Chinese Communists attack and should also not stand in way of Chinese Communist membership UN. "On Korea you have clear-cut moral case; on Formosa you will not have support world opinion unless you take suggested actions now". He insisted that British position on Chinese Communist membership UN same as GOI's despite Embassy officer's statement that British agree with US that this is not time push that matter. He emphasized feeling of responsibility GOI that as result its unique position Peiping and said he wished we had representative there who could corroborate Pannikar's information. He noted that

latter had made no reference in latest cable to Radhakrihshnan's [1] suggestion that Pannikar use his influence restrain Chinese Communists. "Once Chinese Communists take up arms against US forces guarding Formosa, chance of weaning Mao away from Kremlin forever lost".

Re Indian motion that settlement could be reached by obtaining commitments from Soviets and Chinese Communists that they would support SC action restore *status quo ante* Korea and then bringing Chinese Communists into UN (and thereby ending Soviet boycott), Kapur said that GOI had "something in writing" from Chinese Communists indicating their support this formula.[2]

Department pass New Delhi, London; sent Department 106, repeated information New Delhi 9, London 37.

KIRK

[1] Saravapalli Radhakrishnan, Indian Ambassador in Moscow.
[2] For further documentation on this topic, see telegrams 65, 66, and 67, July 11, from New Delhi, vol. VII, pp. 365, 364, and 367, respectively.

794A.00/7–1450 : Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET TAIPEI, July 14, 1950—11 a. m.

60. Chen Tai-chu called on me last evening state that recent information from very reliable sources leads belief Chinese Communists preparing attack Chinmen or Formosa soon.

He went on that Chinese Government thus considers CAF must bomb airfields and troop concentrations on mainland, as necessary defense measure, and Chinese Government hopes US Government will agree.

I told Chen would forward Department and ask for reply.[1]

Then pointed out Chen that in May attachés and self were criticized in local official circles for thinking attack could come this summer, now those same officials have changed minds and think attack imminent; it would be interesting know why they disagreed before but suddenly in recent days agreed.

STRONG

[1] The Department of State sent the following reply in telegram 30, July 14, to Taipei:

"Pls indicate Chen Tai-chu that projected bombing airfields and troop concentrations on mainland wld be contrary to President's directive June 27 and that USGovt unable agree to Nationalists taking such action." (793.00/7–1450)

Mr. Strong informed Chen Tai-chu of the above reply on July 15 (telegram 66, July 15, from Taipei; 793.00/7–1550).

794A.00/7–1350 : Telegram

The Secretary of State to the Embassy in China

CONFIDENTIAL WASHINGTON, July 14, 1950— 8 p. m.

33. Urtels 25 July 7 [1] and 59 July 13.[2] Dept approves action proposed urtel 25. You shld inform K. C. Wu that you are making further inquiries re FLR leaders on Dept instrs. Suggest approach along fol lines:

Dept aware necessity preventing dangerous subversive action Formosa. However, in view assertions by several countries that Natl Govt has lost popular support Chi mainland and Formosa, Chi Govt will doubtless have in mind desirability avoiding any unnecessarily provocative action toward Formosans which might cause Formosan hostility and wld lend coloration these reports. Reiterating previously expressed views, US Govt has been interested in and sought to further where it cld resistance Formosan population to Commie penetration and subversion and good relations between Natl Govt and Formosan people. US interest in case FLR leaders arises from interest these factors, and humanitarian concern. Therefore Dept desires you report re treatment and conditions of detention these persons.

ACHESON

[1] Not printed; in this telegram, Mr. Strong expressed his intention to ask K. C. Wu what the Chinese Government intended to do with the 10 FLR leaders being held in prison (794A.00/7–750).

[2] The text of telegram 59 read as follows:

"Mytel 25, July 7; repeated Hong Kong 3.

"Vice Consul Osborn reports interview today with Margaret Liao [wife of John Liao] in which she made following statements:

"Police have informed her that Peter Huang will tomorrow be sentenced 14 years imprisonment, John Liao 7 years and others lesser periods. Charge will be that they Commies.

"Now 14 jailed in smaller room than previously used for only ten. All very bad shape from physical abuse and living conditions. Huang losing his sanity. One has tuberculosis, another badly inflamed ribs." (794A.00/7–1350)

793B.00/7–1550 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, July 15, 1950—4 p. m.

96. 1. Embassy doubts that recent events in Korea (Deptel 48, July 11)[1] have rendered Indian authorities more amenable to assisting Tibet. Embassy believes that Indian relations with and concern about Chinese are such as to cause GOI to maintain attitude on assistance to

[1] Not printed. It stated that the Department of State and other interested agencies were considering the advisability of approaching the Tibetan Mission currently in India with a promise of secret United States aid in the hope that this would help the Tibetan authorities to resist Chinese Communist encroachment on Tibet (693.93B/7–1150).

Tibet which Embassy previously has reported, and that GOI would object to any initiative by another power, particularly the US to extend military aid to Tibet.

2. Embassy's information obtained from UK High Commissioner is that GOI has delivered all weapons (but no more) heretofore asked by Tibetans (Embtel 301, March 8) and that latter were satisfied. We were also told that Indian military training group at Gyangtse had been strengthened.

3. On the other hand, we believe GOI might find it difficult to refuse if Tibetans themselves should request GOI (as suggested in your paragraph 2–*f*) to allow them to procure in India or abroad additional supplies and equipment they may require to reinforce Tibet's defense. GOI might well have reservations on amounts of such "purchases" but might be prepared to agree to some negotiated figures if convinced Tibetans were ready to take risks of resistance and could defend country with effectiveness.

4. Embassy favors approach to Tibetan delegation as suggested in Department's reference telegram but believes it should take form, under reference to their approach to Embassy (Embtel 887, June 18),[2] of statement we had informed our government of Tibetan inquiry re US aid, and were now in position to tell delegation that US Government had given matter careful consideration and was prepared in principle to give assistance; and that Embassy had instructions to obtain particulars re specific needs and to discuss methods and routes of delivery, et cetera. We believe that early steps should be taken in order that Tibetans might have opportunity to consult Lhasa in advance of any discussion which they might have with Chinese representatives in India now that latter have arrived in New Delhi. We consider it would be essential in approaching Tibetans that we be in position to give definite assurance re US readiness to assist, particularly in financing such material (your paragraph 2–*g*). We also believe that Department should seek and obtain British support at highest levels for such an approach to Tibetans, as well as their agreement not to inform GOI about matter. Embassy's thought is that if Tibetans request and press GOI for increased aid that matter might be handled or could be developed in such a way as to cause GOI to enter into some form of cooperation.

5. Matter of providing radio transmitter, et cetera, as well as other points in Department's telegram will be discussed with Tibetans if

[2] Not printed. It reported on a conversation on June 16 between American Embassy officials in New Delhi and members of the Tibetan Mission led by Tsepon Shakapba. In response to a direct query from Shakapba on the possibility of United States aid in the event of a Chinese invasion of Tibet, the Americans said that in fairness they could not encourage the Tibetans to believe that the United States Government would consider such aid feasible but added that they were without instructions to say that such aid would definitely not be forthcoming in such an eventuality. (611.93B/6–1850)

Department approves Embassy's above suggestions and instructs us accordingly.

6. Shakapba mission understood be Calcutta; we are endeavoring ascertain definite whereabouts and travel plans.

HENDERSON

794A.00/7–1750 : Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, July 17, 1950—11 a. m.

68. Deptel 33, July 14. Brought up question of detained FLR leaders with K. C. Wu last evening and gave him summary of US attitude typewritten on sheets of scratch paper without date or signature to assure accurate understanding on his part.

Wu did not wish discuss matter further but said longest sentence was 12 years and others down to 4 or 5 years, with proviso for earlier release if behavior good. Said that he had advocated this against opposition.

Mistaking purpose of summary, Wu said he strongly advised that no such communication be sent to Chinese Government, that it was all right to give it to him but if sent to government there would certainly be misunderstanding in higher circles. He told me to tell the State Department not to send such a note to Foreign Office. I said that not intended send note, that summary intended merely for his personal information. Entire matter ended there without clarification on question of charges trial, conditions of detention, etc.

From his manner, almost of hostility, it was apparent Wu thought US "interest" had already gone far enough and caused him enough trouble, and that Generalissimo was incensed at signs of US "interference" in matter. In my opinion attitude stems from deep uncertainty over US intentions toward Generalissimo and Chinese Government, fear Formosans have gained ear of US, and feeling that Chinese Government must show Formosans who is boss.

At this stage, further approach on this matter alone might do more harm than good, unless strong position taken.[1]

STRONG

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[1] The Department of State sent the following reply in its telegram 44, July 18, to Taipei:

"Urtel 68 July 17. Action taken by you pursuant Deptel 33 July 14 was in accordance Dept's intention make informal representations K. C. Wu without formal intervention through FonOff. Purpose informal conversations re FLR leaders apparently served as Dept's interest obviously known in high Chi Govt circles. Pls continue report developments as they become known." (794A.00/7–1750)

793.56/5–650

The Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Special Assistant to the Secretary of Defense for Foreign Military Affairs and Assistance (Burns)

SECRET WASHINGTON, July 17, 1950.

MY DEAR GENERAL BURNS: Reference is made to Secretary Acheson's letter of April 14, 1950 to the Secretary of Defense regarding the continuation of military assistance to the Government of China, and to paragraph (*b*) of Secretary Johnson's reply dated May 6, 1950 regarding the provision of assistance under Public Law 512, 79th Congress.

It is the opinion of this Department, in view of recent developments in the Far East and the related decisions of this Government, that the United States Government should continue such assistance to the Government of China under authorization of Public Law 512 as is requested by that Government and is considered desirable by the Department of Defense in the light of applicable military criteria.

Sincerely yours, DEAN RUSK

793.5/7–1750

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 17 July 1950.

MY DEAR MR. SECRETARY: In its *aide-mémoire* of 7 July to the Department of State,[1] a copy of which has been made available to the Department of Defense, the Chinese Nationalist Government has expressed its concern over the military status of certain islands now under its control near the mainland of China. The Chinese Nationalist Government has stated that it is maintaining its position "in Lintin and the Lema Islands off Canton, in the Island of Kinmen off Amoy, in the Island of Matsu off Foochow and in the Tachen Islands off Chekiang Province", and requested the views of the U.S. Government regarding the defense of these Islands. The problem, from the military point of view, is whether these Islands should be incorporated into the area of U.S. defense responsibility as set forth in the President's statement and what action, if any, the United States should take if the Nationalist Government utilizes these Islands to launch attacks against Communist-held areas.

The Joint Chiefs of Staff have studied this problem and have sub-

[1] See telegram 15, July 7, to Taipei, p. 371.

mitted to me the following views and recommendations, with which I concur:

"The Joint Chiefs of Staff do not consider that United States forces should be committed to the defense of these islands and recommend that the Chinese Nationalist Government be informed that such islands are not included in the area of United States responsibility as set forth in the President's statement of 27 June 1950. Further, they consider that action in defense of these islands is a matter which rests with the Chinese Nationalist Government, and, finally, that offensive action directed against the mainland from these islands may not be supported in combat by military forces based on Formosa or the Pescadores. However, the U.S. Government should not prevent the Nationalists from defending these islands and should not stand in the way of the Nationalists supporting such operations from Formosa."

Sincerely yours, LOUIS JOHNSON

794A.5/7–1750

Memorandum by the Counselor (Kennan) to the Secretary of State

TOP SECRET [WASHINGTON,] July 17, 1950.

I am writing this to express my concern that the position of this Department with respect to the defense of Formosa should be fully clear to the President and the Defense Establishment at this time.

We have an intelligence analysis of July 14 (DIC 138)[1] which gives a disturbing picture of Chinese capabilities, of the inadequate state of our own reconnaissance and of the continued insistence of Chiang on disposing his armed forces with a view to his own political interests rather than the best interests of the defense of the island.

A Communist conquest of Formosa, either by political or military means or both, coming in the wake of the President's statement, would be gravely damaging to our political position not only in Asia but possibly throughout the world. I believe that it would be comparable in its effects to a complete military defeat in Korea.

Should there be political defection to the Communists on the island, in the absence of any armed invasion, on such a scale to lead to eventual Communist control, there would be little that we could do about it; and there is little that we can do to prevent it other than to expedite in every way the turn of military fortunes in Korea to our favor.

But with respect to the military invasion of the island, we do have capability of influencing the course of events directly. Here it seems to me that the important thing for us all to bear in mind, including the Defense Establishment, is that we can rely on no one but ourselves. The Nationalist forces on the island must, in view of their national temperament, their past experiences and their unfortunate leadership,

[1] Not printed.

be regarded as wholly unreliable. This is not to say that they will not fight; it is only to say that they cannot be depended upon to fight. We should therefore go on the theory that no sizeable Communist forces must be permitted to reach the island in any circumstances, and that it is solely our task to prevent this. The United Nations cannot give us any appreciable assistance in this respect. Our own national prestige is at stake in the most obvious way and no one is going to help us initially with its defense in this area.

I understand that there has been some ambiguity about the reconnaissance function, and a belief in some quarters of the Military Establishment that we in the State Department had barred effective reconnaissance. I urge that steps be taken immediately to clarify this subject and to see that the understanding reached has the President's approval and is plainly and fully recorded.

In summary, the three things which I think this Department must do are the following:

(1) Make sure that the gravity of a possible reverse in Formosa, from the political standpoint, is clearly and adequately stated to the President and the Defense Establishment;
(2) Similarly, make sure that it is understood that we have only ourselves to rely on in the approach to this problem; and
(3) Make sure that there is no misunderstanding about the problem of reconnaissance, or about any other aspect of the military defense of Formosa, which could lead to charges that the State Department had inhibited operations essential to that defense.

GEORGE F. KENNAN

793.00/7–1750: Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, July 17, 1950—4 p. m.

74. Chen Tai-chu of FonOff this morning asked as urgent question whether Nationalist artillery on Chinmen was entitled to shell Chinese Communist batteries on mainland when latter initiated firing against Chinmen.

I stated this was another question which undoubtedly would have to be considered with wide range of matters now being worked on in Washington.[1]

Department pass ComSeventhFlt.

STRONG

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[1] The Department sent the following reply in telegram 56, July 21, to Taipei:
"Urtel 74, July 17. Since such operations by NAT garrison Chinmen wld appear to be defensive in character, it is considered that counteraction by NAT artillery is legitimate when mainland batteries initiate action. Pls inform FonOff." (793.00/7–1750)

793.56/7–1850

The Special Assistant to the Secretary of Defense for Foreign Military Affairs and Assistance (Burns) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET WASHINGTON, July 18, 1950.

DEAR MR. RUSK: Your letter of 21 June 1950 [1] requests an indication of the views of the Department of Defense regarding action to be taken on the request of the Chinese Government to purchase 25 F–80(B) jet fighters with its own funds and a further request to purchase F–51 aircraft understood to be surplus to United States requirements.

The Secretary of Defense has recommended to the Secretary of State that, in order to increase the capacity and will of the Chinese Nationalist Forces to fight, the Chinese Nationalist Government should be authorized to make purchases, with its own funds, of any matériel under the control of the United States, including tanks and jet aircraft, provided there is no Service objection to these purchases. Delivery and shipment of such purchases should be expedited by United States assistance.

If the Department of State concurs in the above recommendation, the Department of Defense would have no objection, from an operational standpoint, to the granting of an export license to the Chinese Nationalist Government for the F–80(B) aircraft, or selling surplus U.S. aircraft to them. However, production of the F–80(B) aircraft has been discontinued, and it is expected that the entire productive capacity of this plant will be occupied with orders for more modern types to meet the requirements of the United States Air Force. The F–80(B)'s in the current USAF inventory are similarly required.

A telephone conversation with Mr. McAfee of your office, on 14 July, indicates that the Chinese requirement may be for F–84(E) aircraft instead of F–80(B). The situation regarding F–84(E) or any other later model would be the same as stated above.

The F–51 aircraft are no longer surplus to U.S. needs and, therefore, are not available for sale to the Chinese Government at this time.

The overall requirements of the Chinese Nationalist Government for military assistance are now under consideration within the Department of Defense. In the event that this study reveals a priority need for jet aircraft, the Department of Defense will consider the diversion of such aircraft from our own stocks or from production.

Sincerely yours, J. H. BURNS

[1] Not printed.

793.56/7–1950

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 19 July 1950.

DEAR MR. SECRETARY: In my letter dated 6 May, I stated that I would reserve comment on your letters of 7 March and 14 April, concerning U.S. policy in administering Public Law 512, 79th Congress, Public Law 472, 80th Congress, and Executive Order 9843, in connection with the transfer of equipment to the Chinese Nationalist Government, pending a review of the U.S. Military position with regard to Formosa.

The Department of Defense has reviewed the above aspects of our position with respect to Formosa and I recommend that, in order to increase the capacity and will of the Chinese Nationalist forces to fight, the Chinese Nationalist Government should be authorized to make purchases, with its own funds, of any matériel under the control of the United States, including tanks and jet aircraft, either in the United States or elsewhere, provided there is no Service objection to these purchases. Delievery and shipment of such purchases should be expedited by United States assistance.

If you concur in the above views, I request you advise me, as a matter of urgency, so that appropriate measures can be taken by the Defense agencies to implement this policy.[1]

I will advise you of Department of Defense policies and recommendations concerning grant aid to the Chinese Nationalist Government at a later date.

Sincerely yours, LOUIS JOHNSON

[1] Mr. Acheson expressed his concurrence in a letter to Secretary Johnson dated July 24, not printed (793.56/7–1950).

Editorial Note

On July 19, President Truman transmitted to Congress a Special Message reporting on the Korean situation; for the text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, page 527.

Concerning Formosa, the President said that the action taken by the United States was a matter of elementary security to prevent extension of the Korean crisis into the Pacific area. He went on to say that the United States had no territorial ambitions on the island nor any desire for special position or privilege there and added that the present military neutralization was without prejudice to political

questions affecting Formosa. He expressed the hope that all such questions would be settled by peaceful means as envisaged in the United Nations Charter.

794A.00/7–2050 : Telegram

The Chargé in China (Strong) to the Secretary of State

CONFIDENTIAL TAIPEI, July 20, 1950—2 p. m.

99. Deptel 35, July 15.[1] Following are some of more necessary reforms needed in Chinese Government dealings with Formosans:

Fair distribution and collection of taxes and special levies as between mainlanders and Formosans.

While Nationalist Government restricted to Formosa, greater representation in national affairs for Formosans in view of fact they are bearing greatest part of burden.

Admitting right of Formosans to help defend island, and furthering that right.

Means of recourse to Formosans abused by mainlanders.

Elimination of squeeze by predominantly mainland officials, by providing channel for information which will protect informants.

Differentiation between opposition to government measures and pro-Communism.

Elimination of competing secret police groups.

Cleaning up police and judicial systems, with following specific goals: no arrest without cause and only by regular police (not secret police); families to be informed at once of whereabouts and allowed to provide daily necessities without payment of squeeze; prompt declaration of charges against those arrested; public trial within reasonable time by civil court, not military court; defendant to be permitted counsel; sanitary conditions of detention not unusually detrimental to health, no physical tortures; means of recourse by family or employer to gain information or protest conditions without reprisal.

Any effort by US Government to force Chinese Government into foregoing must be made in company with general approach to Chinese Government on wide range of matters relating to Formosa or must be coupled with positive assurance that in protecting Formosan interests we do not intend unseat Chinese Government or challenge its authority here and will encourage Formosans cooperate with Chinese Government. In either event US Government must establish means of following through on its demands.

STRONG

[1] Not printed. It asked for specific recommendations on reforms by the Chinese Government for which the United States should press (794A.00/7-1150).

Editorial Note

Between July 20 and 24, high-level and wide-ranging Anglo-American discussions were held in Washington by delegations led by Am-

bassador at Large Philip Jessup and Chairman of the Joint Chiefs of Staff Omar Bradley for the United States and British Ambassador Sir Oliver Franks and Lord Tedder, Chairman of the British Joint Services Mission in Washington, for the United Kingdom. The talks, dealing with problems arising from or magnified by the Korean conflict, were exploratory in nature. The text of the Agreed Joint Memorandum resulting from the talks is scheduled for publication in volume III. For extracts of those portions dealing with the Far East, see volume VII, page 462. Material on the conversations and records of the individual meetings are contained in Department of State file 611.-41/8-450.

611.93/7-2150 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET
PRIORITY

WASHINGTON, July 21, 1950—6 p. m.

55. Eyes only for Strong. Reurtel 60 [1] and Deptel 30 Chi Govt must be left under no misunderstanding on attitude USGovt toward attacks on mainland by forces now on Formosa. President's action was clear and unequivocal and was based upon determination to neutralize Formosa and Pescadores from mil point of view in light serious situation now threatening peace in the Pacific. Such action was taken to stabilize southern flank UN Korea action and limit hostilities to Korea even though we do not claim UN associated with us at this stage re Formosa.

Gen Ho Chief Chi Mission Japan raised same question in Tokyo on July 16 and JCS instructed MacArthur substance Deptel 30.

Pls call on FonMin and insure that there is no misunderstanding of our attitude toward bombing operations referred to by Chen Taichu. Chi Govt has vital interest in fulfillment President's declaration June 27 and we understand that as already promised in Chi Govt's statement June 28 (urtel 1007 June 29) [2] Nationalist air and sea operations against the mainland have been suspended. You shld make clear to FonMin however that 7th Fleet has explicit orders fulfill President's directive and that Chi action in definance that directive wld be considered breach of Chi Govt's assurances.

For urinfo this instr based on directive from Pres.

If it comes to ur knowledge that any Amer official or non-official might be encouraged or assisting Chi Govt to compromise position announced by Pres June 27, you are requested inform Dept appropriately at once.

ACHESON

[1] Dated July 14, p. 375.
[2] Not printed.

793B.00/7-2250 : Telegram

The Secretary of State to the Embassy in India

TOP SECRET WASHINGTON, July 22, 1950—12 noon.

104. Deptel 48 July 11 and urtel 96 July 15.

1. Our response PriMin's appeal re Commie China [1] probably additional reason which wld cause GOI object US initiative extend mil aid to Tibet. Dept now in position give assurances Tibetans re US aid. Details will be forwarded separate msg. View current state US-Indian relations, Dept believes action designed obtain GOI cooperation such a project shld be left to Tibetans. Dept believes procedure shld be as follows: In response Tibetan approach you inform them that US ready to assist procurement and financing. Tibetans then approach GOI opening with request for more Indian aid. GOI will presumably say Tibet now getting all aid India can give and all aid Tibet can properly use. Tibetans then wld ask whether GOI wld agree facilitate delivery through India of matériel procured abroad. If GOI answer an unqualified negative matter ends. If positive you wld then raise matter with GOI explaining Tibetan approach to you and willingness US help Tibetans and then enter into examination procedures of delivery.

2. Dept believes it wld be undesirable present stage ask Tibetans for particulars re specific needs. In ur talk with Tibet Del it might be desirable restate necessity GOI cooperation and discuss tactics. Tibetans must realize importance this stage of not informing GOI of US interest, although GOI may be aware your contact with Tibetans and may surmise US interest when Tibetans approach GOI. Dept agrees advantage discussing matter with Tibetans before they enter into conversations with reps Peking Govt in New Delhi.

3. Above procedure appears desirable in that you will have to discuss matter with GOI, if at all, only after main policy decision has been made. GOI wld only with great difficulty refuse Tibetan request for cooperation in delivery material and if it shld do so it might be prompted accede initial Tibetan request more Indian aid or offer another plan.

4. In conversations held Wash Dept told by reps Brit Emb that UK interest in Tibet secondary, having yielded their position to GOI. Dept

[1] Reference is to a message from Secretary of State Acheson responding to one from Prime Minister Nehru wherein Mr. Nehru urged upon the United States the need for seating the People's Republic of China in the U.N. Security Council as an aid in terminating the conflict in Korea. Mr. Acheson's reply stressed the fact that the fighting in Korea and the question of United Nation representation were separate and disinct matters. The text of Mr. Acheson's message is printed in the Department of State *Bulletin*, July 31, 1950, p. 170, and in telegram 77, July 17, to New Delhi, vol. VII, p. 412. Volume VII also contains the texts of other messages exchanged between the two men at this time.

contemplates informing Brit and seeking assurance that they will not inform GOI, but high level support not being sought.[2]

ACHESON

[2] Mr. Hubert Graves, Counselor of the British Embassy, was informed of the substance of the above telegram by the Director of the Office of Chinese Affairs (Clubb) on July 24. The text of Mr. Clubb's memorandum of the conversation with Mr. Graves was transmitted to New Delhi under cover of instruction No. 12, July 31, not printed. (793B.5/7–2450; 793B.5/7–3150)

794A.5/6–2850 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET NIACT WASHINGTON, July 22, 1950—5 p. m.

61. For Strong reurtel 1000 June 28 [1] regarding application President's declaration June 27 to offshore islands held by Nats pls convey FonMin fol interpretation:

"The US Govt wld not participate in the defense of islands now under Chi Govt control, other than Taiwan and the Pescadores, in the event of a Commie attack. The US Govt wld not, however, stand in the way of Chi Govt support of defensive operations on or from these islands."

For ur info: Ruling in accord with President's statement. Present *démarche* designed answer FonMin's question re point and remove any implication whatsoever that US forces in vicinity cld be involved in defense those islands.

Any questions regarding practical application this directive shld be taken up through military liaison channels.

ACHESON

[1] For text of this message, see vol. VII, p. 226.

794A.5/7–2350 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, July 23, 1950—3 p. m.

111. Delivered message to Foreign Minister Yeh this noon as instructed by Deptel 61, July 22.

He requested me reply that Chinese Government intends observe its commitment, that only violation has been unfortunate incident involving British ship [1] for which Chinese Government offered apology and compensation and that Chinese Government preparing

[1] The incident referred to involved the strafing of the British motor vessel *Glenearn* by Chinese Nationalist Air Force planes on July 15 resulting in the wounding of two crew members.

memorandum for ComSeventhFlt regarding Communist attacks on small islands off mainland.

Apart from foregoing, Yeh indicated Chinese Government considering withdrawal from Chinmen despite "great importance to both China and US". Plan calls for mining of waters around Amoy and holding aircraft in readiness defend evacuation in event Chinese Communist air force attempts intervene.

Also passed to Yeh substance Deptel 55, July 21.

Yesterday informed Chen Tai-Chu accordance Deptel 56, July 21 [2] and reiterated to Yeh today.

STRONG

[2] See footnote 1 to telegram 74, July 17, from Taipei, p. 381.

794A.00/7–2450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, July 24, 1950—1 p. m.

492. Personal for the Secretary from Douglas. On at least two occasions I have indicated the urgency of attempting to reach some common understanding with the British in regard to Formosa. I want again to repeat what seems to me to be an urgent necessity of making this effort as promptly as possible. Please do not misinterpret this to mean that we should alter the position we have taken. What I am suggesting now is a full explanation of the reasons which have influenced us to take the position that we have taken and combined with an agreed position in regard to both our interim and ultimate intensions. As an example of interim intentions Formosa might be placed in the custody of the UN until peace has been restored, security recaptured and the island disposed of under the terms of a peace settlement with Japan. I recognize of course that this presents difficulties vis-à-vis the Nationalist Government and I do not mean to imply that this example of interim intentions is the only, or even the best, way of clarifying our position but I do mean that we should make every effort as soon as possible to arrive at a common understanding with the British.

Let us suppose that the Chinese Communists attack Formosa and that there will have been at that time no common understanding with the UK in regard to Formosa. It is not unlikely that the more conservative elements of the Labor Party would sympathize with our position but would nevertheless, as they have done consistently since they came into power, give hostages to the less conservative elements of the party. They would probably take this action because the ghost

of '31 always sits at every council table of the Labor Party and influences it to take no steps which would result in a division of the party. In this case the hostage would be to refrain from supporting the US. Although, generally speaking, the conservative party would vigorously side with the US in regard to Formosa, there are other non-Communist but mushy-minded groups in Britain that would align themselves with the Labor Government. Thus the UK and US might divide on this important question.

So long as British and US do not see eye to eye, it is hopeless even to attempt to persuade India. Failure fully to explain our stand in regard to Formosa with a view to obtaining HMG's agreement and with a view to persuading India, if this is possible, that our position is at least not hostile to her interests would, if the Chinese Communists attack Formosa and we intervene as we should intervene, produce more than a division between the US and the UK. It will probably also produce a division among the remaining free Asiatic peoples of which India is the principal spokesman.

It is not necessary to elaborate on the complications which would thereby be created except to say that under the circumstances recited and enumerated here, the Chinese Communists undoubtedly, having asserted their right of jurisdiction over Formosa would brand intervention by our armed forces as an act of aggression and would try to invoke the assistance of the Kremlin in accordance with a possible interpretation of the recent Sino-Soviet treaty. What the results would be no one can foresee but under the most favorable circumstances they would not be pleasant.

It may be impossible for us to explain our position to HMG and to arrive at a common understanding but I suggest that we should make the effort and make it promptly. If we are successful we might then be able to muster HMG's power of persuasion and the powers of persuasion of the other members of the Commonwealth, individually and separately, to undertake the formidable task of persuading India of the correctness of our position and even, possibly, of their expressing to the Peking Government the serious consequences that would follow an attempted invasion of Formosa.

I am repeating my conviction about the urgency of this matter because there are a great many evidences of a substantial division of opinion in Britain on question of Formosa. London *Times* published a letter from Crossman,[1] the *New Statesman* is hammering at the question and every member of the Conservative Party with whom I have discussed subject, while supporting us, believes that it would be very desirable to arrive if possible at some common understanding

[1] Richard H. S. Crossman, Labour Member of Parliament.

with the British. Menzies [2] has indicated the need for such an understanding. A substantial group of fuzzy-minded people but nevertheless decent and insofar as I can tell uncontaminated by Communism called on me Friday [3] and raised the question of Formosa. There are other evidences which it is not necessary to make reference to here but altogether they indicate we may be in serious trouble should the Chinese Communists attack Formosa and should there not be an agreed position with the UK.

DOUGLAS

[2] Robert G. Menzies, Prime Minister of Australia.
[3] July 21.

794A.5/7–2450 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, July 24, 1950—4 p. m.

112. After transmission mytel 111, July 23, Foreign Minister Yeh telephoned me following which he wished substituted for briefer statement in reference telegram:

[Here follows the quoted text of the statement by Foreign Minister Yeh. It indicated that the Chinese Government would continue to abide by its commitment to the United States on suspension of hostile action against the mainland and shipping on the high seas, but wished to call attention to Communist attacks on the island positions since June 27. To abide by the commitment, the Chinese Government had felt compelled to abandon outer Lintin Island. Chinmen Island, which was considered vital to the defense of Taiwan and the Pescadores, had been bombed twice and an invasion fleet was being assembled on the mainland abreast of Chinmen. Since the Seventh Fleet would not defend the island, the Chinese Government might have to use air and naval support in its defense. Even in the event of its abandonment, such support might be required in the withdrawal to avoid exposure of the 70,000 troops there to Communist air and naval attack.]

As personal comment, Yeh added statement that he could assure US Government that no offensive action would be taken against Communists, that despite reports that attack may be imminent, any action taken will be defensive.

It seems certain that Chinese Government intends withdraw from Chinmen inasmuch as its barrage of warnings about dangers to outlying islands has not altered US position. US will no doubt be made complete scapegoat for all lost positions despite fact that they are indefensible except on short-term basis and have mainly nuisance value.

STRONG

794A.00/7–2450 : Telegram

The Secretary of State to the Embassy in China

SECRET WASHINGTON, July 24, 1950—7 p. m.

PRIORITY

64. For Strong. Para numbered 1, Deptel 15, July 7 re Chi air and naval reconnaissance, pls convey FonMin fol interpretation President's declaration June 27:

"The U.S. Govt wld not stand in the way of air and naval reconnaissance by the Chi Govt, provided such reconnaissance did not involve armed offensive action against the mainland."

Any questions regarding practical application this directive shld be taken up through milit liaison channels.

ACHESON

Executive Secretariat Files : NSC 37 Series

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, 27 July 1950.

Subject: General Policy of the United States Concerning Formosa

1. This memorandum is in response to your memorandum, dated 6 May 1950,[1] concerning military assistance to the Chinese Nationalists and to your memorandum, dated 14 July 1950,[1] dealing with United States policy concerning Formosa.

2. The Joint Chiefs of Staff have made a reexamination of the United States military position with respect to Formosa in the light of the world situation generally and the situation in the Far East specifically and reaffirm their views that:

a. The island of Formosa is strategically important to the United States (memorandum for the Secretary of Defense, dated 17 August 1949) ; [2]

b. The strategic consequences of a Communist Formosa would be seriously detrimental to United States security (memorandum for the Secretary of Defense, dated 24 November 1948) ; [3]

c. Continued successful resistance on the part of the Chinese Nationalists, particularly in the Formosa area, is in the military interests of the United States (memorandum for the Secretary of Defense, dated 2 May 1950) ; [1] and

d. Future circumstances extending to war itself might make overt military action with respect to Formosa advisable from the over-all

[1] Not printed.
[2] Text in *Foreign Relations*, 1949, vol. IX, p. 376.
[3] Text *ibid.*, p. 261.

standpoint of our national security (memoranda for the Secretary of Defense, dated 22 March 1949 [4] and 17 August 1949).

3. In this connection, the Joint Chiefs of Staff have received the following communication from the Commander in Chief, Far East:

[Here follows the text of the Memorandum on Formosa by General MacArthur, dated June 14, 1950, concerning which see telegram 605, June 22, from Tokyo, page 366.]

4. The present United States position with respect to Formosa is contained in the following statement from the announcement by the President on 27 June 1950:

"The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary to this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."

5. In light of all of the foregoing, and in view of the fact that the state of the United States military position in the Far East, now and in the foreseeable future, will have a direct impact upon the United States position throughout the world generally and in the Far East specifically, the Joint Chiefs of Staff strongly recommend that, irrespective of the situation in Korea, the United States plan to continue the present policy of denying Formosa to communist forces, as least until the future status of Formosa has been determined in accordance with the above announcement by the President. Such planning, however, should not prejudice United States initiative and freedom of action as to possible future courses of action with respect to Formosa.

6. The Joint Chiefs of Staff are cognizant that implementation of the above policy in the future may involve specific requirements for military forces. They would point out, further, that the continuation of a policy of solely defensive measures of a passive nature cannot halt communist aggression. There must come a time, if the expansion of communism under Kremlin domination is to be halted, when adequate forces in being must be provided and placed in position to

[4] Not printed.

counter that expansion even though the risk of war be increased. The Joint Chiefs of Staff will take these requirements into consideration in their future periodic recommendations as to the strength and composition of the United States Armed Forces.

7. It is recognized that the Seventh Fleet may not be able to continue to participate in current operations in Korea and at the same time insure the denial of Formosa to communist forces. In any event, the Chinese forces on Formosa must be prepared, within reason, to resist attack. It is imperative, therefore, that the capabilities of the Chinese Nationalist forces be assessed at the earliest possible date; that immediate and positive steps be taken to insure that such of their military equipment as requires maintenance be rendered usable; and that deficiencies of matériel and supplies essential to the Chinese Nationalist forces be met.

8. The Joint Chiefs of Staff are cognizant that Chinese forces on Formosa are in urgent need of matériel and supplies. If these Chinese forces are to be enabled to resist attack, they must be provided with that matériel. Accordingly, the Joint Chiefs of Staff urge that the present United States policy of withholding United States military aid from the Chinese forces on Formosa be so modified, as a matter of urgency, as to permit the granting of such aid, the more urgent needs, now known, to be met immediately and the remainer to be determined from the reports of a military survey team.

9. Complete determination of the needs of the Chinese forces on Formosa can only flow from a comprehensive military survey. The Joint Chiefs of Staff, therefore, recommend that they be authorized to direct the Commander in Chief, Far East, to cause a survey to be made forthwith of the Chinese Nationalist Government's military requirements which must be met if the capture of Formosa by the communists is to be prevented. It is further recommended that the State Department be requested to make the necessary political arrangements for the survey.

10. The Joint Chiefs of Staff recommend that after the authorization for the military survey recommended in the foregoing paragraph has been approved, the Department of Defense and the Department of State offer to General MacArthur the services of the Joint State–Defense Military Assistance Mission [5] under Major General Erskine (Department of Defense), Mr. John S. Melby (Department of State), and Mr. Glen H. Craig (Economic Cooperation Administration), for the purpose of translating the results of the military survey into a military assistance program. The mission should be directed to proceed to

[5] For documentation on this Mission, see pp. 1 ff.

Formosa as General MacArthur may desire; thereafter to proceed in accordance with its present instructions.[6]

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

[6] The National Security Council discussed the above memorandum at its 62nd meeting on July 27 with President Truman presiding. The President approved in principle the recommendations of the JCS memorandum subject to agreement by the Secretaries of State and Defense on the specific content and wording thereof (NSC Action 325b).

793.00/7–2850 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET
PRIORITY

NEW DELHI, July 28, 1950—2 p. m.

221. 1. Bajpai, Secretary General MEA, read to me today excerpt of telegram from Panikkar, Indian Ambassador to China. Panikkar said that highest Chinese officials continued to contend that Korean fighting had been engineered by US and UK in order screen carrying out conspiracy on their part to attack Communist China. As further evidence existence this conspiracy, Chinese officials were now stating that US was entering into treaty with Siam which would enable it to use Siam as base for operations against China.

2. Bajpai said that neither GOI nor Panikkar believed such absurd story; nevertheless he thought it would be useful if he could inform Panikkar what facts were. He asked me if I had information which would indicate that US was entering into defensive alliance with Siam and if so was I in position to let him have sufficient facts for Panikkar's use in convincing Chinese that there was no basis or their alleged alarm.

3. I said I was confident that US Government was not entering into treaty with Siam which reasonable person could interpret as threatening China. I was also certain that such commitments we might make to Siam would be in framework of UN. I was not able to give him with precision information which he could use for passing along to Panikkar. I would however if he desired ask Washington for instructions. I was confident furthermore that in any event before entering into final commitment with Siam, US would inform GOI re its intentions.

4. Bajpai said he would appreciate having such information as US Government would feel itself free to give with indication of the part of this information which GOI could feel free to send to Panikkar to give to Peiping.

5. Department's instructions would be appreciated.

HENDERSON

Executive Secretariat Files : NSC 37 Series

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, 28 July 1950.

Subject: Photo Reconnaissance of Certain Portions of the China Coast.

1. In view of the operational committments of the U.S. Seventh Fleet in Korea and in the Taiwan area, it is considered vital that we obtain advance knowledge of Communist intentions to launch an amphibious assault against Taiwan. Existing sources of information do not ensure that we will obtain the advance knowledge required to defeat such an attack.

2. Current intelligence indicates that sufficient build-up of troops and water lift now exist on the China coast for launching an invasion of Taiwan. Estimates of Chinese Communist air strength indicate that moderate air support would be available for an assault. It is doubtful, however, that information of an imminent attack may be obtained except through photographic reconnaissance.

3. It is recommended that the necessary political clearance be obtained and that the Joint Chiefs of Staff be authorized to direct the Commander in Chief, Far East, to conduct periodic photographic reconnaissance flights over the coastal area of China south of the 32nd parallel of latitude with a view to determining the imminence of any attack that may be launched against Formosa.[1]

For the Joint Chiefs of Staff:
A. C. DAVIS
Rear Admiral, USN
Director, The Joint Staff

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[1] In a memorandum dated July 31, not printed, the Executive Secretary of the National Security Council indicated that this memorandum by the Joint Chiefs of Staff had been referred by the President to the National Security Council and the Secretary of the Treasury for consideration and recommendation on an urgent basis.

On July 29, Secretary of Defense Johnson informed Mr. Acheson that he was authorizing periodic photographic reconnaissance over the coast of China south of the 32nd parallel. He stated that Mr. Rusk, in discussions with Defense Department officials, had indicated that the Department of State had no desire to impose restrictions on such reconnaissance flights and he asked Mr. Acheson's confirmation of this position.

On July 30, the following message was sent to General MacArthur by the Joint Chiefs of Staff in telegram JCS 87501:

"You are authorized to conduct such periodic reconnaissance flights over the coastal area of China south of the 32nd Parallel of latitude as you may consider necessary to determine the imminence of any attack that may be launched against Formosa."

794A.00/7–2850 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET NIACT PRIORITY

WASHINGTON, July 28, 1950—7 p. m.

522. For Douglas from Acheson. Reurtel 492 July 24. We agree high desirability reaching common understanding with UK on Formosa. Pls therefore urgently discuss matter in gen terms with Bevin [2] for purpose (1) getting US–UK joint position on immed aspects problem, (2) exploring with Bevin UN aspects Formosa question, (3) assuring Bevin we shld welcome further exchange views on longer-run questions on which we might not be able to agree at this time. Your approach shld be made as soon as practicable in view Malik's [3] announcement he wld join UNSC in Aug. and shld reflect clear desire on our part give careful and sympathetic consideration UK viewpoint in our desire find better basis common policy in Far East. We maintain, of course, views expressed Deptel 132 of July 10.[4] Ur presentation shld be along fol lines:

1. Action re Formosa taken by Pres as announced June 27 was for purpose eliminating or reducing risk Comie occupation and mil exploitation this strategically located island in crisis created by Korea attack, to safeguard sea and air flank of forces operating in Ryukyus–Japan–Korea area, and to prevent if possible general extension hostilities into wider areas of Pacific and FE.

Bevin will surely appreciate situation which confronted us in FE at time Korean attack. Demonstration that Sov orbit prepared use organized aggression in pursuit its objectives raised immed problem of other areas likely to be attacked and, indeed, problem as to whether USSR was intent on general war. Our action to neutralize Formosa was attempt to upset if possible any prearranged time tables and to limit fighting to Korea until general security situation could be assessed. We still have no assurances that Communist forces will not embark upon fresh adventures elsewhere.

From mil point of view, western strategic frontier for essential defense areas vital to US rests generally along islands extending from Aleutians through Japan to Philippine archipelago. With Kuriles already in hostile hands, Formosa's location is such that in hands of power hostile to US it wld constitute dangerous enemy salient in very center that part our position now keyed to Japan, Okinawa and Philippines. In event Formosa came into hands Chi Communists and latter made it available to hostile purposes to Sov forces at time US forces heavily engaged in Korea, grave danger wld result for entire US position in western Pacific. Its value to potential enemy is

[1] This telegram was repeated to New Delhi as 135 for the Ambassador.

[2] British Foreign Minister Ernest Bevin.

[3] Yakov A. Malik, Soviet Representative on the U.N. Security Council.

[4] For the text of this telegram, see vol. VII, p. 347. In it, Mr. Acheson emphasized the fact that United States action concerning Formosa resulted from the carefully planned aggression which had taken place in Korea and strongly insisted that no benefits should accrue to the Soviet Union and Communist China as a result of blackmail resulting from the North Korean aggression. (795.00/7–1050)

shown historically by its previous use by Japan as springboard for mil aggression against areas to south. Further seizure Formosa by Chi Commies at hour when UN forces resisting aggression Korea wld be considerable stimulus to morale of destructive forces in Asia and thus work to detriment US and other friendly states having interests in west and southwest Pacific. Denial of Formosa to Chi Commies was in circumstances an attempt which we had to make as matter of elementary precaution at time of grave uncertainty.

There was in our action no desire to force an answer to the many polit questions connected with Formosa problem; on contrary, it was hoped polit problems on which various govts had divergent views chld be frozen until the security situation cld be clarified. We very much hope Bevin will see the great desirability of our putting longer-range polit aspects Formosa on ice and that we can take common view on immediate need for mil standstill. You shld not imply to Bevin we think mil standstill prevents our strengthening Chi forces on Formosa; in face of very great Chi Commie build-up along mainland coast, 7th Fleet may not be able guarantee Formosa against hostile land and forces on island wld have important role to play in resisting attack.

2. You can give Bevin complete assurance US has no designs on Formosa and specifically has no intention of seizing Formosa unilaterally for US mil exploitation. Our action was not designed as step in any US offensive against mainland nor to place auths on Formosa in position to mount offensive against mainland. Aggravation highly inflamed situation Pacific by hostilities between mainland and Formosa, mil problems connected with Korean campaign, longer-range threat of Soviet-exploited Formosa to security western Pacific, and widespread polit blows dealt free world in Asia by Commie seizure Formosa at this juncture are the real and, we believe, sufficient reasons. In event Chi Commies launch attack against Formosa as they now threaten, 7th Fleet is under instructions perform mission indicated Pres statement June 27. In this contingency, or if Chi Commies intervene in Korea, our desire not to take action against Chi mainland wld have to be reviewed. We do not wish become involved in any way with general operations against Chi and wld seek to limit mil action to minimum requirements UN action in Korea and our determination to deny Formosa to enemy exploitation. If Chi Commies leave Korea alone (which we suspect they are not doing) and if they leave Formosa alone, there will be no fighting between US and Chi Commie forces. Further, Chi Commie attacks on Indo-China, Burma or Hong Kong would also raise very grave questions.

3. Pending settlement of Korean aggression acceptable to UNSC, US must continue patrol of Formosan strait for prevention hostilities between mainland and island. We recognize, however, that unilateral character our action has unsatisfactory aspects and we should be glad to have any further views Bevin has on this. Does he see any point in UN consideration of Formosa? If so, on what basis, in which organ, and how wld he see UN aspects developing? Wld UN consideration of mil standstill re Formosa be embarrassing and create serious differences among non-Soviet world? As we see it, it is unlikely that UNSC cld produce enough votes to pass a res on Formosa (not counting Malik's veto) unless US and UK supported common line in SC. Since

USSR or some other Member might bring matter into UN, US and UK shld try to concert positions on this aspect of matter as soon as possible.

4. We do not underestimate substantial nature long-term problems of Formosa question. Foregoing has applied to problems of immediate present. From longer-range view, we shall have to consider applicability Cairo and Potsdam Declarations, Formosa aspects Jap Peace Settlement, and ultimate status of Formosa itself. These questions greatly complicated at present time by fundamental divisions among govts of world as to Chi and recognition question.

There come to mind number of factors, generally unenvisaged at time Cairo Declaration, which lead us not to accept that Declaration as necessarily last word on subj Formosa.

(*a*) Commitments by USSR in connection with Cairo and Potsdam (e.g. independence of Korea and support of Natl Govt of Chi) have been grossly flouted;

(*b*) Record of Chi Natl Govt in Formosa, which assumed responsibility fol VJ-Day, has not been satis;

(*c*) It appears to us to be one thing to turn Formosa over to Rep of Chi as constituted at time Cairo Declaration; quite another to turn it over to Peiping regime which is acting in support of Moscow conspiracy against free nations;

(*d*) In view drastic change in situation in Chi and hostile totalitarian regime now established Peiping, are democratic countries not entitled to question the turning of Formosa over to such regime without consulting Formosans or applying principles of UN Charter applicable to dependent peoples? These and other aspects of the general problem are fully open to discussion as far as we are concerned, and we believe an early exchange of views with UK wld be helpful.

Dept recognizes complexity problem and importance early US–UK agreement if possible on immediate security and UN aspects without commitments as to longer-range questions.

You might desire explore with Bevin probable significance which policies on Formosa wld have for UK in connection with Brit defense position Hong Kong and Malaya, as well as for general peace Far East. We do not believe Formosa can be limited to a facet of Chi problem; it involves our attitude toward present Commie determination to seize Asia, a determination which US feels we must oppose in the interest our own natl as well as world security.

ACHESON

794A.00/7–2950 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET NIACT LONDON, July 29, 1950—2 p. m.

630. For the Secretary from Douglas.

1. Discussed with Bevin Deptel 522, July 28, in regard to desirability reaching common understanding with UK on Formosa. Dis-

cussion got no further than the benefits of having an understanding, for Bevin took the position that, while it was very necessary to arrive at an agreed position if possible, the discussion should be held preferably in Washington. The problem of Formosa, he said, was in a very real sense a problem of the Far East. The Eastern questions of policy were being discussed in Washington. Accordingly, he felt there might be some disadvantages in disassociating discussions on Formosa from the broad context in which they should be held.

I think his position is logical. Don't you agree?

2. Bevin, who has just returned from his rest, seemed tired and mentally quite sluggish. There has been I think, deterioration even since I last saw him in the London clinic.

Sent Department 630, repeated info New Delhi 13 for the Ambassador.

DOUGLAS

793.51/7–2950

The Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, July 29, 1950.

MY DEAR MR. SECRETARY: Reference is made to your letter of July 21, 1950,[1] with which you enclosed a copy of a memorandum of the same date from the Joint Chiefs of Staff setting forth suggested changes, concurred in by you, in a draft *aide-mémoire* prepared by this Department [1] in reply to an *aide-mémoire* of July 7, 1950 from the Chinese Embassy [2] in regard to the mission of the Seventh Fleet.

Following the receipt of your letter, the entire question was discussed between representatives of our two Departments. It developed from these discussions that upon two points, that is, "visit and search" by the Chinese Navy and representations to the British Government with regard to shipments of military supplies, the conferees were unable to reach complete agreement.

After renewed consideration of the matter, this Department now proposes the following text in reply to point 3 of the Chinese *aide-mémoire:*

"3. The United States Government considers that the agreement of the Chinese Government to the request of President Truman that the Chinese Government 'cease all air and sea operations against the mainland' does not preclude 'visit and search' of *Chinese* shipping on the high seas under circumstances where such visit and search is related to the defense of *territory controlled by the Chinese Government*".

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[1] Not printed.

[2] See telegram 15, July 7, to Taipei, p. 371.

It will be noted that this modified draft restricts operations to Chinese shipping, as requested in the reference Chinese *aide-mémoire*, but does not particularize on the questions of denial of maritime access to the mainland and offensive operations in mainland territorial waters.

Our most serious objection to the modification made by the Joint Chiefs would be the inclusion of *all* shipping in the "visit and search" authorization, rather than Chinese shipping only. If foreign flag vessels were to be detained, searched, and possibly diverted, this Government would probably run into difficulty with the British and other members of the United Nations in connection with the general Chinese problem. Indeed, a probable practical effect would be the withdrawal by the British of certain of their naval units now operating in Korean waters to provide protection for their merchant shipping to Chinese mainland ports. The effect of such authorization would also be to enable the Chinese Navy to resume measures to carry out by force or by threat of force the Chinese Government's "port closure" orders, which we have never recognized as being legal, under the aegis of the President's directive.

The Department's draft reply to point 3 is based upon its interpretation of the President's statement of June 27 respecting sea operations by the Chinese Navy. If, however, despite the above explanation of our position, there are military considerations which would make it necessary for us to agree that the Chinese should carry out "visit and search" operations of so extensive a character, I should appreciate being informed of them.

As to point 4, there are specific political reasons which make it desirable to omit from any statement to the Chinese mention of our action vis-à-vis other governments, as would be the case if the clause suggested by the Joint Chiefs were included. The whole question of shipments of strategic materials to Communist China and North Korea is being actively pursued with the concerned friendly Governments. The subject matter and the fact of our approaches, however, are placed in a highly classified category, and it would be inconsistent with our general understanding with those Governments to indicate to outside parties the character of such discussions. There is a high probability that information of this character would become known shortly after communication to the National Government and thus jeopardize our present satisfactory arrangements with the British in this regard.

As this Department attaches a high degree of urgency to an expeditious settlement of these matters, to make it possible that the Chinese Government may be appropriately informed, I should appreciate receiving your views at your earliest convenience.

Sincerely yours, DEAN ACHESON

793.00/7-2950

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 29 July 1950.

DEAR MR. SECRETARY: On 28 July the Joint Chiefs of Staff sent me the following memorandum on the defense of Formosa:

"1. It has been estimated that the Chinese Communists have the capability now of lifting 200,000 armed troops from the mainland to Formosa. In view of the numbers of craft available to the Communists, estimated to be as many as 4,000, the relatively short distances involved, the limited naval forces that can be made available to Commander, Seventh Fleet and their frequent employment in the Korean area, it appears that Communist craft and military personnel might reach the coast of Formosa in sufficient numbers to jeopardize seriously the political and military stability of the Nationalist Government and to cause major defection of its ground forces, and thus to cause the loss of Formosa.

2. The Chinese Communists have announced their intention of capturing Formosa. It is understood to be the present opinion of the Secretary of State that should we fail successfully to defend Formosa, the international political repercussions would be so far-reaching as to be entirely out of proportion to the value of the island itself in our efforts to thwart the advancement of Communism.

3. The Joint Chiefs of Staff consider that the successful accomplishment of the mission assigned to the Seventh Fleet and the denial of Formosa to the Communists is seriously hazarded by Chinese Communist capabilities. This unfortunate position can be corrected in part if the Chinese Nationalists can make timely efforts to defend Formosa.

4. The Joint Chiefs of Staff therefore recommend that:

a. The pertinent part of the President's statement of 27 June be so clarified as to permit the Nationalist Government to employ its military forces in defensive measures to prevent Communist amphibious concentrations directed against Formosa or the Pescadores. Such measures should include attacks on such concentrations and mining of those mainland water areas from which such an assault could be staged.

b. The Government of the United States inform the Nationalist Government that it is free to enhance the security of Formosa by the measures suggested."

The Joint Chiefs of Staff have subsequently informed me that, at their request, General MacArthur has forwarded his views on the above and that he concurs completely with the above recommendations.

I also concur in these recommendations. In view of the urgency of this matter from the military point of view, I propose that, if you agree, I present the foregoing as soon as possible to the President for his approval.[1]

Sincerely yours, LOUIS JOHNSON

[1] The memorandum by the Joint Chiefs of Staff was sent by Secretary Johnson to President Truman who in turn referred it to the National Security Council. It was circulated by Mr. Lay on July 31 with a request for speedy action. (NSC 37 Series)

793.00/7–2950

The Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, July 31, 1950.

MY DEAR MR. SECRETARY: This refers to your letter to me of July 29, 1950 forwarding the recommendations of the Joint Chiefs of Staff on the subject of Chinese Nationalist military action against Chinese Communist amphibious concentrations along the east China Coast.

I believe that the issues presented by the recommendations of the Joint Chiefs of Staff are of the greatest seriousness and should be discussed by us jointly with the President at the earliest opportunity.

The decision to use the Seventh Fleet to neutralize Formosa militarily in the present crisis was based upon the considerations set forth by the President in his statement of June 27 and in his message to Congress of July 19. We have presented these considerations to a number of other governments in an effort to obtain a measure of international support for a step which had no United Nations sanction and which involves issues on which the governments of the free world have sharply divergent views.

If the Department of Defense and the Joint Chiefs of Staff now consider that their presently available resources are inadequate to carry out their directive concerning Formosa, that conclusion is of the gravest importance and should be brought to the President's attention immediately. When the Department of Defense and the Joint Chiefs of Staff concurred in the decision made by the President regarding Formosa on June 26 (announced on June 27), it was presumably accepted on the basis that the mission could be carried out by the Seventh Fleet as envisaged in the President's statements. If that is not now our capability, it seems to me that we must consider the following principal alternative lines of action:

a. To reinforce the Seventh Fleet as rapidly as possible to permit it to carry out its mission;

b. To recognize and accept the risk of not being able to *guarantee* a successful result, with the possibility that Chinese forces on the mainland might not attack or that such an attack might be successfully met by available U.S. Naval and Chinese Nationalist forces;

c. To find a suitable way to relieve ourselves of a military commitment which is considered to be beyond our present capabilities.

I am not now urging a choice among these alternatives until we shall have considered the matter together; from a foreign policy point of view, however, the first alternative is by far the most desirable.

With regard to mining operations, it would seem to be clearly within existing policy for the Chinese to mine areas essential to the defense of Nationalist-held islands off the coast of China and for United

States and Chinese forces to mine areas off Formosa or the Pescadores. The usual precautions such as notification to international shipping would have to be considered.

The launching of preventive bombing attacks by either U.S. or Chinese Nationalist forces against the mainland or against concentrations in mainland territorial waters, however, would have most serious results and would be unacceptable from a foreign policy point of view. Some of the more important factors are the following:

a. Whether preventive attacks are made against the Chinese mainland by U.S. forces or by Chinese Nationalist forces acting under the umbrella of U.S. naval protection, the international political responsibility of the United States would be the same.

b. We are not at war with Communist China nor do we wish to become involved in hostilities with Chinese Communist forces. Our commitments may already be greater than our present capabilities; the action recommended would extend our involvement.

c. We now face a risk of hostilities between Formosa and the mainland; the action recommended would convert the risk into a certainty by our own decision. The G–2 Periodic Intelligence Report on Soviet Intentions and Activities No. 4, dated July 27, 1950 [1] states "There is no *reliable* information that an attack on Taiwan is imminent." We understand that reconnaissance thus far has not confirmed reports on unusual concentrations of junks referred to in current intelligence estimates, although it is conceded that reconnaissance has been inadequate as a basis for firm conclusion on this point.

d. The action recommended would place us in a minority of almost one if the matter were brought before the United Nations Security Council and we should be confronted by a major diplomatic problem in our relations with friendly governments.

e. If we or the Chinese Nationalists should now precipitate hostilities between Formosa and the mainland, the probability of Chinese Communist overt intervention with armed forces in Korea or attack on Indochina would be greatly increased. The military advantage of preventive attacks by the Chinese Nationalists against the mainland would have to be weighed, from a United States point of view, against Chinese Communist intervention in Korea or Indochina.

f. Other Members of the United Nations contributing forces for Korea would be under great pressure to withdraw such support if Chinese intervention were afforded a pretext by action taken by us with respect to Formosa.

g. The capabilities of the Chinese Nationalist Air Force to achieve a serious military effect through the proposed action has not been set forth. It would be useful to consider whether we should elect major political and possibly military difficulties in exchange for minor military effect. Presumably if the Chinese Nationalist Air Force had adequate capabilities these would have been revealed at the time of the attack on Hainan or during their operations against the mainland prior to June 27 unless it be true that the Chinese Communists have recently presented much more vulnerable targets.

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[1] Not printed.

h. The ability of the free world to resist aggression depends upon moral and psychological as well as upon military factors. If the enemy is clearly and unequivocally branded by our own and world public opinion as the aggressor, the political and military advantages are obvious. Similarly, it seems to me that we should take considerable military risks rather than place ourselves in the role of an aggressor by launching an attack on our own initiative, unless there are overwhelming considerations of national security involved.

There are other elements in the problem which need not be set forth at this juncture. I should greatly appreciate it if you could let me know when you are ready to discuss this matter with the President. Perhaps it would be useful if you and I should go over it further between ourselves before seeing the President, but I recognize the urgency.[2]

Sincerely yours, DEAN ACHESON

[2] On August 2, the Secretary of State communicated the substance of the above letter to the Executive Secretary of the National Security Council in the form of a memorandum registering disapproval by the Department of State of the recommendations in the Joint Chiefs of Staff memorandum of July 28 on the defense of Formosa embodied in Mr. Johnson's letter to Mr. Acheson dated July 29, *supra*. (NSC 37 Series)

793.54/7–3150

The Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, July 31, 1950.

MY DEAR MR. SECRETARY: This refers to your letter to me of July 29, 1950 regarding photographic reconnaissance over the coastal area of China.[1] I am informed that Assistant Secretary Rusk has informed your representatives that the Department of State has not thus far imposed any restrictions upon U.S. reconnaissance along the China coast and that present limitations were military in origin.

The Department of State desires to facilitate as much as possible the carrying out of the onerous mission now assigned to the U.S. Seventh Fleet concerning Formosa. You will recall that our two Departments recently agreed upon a reply to the Chinese Government concerning Chinese reconnaissance which seemed to offer considerable flexibility to the reconnaissance required by them for the defense of Formosa. The text of that reply follows:

"The United States Government would not stand in the way of air and naval reconnaissance by the Chinese Government, provided such reconnaissance did not involve armed offensive action against the mainland." [2]

As far as U.S. reconnaissance is concerned, we believe that some caution is required in order not to create hostilities with the China

[1] See footnote 1 to the memorandum from the Joint Chiefs of Staff to the Secretary of Defense, July 28, p. 395.

[2] See telegram 64, July 24, to Taipei, p. 391.

mainland, nor to widen the conflict in Korea, nor to place us at an even greater international political disadvantage on the sensitive subject of Formosa. We concur in reconnaissance along the China coast but strongly urge that it be conducted to the maximum extent possible from outside Chinese territorial waters. We recognize that this limitation is difficult to apply along a complex coast line such as that of eastern China and that the possibility of incident or error would accompany such reconnaissance. We believe it important, however, not to give the authorities on the mainland the impression that we are making a serious attempt to penetrate the mainland itself by U.S. military aircraft. We assume, therefore, that reconnaissance along the coast would be limited to that and would not include areas away from the sea where there would be no doubt about a serious infringement of the mainland.

From the foreign policy point of view, it would be desirable for such reconnaissance to be accomplished where possible by fast single planes which, while authorized to defend themselves, would attempt to evade an attack wherever possible. Similarly, reconnaissance by formations of aircraft over mainland territory would create very serious political problems and would subject us to charges which it would be exceedingly difficult to meet.

I recognize the difficulty of reconciling the reconnaissance which would be desirable from a military point of view with international political considerations. If what has been said above does not afford an adequate basis for instructions to the field, I suggest that General Burns and Mr. Matthews or Mr. Rusk be asked to consult immediately about further clarification.

Sincerely yours, DEAN ACHESON

795.00/8–150 : Telegram

The Secretary of State to the Acting Political Adviser in Japan (Sebald)

SECRET WASHINGTON, August 1, 1950—12 noon.

NIACT PRIORITY

180. In light vital relation to overall policy formulation here, pls earliest ascertain from General MacArthur in detail content his talks on Formosa with Gimo and Chi mil authorities and report same urgently to Dept.[1]

ACHESON

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[1] A similar message was sent to Taipei on the same date in telegram 98, not printed. General MacArthur and members of his staff had gone to Taiwan for talks with President Chiang Kai-shek and other Chinese officials on July 31 and August 1. After the meetings, Chiang issued a statement indicating that the talks laid the foundations for a joint defense of Formosa and Sino-American military cooperation (text in *Documents on International Affairs, 1949–1950* (issued under the auspices of the Royal Institute of International Affairs), p. 657).

793.51/8–250

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 2 August 1950.

MY DEAR MR. SECRETARY: I refer to your letter of July 29th concerning certain differences between our departments as to a reply to the *aide-mémoire* of July 7, 1950, from the Chinese Embassy in regard to the commission of the 7th Fleet. On point 4, the question of what shall be said to the Chinese Government regarding representations made to other governments concerning shipment of military supplies, I defer to the political reasons advanced by you and will accept the wording proposed by the Department of State.

With regard to point 3, the exercise of "visit and search" by the Chinese Navy, I would point out that the restriction of this practice to Chinese vessels only, would deny to the Nationalist forces measures within their capability which would enhance the security of Formosa. As you are aware, the Joint Chiefs of Staff consider that the successful accomplishment of the mission assigned to the 7th Fleet and the denial of Formosa to the Communists is seriously hazarded by Chinese Communist capabilities. Under such circumstances, it is my belief that no restriction as to nationality should be placed on the exercise of "visit and search". While "visit and search" as a defensive measure might not normally be expected to result in undue detention and diversion of vessels found to be innocent, should difficulties be generated with other members of the United Nations, appropriate representations could then be made to the Chinese Government.

I am willing to accept the phrase "territory controlled by the Chinese Government", in lieu of "Nationalist territory" as proposed by this Department.[1]

Sincerely yours,

LOUIS JOHNSON

[1] For the response to this letter, dated September 28, see p. 522.

Executive Secretariat Files: NSC 37 Series

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET WASHINGTON, August 2, 1950.

Subject: Photo Reconnaissance of Certain Portions of the China Coast

Reference: Memo for NSC from Executive Secretary, same subject, dated July 31, 1950 [1]

[1] See footnote 1 to the memorandum by the Joint Chiefs of Staff to the Secretary of Defense, July 28, p. 395.

With respect to the recommendation contained in the enclosure to the reference memorandum on the subject, referred by the President to the National Security Council and the Secretary of the Treasury for consideration as a matter of urgency, the following replies have been received to date:

State: The Secretary of State approves, with comments as contained in the enclosure.[2]

Defense: The Secretary of Defense approves, with the following comment: "In view of agreement reached between representatives of the Departments of State and Defense and the urgency of initiating action in this matter, I have authorized the Joint Chiefs of Staff to conduct the reconnaissance requested. The Joint Chiefs of Staff have so directed the Commander-in-Chief, Far East."

NSRB: The Chairman, NSRB, approves.

In view of the above replies and of the urgency of this matter, it is being scheduled for consideration as an item on the agenda of the regularly scheduled Council meeting on Thursday, August 3, 1950.[3]

JAMES S. LAY, JR.

[2] The enclosed memorandum from the Secretary of State, not printed, followed the lines of Mr. Acheson's letter to Mr. Johnson, July 31, p. 402.

[3] A memorandum dictated by Mr. Acheson following the NSC meeting of August 3 contained the following language on this subject:

"Secretary Johnson said that he accepted the Department's memorandum and was carrying it out. We might follow this up to be sure that the two Departments understand one another." (NSC 37 Series)

661.00/8–1550

Minutes of a Meeting by Representatives of France, the United Kingdom, and the United States in Paris on August 3, 1950 [1]

TOP SECRET

[For the minutes of the first portion of this meeting dealing with Korea, along with background material relating to these tripartite discussions which took place following a French request for consultations on problems stemming from the Korean crisis, see volume VII, pages 519 ff.]

M. PARODI [2] then turned to the question of Formosa and expressed the view that perhaps the greatest present danger lay in the possibility of the Peking Government entering the conflict over this issue.

MR. BOHLEN [3] presented the United States position on Formosa, pointing out that our action was taken exclusively for security reasons.

[1] The minutes were transmitted to the Department under cover of despatch No. 373, August 15, from Paris, not printed. They represented an informal record of the talks prepared by an officer of the American Embassy.

[2] Alexandre Parodi, Secretary-General of the French Ministry of Foreign Affairs.

[3] Charles E. Bohlen, Minister in the Embassy in Paris.

The Peking Government had declared its full support of the North Koreans. The President had therefore issued his proclamation on Formosa as a purely military measure to prevent the spread of the Korean conflict to Formosa and if necessary to prevent the island's capture. The President has publicly asserted that we have no interest in Formosa other than to deny it to a hostile force. Accordingly, our action is a matter of elementary precaution. If the Chinese Communists make no aggressive move, the Seventh Fleet will never be used. Mr. Bohlen recognized that because our action was unilateral and not on a United Nations basis, it raises some rather delicate problems, and he invited questions.

M. PARODI expressed the view that while our action was fully understandable from a strategic standpoint, because of its unilateral character it could not be said to be based on the same principles as the Korean action which had the collective support of the United Nations.

Mr. DENING [4] stated that so far the United Kingdom has formulated no position on the question of Formosa.

M. PARODI said that the French have also taken no position.

Mr. DENING said that the United Kingdom does not know what action it would take in the event of an attack on Formosa by the Peking Government. He believes that the Peking Government will not attack Formosa unless instructed to do so by the Soviet Union. He admitted, however, that if it had adequate forces at his command it might be tempted to do so. In his view the question hangs on whether the Peking Government may expect sufficient assistance (for example, planes and submarines) from the Soviet Union to carry out an effective attack.

M. PARODI inquired as to the attitude of Chiang Kai-Shek.

MR. BOHLEN said that Chiang has assured President Truman he will take no aggressive action against the mainland. He has kept his word, although he has been compelled to resist a Chinese Communist attack on the Island of Quemoy. Mr. Bohlen added that in the event that the Peking Government attacked Formosa, the United States would limit itself to action required to defend the island and had no intention of generalizing the conflict to the mainland in the nature of general war with Communist China.

M. PARODI asked whether our position on Formosa was coterminous with the duration of the Korean conflict.

MR. BOHLEN replied that such is the case. Our intention is to neutralize Formosa and to this end our fleet will continue to patrol the Straits of Formosa so long as the Korean conflict continues. Although the future of Formosa raises problems to be decided later, so long as hostilities exist in Korea we will resist any attack on Formosa by force.

[4] Sir Maberly E. Dening, Assistant Under Secretary of State, British Foreign Office.

M. PARODI inquired as to the purpose of General MacArthur's recent visit to Formosa.

MR. BOHLEN replied that MacArthur's purpose was first to determine the military disposition of forces on the island and the status of the island's military defenses, and second to inform Chiang, in connection with the latter's offer of Chinese Nationalist troops for use in Korea, that the United States would prefer to see them retained on Formosa for the island's defense. His visit had no political character.

M. PARODI referred to the danger of a Chinese attack on Indochina and asked Mr. Dening if he would care to discuss the question of Malaya before that of Indochina.

MR. DENING said that there had been great progress in the situation in Malaya but that the United Kingdom did not foresee the possibility of reducing its military commitments there for at least twelve months.

M. BAEYENS [5] discussed the question of Indochina. He said that Chinese Communist troops numbering from 150 to 200 thousand men and composed largely of infantry were deployed on the frontier of Indochina. He referred to the training of Viet-Minh troops on Chinese territory where they are periodically re-equipped and re-armed. The French High Commissioner [6] believes that an offensive may soon be launched by Viet-Minh troops supplied from China. The offensive is envisaged for September after the monsoon period. The High Commismisioner is eager to obtain American air support. So far as any Chinese Communist contribution to Viet-Minh air power is concerned, while Viet-Minh propaganda had talked of twelve pursuit planes, these had not been identified on Chinese territory. The Viet-Minh has no planes in Indochina.

MR. DENING said that it is entirely probable that China would continue within its own borders to support the Viet-Minh and that this was but another manifestation of the technique of aggression by proxy. He expressed the hope that the French would keep him informed as to the prospects of a Viet-Minh offensive.

M. PARODI indicated that French estimates of a forthcoming offensive are based to a large degree on intelligence reports received from Chinese Nationalist sources.

MR. DENING commented that we suffer too much from intelligence from such sources.

M. PARODI turned to the question of Burma.

MR. DENING said that there was no indication of an immediate offensive action by the Peking Government against Burma. He was pleased to note this because any such action would have a serious effect on rice exports from Burma which in turn are of vital concern to Southeast Asia as a whole.

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[5] Jacques Baeyens, French Director for Asian-Oceanian Affairs.
[6] Léon Pignon, French High Commissioner for Indochina.

M. PARODI raised the question of Tibet.

MR. DENING said that the Peking Government unquestionably seeks to strengthen its grip on Tibet. He referred to rumors of a Chinese Communist offensive to be launched there in September or October, but he somewhat discounted these rumors because the oncoming of winter would seem to be an inappropriate time for launching an attack. The Tibetans are receiving some arms from India, but it is doubtful whether they would know how to use them. It is also doubtful that India would intervene on Tibet's behalf beyond rendering her small supplies of arms. India and Nepal are preoccupied by the situation but could offer little effective assistance.

M. PARODI raised the question of the Philippines.

MR. BOHLEN said he was not briefed to speak in detail on this subject. He expressed his general understanding that the internal situation in the Philippines while difficult was less acute than it had been and presented no immediate threat. So far as the possibility of external aggression is concerned, we have formal commitments which would be implemented immediately in the event of an emergency. Our present agreements with the Philippines provide us with bases and training areas. Our present position re Formosa would not seem to necessitate the negotiation of additional agreements with the Philippines at this time.

M. PARODI expressed his satisfaction with the information elicited from the discussions. He called the next meeting for August 4, 4 p. m.

794A.5/8–350 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET PRIORITY TAIPEI, August 3, 1950—11 a. m.

178. Implementation of decisions apparently taken by MacArthur in meetings here is under way with arrangements being made to put three squadrons of USAF jet fighters into Taiwan by end of this week. Understand bulldozers and cement mixers to be moved in to extend runways for use of jets. Air attaché trying delay move until suitable fuel and facilities available.[1]

Several transport aircraft from Okinawa and Manila arrived unheralded yesterday. Two C–54's due from Tokyo tomorrow. Ministry National Defense liaison section severely criticizing attachés for failure obtain prior clearance. May be Nationalist deliberate attempt discredit attachés.

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[1] In a memorandum dictated following the NSC meeting on August 3, Mr. Acheson said that he questioned Secretary Johnson and General Bradley as to whether they had any information about the stationing of jets on Formosa. Both replied in the negative and General Bradley said he would be opposed to it. They agreed to look into the matter at once. (NSC 37 Series)

Absolutely no information given attachés including Jarrett [2] on talks or on decisions made by MacArthur. During his visit here only event on which attachés included was briefing in war room of Ministry National Defense, as result my request to Struble to include attachés in all doings. According to attachés, briefing included much misinformation Foreign Office. Yesterday contacted Admiral Jarrett direct and stated Generalissimo would receive him. Jarrett made call as requested.

I was not informed of hour of MacArthur's departure, nor was I able to find out in time. Departure occurred an hour earlier than stated in previous plans. As result I was unable be at airfield for departure.

Communication team of some 12 men who arrived here July 31 prior to MacArthur to handle his communications are still here, without orders.

Visit by MacArthur undoubtedly boosted morale on Formosa, especially of ranking authorities. Press looking forward to large military mission from SCAP, demanding military aid as a right, and predicting early world war and return to mainland. Earlier feeling over refusal to use Chinese troops in Korea now soothed. Authorities feel situation well cared for in hands of MacArthur, who will straighten out US policy toward Formosa and Nationalist Government.

Former naval attaché, still here as assistant naval attaché after being relieved by Jarrett, received letter from Admiral Struble reprimanding him for reporting to CNO nature of Struble's conversations here during his visit Taipei July 8 and 9 and stating he (Struble) would determine what to communicate to CNO re his conversations and decision.

Formosa seems to be on verge of joining close corporation to north.

STRONG

[2] Rear Adm. Harry B. Jarrett, Naval Attaché at Taipei.

794A.00/8–350 : Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET TAIPEI, August 3, 1950—2 p. m.

180. No reply received yet from Foreign Office on my inquiry made July 31, in accord with Deptel 95, July 31.[1]

[1] Not printed. It requested Mr. Strong to seek full information from the Foreign Ministry concerning an announcement from Chinese Air Force Headquarters on Taiwan, dated July 30, stating that Chinese Air Force fighters and bombers, to frustrate Chinese Communist attempts to invade Quemoy Island, had resorted to self-defense measures by sinking and damaging more than 150 Communist ships in the area of Quemoy. (794A.00/7–3150; 994A.61/7–3150)

At time my guess was that either Chinese Government beginning withdrawal from Chinmen and attack was made to discourage Communist efforts to intervene, or Chinese Government decided make test case to see how far US Government prepared to go in face Chinese Government defiance. Is noteworthy that event occurred and announcement made 2 days after Generalissimo learned of MacArthur intention visit Formosa.

In discussion with Attachés this morning they expressed opinion that attack and announcement of it was deliberate test case. Air Attaché states he recently learned CAF has been carrying out other bombing and strafing missions on mainland which have been kept secret.

I am of opinion Chinese Government believes can defy Washington.

Shall request Foreign Minister this afternoon to expedite reply to my inquiry.

STRONG

794A.5/8–350 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, August 3, 1950—3 p. m.

181. For Department use only. No distribution. Deptel 98, August 1 [1] received after transmission mytel 178 today.[2] Apart from meeting MacArthur group on arrival at airfield I had no contact, nor did attachés other than as reported my reftel.

Meeting with attachés this morning brought out but little additional information culled from US military personnel which arrived here connections stationing of jets. Major General Turner,[3] commander of jet fighters on Okinawa here now with two plane loads of personnel. CAF has guarantee provide quarters for air, communications and command personnel at Hsinchu and Tainan airfield (where jets to be stationed). Jets will be commanded by USAF until Chinese Communist invasion at which time will come under operational command of Seventh Fleet.

Admiral Cooke was included in all MacArthur conferences. Attachés state Cooke's group of American advisers trying to use them as channel

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[1] See footnote 1 to telegram 180 to Tokyo, August 1, p. 405.

[2] Dated August 3, p. 410.

[3] Maj. Gen. Howard M. Turner, Commander, 13th Air Force, with headquarters at Clark Air Force Base in the Philippines.

of communications with Seventh Fleet and MacArthur and as sources of information, and seem to be assuming special position.[4]

Minister National Defense already engaged in requisitioning or buying houses for USAF personnel to stay in Taipei. In contrast, have made little progress with Foreign Office on housing for additional attachés. Plan see Foreign Minister Yeh with Jarrett this afternoon and point out this discrepancy.

Shall report any additional details as they become known.

STRONG

[4] On August 8, in telegram JCS 88248, the Joint Chiefs of Staff advised General MacArthur of their desire that all United States military personnel on Formosa in liaison with the Chinese Government cooperate closely with the Senior Military Attaché. The message concluded:

"The retired Naval and Marine officers employed by 'Commerce International China' are on Formosa without the approval of the Navy Department. They have not been authorized to accept employment with the Chinese Government. They shall not be permitted to act as intermediaries between the armed forces of the United States and the Chinese Government or its armed forces." (794A.00/8–850)

Executive Secretariat Files: NSC 37/10

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET
NSC 37/10

WASHINGTON, August 3, 1950.

IMMEDIATE UNITED STATES COURSES OF ACTION WITH RESPECT TO FORMOSA

References: A. NSC Action No. 325 [*b*] [1]
B. Memo for NSC from Executive Secretary, subject: "General Policy of the United States Concerning Formosa", dated July 28, 1950 [2]

The enclosed statement of policy on the subject, approved by the Secretaries of State and Defense in accordance with the President's approval in principle of the recommendations contained in the reference memorandum (NSC Action No. 325–*b*), is circulated herewith for the information of the National Security Council and the Secretary of the Treasury.

As requested by representatives of the Secretaries of State and De-

[1] See footnote 6 to the memorandum by the Joint Chiefs of Staff to the Secretary of Defense, July 27, p. 394.

[2] Mr. Lay's memorandum of July 28, not printed, merely forwarded the JCS memorandum to the Secretaries of State and Defense with the request that their final agreed statement on policy be transmitted to the National Security Council.

fense, the memorandum by the Joint Chiefs of Staff on "General Policy of the United States Concerning Formosa", attached to the reference memorandum, is included herewith as an Appendix.[3]

JAMES S. LAY, JR.

[Annex]

REPORT BY THE DEPARTMENTS OF STATE AND DEFENSE ON IMMEDIATE UNITED STATES COURSES OF ACTION WITH RESPECT TO FORMOSA

1. Without prejudicing United States initiative and freedom of action as to possible future courses of action with respect to Formosa, the United States should continue the present policy of denying Formosa to communist forces.

2. The United States should take steps (*a*) to assess the capabilities of the Chinese Nationalist forces: (*b*) to insure that such Chinese Nationalist military equipment as requires maintenance be rendered usable; (*c*) to meet deficiencies, now known to United States military authorities, of Chinese Nationalist military supplies and material; and (*d*) in connection with (*c*) to give certain military grant aid to the Chinese Nationalist forces.[4]

3. The United States Government should make the necessary political arrangements with the Chinese Government and should direct the Commander in Chief, Far East to undertake forthwith a comprehensive military survey of the resources and needs of the Chinese Nationalist forces.

4. Accordingly, the following specific steps should be taken:

a. The Department of Defense should inform the Commander in Chief, Far East that the services of Major General Graves B. Erskine (Department of Defense) and Mr. Glen H. Craig (Economic Cooperation Administration) and their staffs are available to him for the purpose of assisting in the military survey and of translating the results of the survey into a military assistance program.

b. The Department of Defense should endeavor to insure that the services of Major General Erskine and Mr. Craig on Formosa are not interpreted as a diversion of the Erskine Mission from its task in Southeast Asia, possibly through the device of assigning these officers temporarily as individuals to assist a United States Liaison Mission to the Chinese Nationalist Government.

c. The Department of State should assign an officer to assist Major General Erskine and Mr. Craig in their work with the Chinese Nationalist Government.

[3] The JCS memorandum is printed under date of July 27, p. 391.

[4] In a letter dated August 25, President Truman informed Mr. Acheson that he had allocated to the Department of Defense the sum of $14,344,500 from funds made available for "Mutual Defense Assistance" by section 2(*a*) of P.L. 627, approved July 31, 1950, to carry out the provisions of section 303(*a*) of the Mutual Defense Assistance Act of 1949, as amended. The funds were to be used for programs of military assistance for Formosa. (794A.5/8-2550)

794A.00/8–350 : Telegram

The Acting Political Adviser in Japan (Sebald) to the Secretary of State

TOP SECRET PRIORITY TOKYO, August 3, 1950—7 p. m.

315. ReDeptel 180, August 2 [*1*]. General MacArthur has advised me that as theater commander his discussions with the Gimo and Chinese military authorities were entirely limited to arrangements for effective military coordination between the American and Chinese forces respectively under his and Chinese Nationalist Government command, as envisaged in the press statement and *aide-mémoire*,[1] and that he was most meticulous in confining his discussions with Chinese Government officials to military problems of a technical nature. With reference to his main discussion General MacArthur has pointed out that he invited the Army, Navy, and Air attachés of the Embassy to be present and that Strong would undoubtedly be in a position to report the consensus of their views.

As ancillary to his visit General MacArthur told me in confidence of his definite impression of deep resentment in Chinese official circles resulting from what was taken to be an attitude of general hostility on the part of State Department representatives in Taipei. Without entering into any discussion of the relative merits or demerits of the issues which may be involved, he believes there has been a very definite failure to establish a relationship based upon that degree of confidence and cordiality which is so essential to diplomatic success. He is particularly concerned over the adverse effect the continuance of such a situation might have upon his efforts to maximize the military coordination indispensable to the success of joint operations in the defense of Formosa.

SEBALD

[1] Reference is to Chinese statement accepting the terms of the United States *aide-mémoire* of June 27, vol. VII, p. 188.

793.00/7–2850 : Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, August 3, 1950—7 p. m.

170. Urtel 221, July 28. Dept agrees completely with ur reply Bajpai's report of Chi officials' professed fears re US aims in Asia. Fol may be passed on to Bajpai for relay to Pannikar:

You may confirm to Bajpai fact US Govt has authorized grant to Thailand of $10,000,000 for defense purposes; expected agreement with Thailand re grant can in no way be interpreted as part of a conspiracy to attack Commie Chi since it was requested by Thailand to

strengthen security forces for protection its independence. Moreover, extent of aid proposed is in itself proof it cld be no contribution toward aggression and cld only be considered as marginal defense assistance. You may wish to add that Thai's desire for defense supplies stems directly from her concern over aggressive and imperialistic manifestations internatl Communism directed from Moscow.

You may reiterate that any agreement which may be made will be in accordance with the principles and purposes of the UN and add it will, if consummated, be registered with SYG UN.[1]

You may in ur discretion point out that obvious lack of preparation on part of So Korean army and US armed forces for war in Korea must in itself constitute clear evidence to the Chi auths in Peiping that US has no aggressive intentions in Asia. You may also wish to stress fact US forces are today fighting under the UN banner to carry out UN Res's against unprovoked aggression.

ACHESON

[1] A military assistance agreement with Thailand was signed in Bangkok on October 17, 1950; text in TIAS 2434; 3 UST 2675. For related documentation, see pp. 1529 ff.

794A.00/8–450: Telegram

The Chargé in China (Strong) to the Secretary of State

SECRET PRIORITY TAIPEI, August 4, 1950—8 a. m.

188. Deptel 95, July 31 and mytel 180, August 3. Following verbal reply by Chen Tai-chu last evening re bombing of junk concentrations on coast opposite Chinmen:

"Since Chinese Communists concentrated troops on coast opposite Chinmen and attempted invade Chinmen, and in view of suspension of military action against mainland, Chinese troops in Chinmen in very difficult position. Recently Chinese Communists landed at Ta Tan and were annihilated and driven back (*sic*). After that campaign Chinese Communists concentrated large number ships preparing for large scale invasion of Chinmen. On July 30 we received very reliable information that Communist vessels were on point of sailing to attack Chinmen. In view of this situation, CAF was obliged take appropriate action of self-defense for protection of Chinmen."

Chen added that Ta Tan was a probing attack to test resistance for which forces were concentrated on three sides of Chinmen for large scale attempt; Chinese Government got good intelligence and had to go after them; distance too close and would be little chance of stopping them once they set sail.

I remarked I would pass reply to Department but was of opinion it was not very satisfactory.

Rumors renewed that evacuation of Chinmen imminent. May have called off earlier plan to evacuate when heard of MacArthur visit and felt had to bomb to disrupt Communists until could sound out MacArthur.

Yesterday afternoon George Yeh told me he was shocked at Associated Press item that MacArthur had sanctioned offensive action against mainland and requested newspapers state his report had no official confirmation. Said also instructed Vice Minister Foreign Affairs Shih Chao-ying say at press conference that Chinese Government wished hold to its commitment to US Government but bombing was in retaliation for Communist attack on Ta Tan.[1]

STRONG

[1] The Department of State sent the following response in telegram 193, August 28, to Taipei:

"Reurtel 188 Aug 4 Dept considers Nationalist explanation of bombings unsatis and bombings as outside compass 'defensive action' envisaged Deptel 61 July 22 'on or from these islands'.

"Bombings as such unreported recently. Accordingly, believe it unnecessary make new approach Nats re subject for present but pls continue follow developments closely." (794A.00/8–450)

794A.00/8–450 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, August 4, 1950—11 a. m.

193. For Department use only. No distribution outside Department. Foreign Minister Yeh yesterday stated had talked with MacArthur for hour early morning August 1 and had told him Chinese Government would naturally deal with Department on all political matters but if MacArthur wished indicate interest in any specific subject he would be provided information; MacArthur indicated he had no interest in political problems of Formosa.

Much of hour apparently spent in discussing complaint by MacArthur that in FEC Chinese Government was most obstreperous, blocked most of his proposals, and made his work much harder.

Yeh claimed he agreed that in some matters of particular interest to Chinese Government it had been stubborn, for instance re reparations which important to an impoverished government; on these matters attitude of Chinese Government cannot be expected change.

Yeh said that as background on preparations for MacArthur visit, when word received on July 28 conference immediately held at which was decided that Chinese Government would not ask for military aid but would have list prepared in event any member of party asked for it; list finished only hour after arrival of group; MacArthur asked for list after briefing afternoon July 31.

Second decision was not to ask for economic aid because that not in MacArthur field.

Third decision was keep conference strictly on military level.

Yeh criticized briefing because in spots was not straightforward. For example, statement ground forces had 400 trucks erroneous; they have half that number; claim that there are "some underwater defenses" off possible landing beaches is lie because there none now, only plans for them; claim that 700 tanks operable untrue because in examining possibility equipping forces offered for Korea found only 450 operable and some of them questionable.

Yeh then asked Jarrett inform MacArthur of point he had not had time bring up. Prevailing strategy, approved by Generalissimo, was let Communists land and wipe them out on beaches rather than destroying invasion forces at sea before reach Formosa. (This would certainly be of interest to MacArthur and Struble because may mean failure Chinese Navy and CAF do full share in destroying invasion fleet, and ground forces not reliable or mobile enough to risk letting communists ashore in strength.[1])

STRONG

[1] Mr. Strong sent the following further report in telegram 222, August 8, from Taipei:

"Remytel 193, August 4. Chen Tai-chu stated yesterday that Foreign Minister Yeh asked him reiterate he had discussed no political subjects with MacArthur other than those raised by latter, namely FEC and seizure of Japanese fishing vessels by Chinese Navy.

"Re fishing vessels, which Yeh did not mention in previous conversation with me reported reference telegram, MacArthur simply stated no seizures had occurred for some time and he wanted Chinese Government make sure none molested in future. Yeh said he gave such assurance." (794A.00/8–850)

794A.00/8–350: Telegram

The Secretary of State to the Acting Political Adviser in Japan (Sebald)

TOP SECRET WASHINGTON, August 4, 1950—2 p. m.

202. Ref second para urtel 315 Aug 3, I assume you did not fail to remind Gen MacArthur of long-standing efforts Chi Nats to attempt to discredit US Officials mil and civilian maintaining independence viewpoint or faithfully executing US Govt policies unpalatable to Chi. I presume you also mentioned proposed transfer Min Rankin as Chargé d'Affaires to Taipei reflecting in part necessary coordination higher level mil liaison with Nats arising from Mission re Formosa assigned Seventh Fleet by Pres Jun 27.[1]

[1] Karl L. Rankin, Consul General at Hong Kong, had already been appointed Chargé d'Affaires *ad interim* and Minister in Taipei but had not yet arrived to assume his duties. Mr. Strong, as Chargé, held only the rank of First Secretary of the Embassy.

For urinfo only, Strong reports service attachés at Embassy present only at briefing session and unaware any decisions reached and uninformed substantive content discussions between Gimo and Gen MacArthur.

ACHESON

790B.00/7–2950 : Telegram

The Secretary of State to the Embassy in China

SECRET PRIORITY WASHINGTON, August 4, 1950—2 p. m.

119. Reurtel 152 July 29.[1] Although matter still uncleared between Defense and State it wld appear that Nat visit and search Chi shipping on high seas will at least be permitted. That principle wld seem to imply granting Nats right arrest and seizure vessels whose credentials not in order.

In circumstances you are hereby authorized inform FonOff Dept concurs visit, search and seizure defected Nat ships in question wld be within scope activities envisaged by President's June 27 statement and cld be effected at volition Nat Govt but only if such visit search seizure were effected either on high seas or within territorial waters of Nat-controlled areas and wld be inappropriate if there were any such seizure within territorial waters Commie-controlled mainland.

Since intent President's aforementioned statement was to bring about cessation hostilities and effect neutralization Formosa, however, it is considered that it wld not be appropriate for Nats use armed force against such ships unless they attempted resist arrest and seizure.

ACHESON

[1] Not printed.

661.00/8–1550

Minutes of a Meeting by Representatives of France, the United Kingdom, and the United States in Paris on August 4, 1950 [1]

TOP SECRET

[The first portion of the meeting dealt with Indochina, for documentation on which see pages 690 ff.]

M. PARODI then turned to the question of China and speculated whether Mao is following the Moscow line in a strict manner or is pursuing a somewhat independent course. He said that if Communist China were admitted to the United Nations, its presence there would doubtless contribute to the difficulties of that organization and raise a number of questions. He felt that the admission of Communist

[1] See footnote 1 to the minutes of the meeting held on August 3, p. 407.

China into the United Nations was not an appropriate subject for debate in the United Nations at this time but presumed that it would be brought up in the Security Council in September. He asked for comments on the general problems arising from this question.

MR. BOHLEN said that whether Communist China was strictly following the Moscow line was a matter for speculation concerning which the British, with representatives in China, might be in a better position than we to comment. In our view, there could be no question of the seating of Communist China in the United Nations until the Korean question was settled. He set forth our reasons why we can take no other position. He went on to say that if a Korean settlement were achieved, we could then consider the question of admission of Communist China on its merits. He emphasized the serious effects on public opinion in the United States that would result if we were thought to be paying a price for aggression. He then returned to the question of the place of Communist China in the Soviet world, expressing the view that whereas in certain cases there might be a conflict of national interests with Soviet interests, in all questions of general foreign policy Communist China had followed the Soviet line. At all events, we could not afford to predicate our policy on the expectation of Communist China splitting away from the Soviet world. The future alone will tell to what extent Soviet views will prevail, but we believe that while rifts may appear between the Soviet views and China, this is not likely to be brought about by Western attempts to wean Communist China away from Kremlin control. In short, kindness from the West will not tempt them to break away from the Soviet world. If a break should come, it may be expected to come from within. We would repeat that no policy can be predicated on the likelihood of Mao taking a line in opposition to that of Moscow.

MR. DENING concurred that on all important points of foreign policy the Peking Government had taken the Moscow line wherever there was no peculiarly Chinese interest involved. On the other hand, where China's own interests are involved, the United Kingdom did not expect to see the Peking Government always act for the "beaux yeux" of Russia. He expressed the view that Peking wants a seat at the United Nations and that the Soviet Union has promised to deliver it. However, Malik's policy at the United Nations had not served to help but has merely resulted in removing the question of admission from the agenda. Mr. Dening said that he shares the United States view that the question of the admission of Communist China should not be linked to that of Korea, and that it should not be used as a bargaining counter. At the same time the United Kingdom position is that, taken by itself, the admission of the Peking Government into the United Nations should be decided on its merits. He cited in this

connection Mr. Bevin's statement of May 24,[2] that in the British view Communist China should be represented in the United Nations and that no Government should be excluded therefrom because of its politics. In taking this view, he added, the United Kingdom has been influenced by Indian opinion. Although on the merits of the case alone, the United Kingdom would favor admission, it is obvious that in the light of the present international situation, the case could not be considered on its merits alone.

M. PARODI commented that, objectively speaking, the French largely share Mr. Dening's interpretation. They agree that the question of admission cannot be linked to that of Korea and that there can be no bargaining on this score. The negative French vote yesterday in the Security Council against placing the question of admission on the agenda was largely in response to the violence of Mr. Malik's address.[3] The French have always reserved freedom of action on this question, and although they have as yet formulated no definite position, they are, in view of the present international situation, opposed to admission for the time being.

MR. DENING spoke to Mr. Bohlen's statement about the unlikelihood of weaning Communist China away from the Soviet Union. Clarifying the United Kingdom position in this regard, he said that the British believe that the door should be left open to Communist China by the West because unless Mao were assured of some possibility of contact, he might reach the conclusion that there was no other course than to turn himself exclusively to the Soviet Union.

M. PARODI said that France is inclined to share Mr. Dening's view in this regard.

MR. BOHLEN asked if it was the consensus that nobody wished to link the question of admission with that of Korea, or to see Communist China seated at the United Nations prior to a settlement of the Korea question.

MR. DENING said that this did not quite express the view of the United Kingdom. Whereas the United Kingdom was agreed not to link the question of admission to that of Korea, it was in principle for admission on the merits of the case. While conceding that in the light of the present international situation the time seemed inappropriate, he could not honestly assert that in the view of the United Kingdom settlement of the Korean question must necessarily precede the admission of Communist China to the United Nations.

Turning to the question of Formosa, MR. DENING expressed the view that Formosa, juridically speaking, belongs neither to Chiang nor to the Peking Government, and that the question of its juridical disposition can only be resolved by a peace treaty with Japan.

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[2] *Parliamentary Debates*, House of Commons, 5th series, vol. 475, col. 2083.
[3] See U.N. document S/PV.482; see also editorial note, vol. VII, p. 525.

MR. BOHLEN expressed general agreement with this point of view and cited the President's statement that "the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan or consideration by the United Nations."

M. PARODI said that his Government is somewhat hazy on the juridical status of Formosa, and would appreciate it if our delegate to the United Nations would give the French delegate a fuller statement of our views on the question. He then asked whether, in the event of a Chinese Communist attack on Formosa, the United States would appeal to the Security Council.

MR. BOHLEN replied that such an attack would be immediately resisted by the United States Fleet and that there was a good chance that we would bring the matter before the Security Council. He added that this would depend of course on the scope and duration of the attack and that, so far as he was aware, no position had been taken by our Government before his departure with regard to such an eventuality. Referring to the possibility of further Chinese Communist attacks in Asia (and leaving aside Tibet, about which we knew virtually nothing), there appeared to be three possibilities:

1) As regards Formosa, we are not sure whether Communist China will launch an attack. We know, however, that its armies have been in a position to do so for some time. Furthermore, we have reports of Chinese Communist ship concentrations, although these have not been confirmed by our aerial reconnaissance. We know also that the monsoon season is on and that the typhoon season is in the offing. In short, such an attack could be launched but there are no immediate indications as to its imminence.

2) As regards Korea, the Chinese Communists have no special interest in Korea and if left to their own free will, would probably hesitate to take any aggressive action.

3) As regards Indochina, M. Pignon has already given us his estimate of the probabilities for an attack. In sum, we feel that the Chinese Communists will hesitate long before launching any attack which would involve them in a general war with the United States, and this consideration should prove to be the greatest deterrent against any Chinese Communist local action in Asia.

M. PARODI asked if there is any risk of an internal uprising in Formosa.

MR. BOHLEN replied that this is difficult to estimate. Based on past experience, there is no guarantee that there will not be defections among the Nationalist forces on the Island, and although there are some good Chinese Generals there, we are not sure if they are being well used. The assurance that the United States Fleet will respond to any attack is perhaps the greatest deterrent to an uprising, and for this reason the probabilities are against any such eventuality. In any event,

there seem to be no grounds for fearing a successful internal insurrection by itself.

MR. DENING supported Mr. Bohlen's view, and said that according to reports from the British Consul in Formosa, there is no likelihood of an internal revolt unless a Chinese Communist attack should occur.

[The remainder of the meeting dealt with a wide variety of countries and areas but mainly with problems relating to Germany. Documentation is scheduled for publication in volume IV.]

794A.00/8–450 : Telegram

The Secretary of Defense (Johnson) to the Commander in Chief, Far East (MacArthur)

TOP SECRET WASHINGTON, 4 August 1950—6:26 p. m.

OPERATIONAL IMMEDIATE

War 88014. Personal for MacArthur from Secretary of Defense sgd Johnson. Under the President's decision of June 27, you are to repel any attack upon Formosa and the Pescadores. Likewise, you are to stop attacks from Formosa upon the mainland. No one other than the President as Commander-in-Chief has the authority to order or authorize preventive action against concentrations on the mainland. You should report currently and urgently intelligence regarding such concentrations and make every effort to keep reconnaissance reports current. Your recommendations are desired from time to time to the Joint Chiefs of Staff, on appropriate action which you recommend be taken to meet the facts you report. The most vital national interest requires that no action of ours precipitate general war or give excuse to others to do so. This message has the approval of the President and Secretary of State.

794A.00/8–550 : Telegram

The Commander in Chief, Far East (MacArthur), to the Secretary of Defense (Johnson)

TOP SECRET TOKYO, 5 August 1950—5:01 a. m.

OPERATIONAL IMMEDIATE

C 59418. Personal for Sec of Def Johnson. Reurad Def 88014. The President's decision of June 27 is fully understood here and this headquarters has been and is operating meticulously in accordance therewith. Comprehensive reports and recommendations including its views on the JCS proposals for modification of the President's decision to permit Chinese counteraction against threatening mainland concentrations, have been and are being submitted fully to the JCS with which the closest liaison is being maintained. I understand thoroughly the

limitations of my authority as Theater Commander and you need have no anxiety that I will in any way exceed them. I hope neither the President nor you has been misled by false or speculative reports from whatever source, official or non-official.

794A.00/8–550 : Telegram

The Joint Chiefs of Staff to the Commander in Chief, Far East (MacArthur)

TOP SECRET
PRIORITY

WASHINGTON, 5 August 1950—11 : 15 a. m.

JCS 88051. From JCS. In order to establish the fact of support to the North Koreans by the USSR or the Chinese Communists, you are authorized to conduct aerial reconnaissance over all Korean territory, including Korean coastal waters, up to the Yalu River on the West Coast and up to but short of the Korean-Soviet International boundary on the East coast. Such aerial reconnaissance operations will be conducted from as far South of the frontiers of Manchuria or the Soviet Union as practicable and in no case will these frontiers be overflown.

693.93B/8–750 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET

NEW DELHI, August 7, 1950—9 a. m.

302. 1. Substance of instructions contained top secret Deptels 48 July 11,[1] 104 July 22 and following separate message [2] was conveyed by Embassy Counselor Steere to Shakapba. Tibetan representative morning August 4 Calcutta with Consul General Derry and Linn present.

2. Conversation opened with allusion to Shakapba's call at Embassy New Delhi June 16, and to his inquiry as to whether US Government would render assistance to Tibet in event of Chinese Communist military invasion. Steere outlined my reply at that time to his inquiry (Embtel 887 June 18)[3] recalling particularly my remarks re difficulties of such aid and re fact that US had given aid to certain countries which were resisting Communist subversion and aggression. He said that Shakapba's inquiry had been reported to Washington and that reply had now been received. He was authorized to state that if Tibet intended to resist Communist aggression and needed help US Government was prepared to assist in procuring material and would finance

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[1] See footnote 1 to telegram 96, July 15, from New Delhi, p. 376.
[2] Not printed.
[3] See footnote 2 to telegram 96, July 15, from New Delhi, p. 377.

such aid. He added that US considered it important that prompt steps be taken now as it would be extremely difficult make aid available in time if Tibet were to wait until invasion had started.

3. Shakapba expressed gratification at US reply, and inquired whether it meant that US in event Chinese Communist invasion would send troops and planes to Tibet's aid. Steere answered that US reply pertained to war materials and finance, and explained that US was not at war with Chinese Communists, did not have enough troops to meet its own needs, and besides it seemed to us that Tibet, with advantages of terrain it enjoyed, needed arms more than it did men.

4. Shakapba said Tibet authorities felt able deal with Communist subversion (through Panchen Lama) but not with Chinese Communist invasion in force unless they had foreign help. Said Tibet was worried about attitude of GOI, intimating they feared India might come to some understanding with Chinese Communists at Tibet's expense. Steere replied we thought India did not want Chinese Communists in Tibet on borders of India and would not go into Communist camp; he pointed out that GOI had recently given Tibet considerable military aid and that it would be difficult for GOI to refuse Tibet authorities both additional aid and cooperation in securing foreign aid in event GOI could not spare material.

5. Steere then outlined procedure laid down by Department, stressing and repeating to assure no misunderstanding, namely, that Tibet should first ask GOI for additional aid and if refused then ask GOI friendly cooperation by permitting passage of aid it wanted to secure abroad. He emphasized essentiality Indian cooperation for effective assistance be delivered Tibet, and necessity Tibet make approach GOI without any indication of US assurance of aid. Shakapba expressed understanding of position, agreed to inform Lhasa and said that about fifteen days would be needed for him to receive reply.

6. Re Khan cooperation: Shakapba said that it could be counted upon if there was assurance foreign aid. By "foreign aid" we believed Tibetans had in mind assurances of aid from GOI, UK and US, although they were reluctant to specify. Impression was gained that they might welcome more foreign technicians and advisers, possibly as an accretion to Indian military mission at Gyangtse.

7. Department's views in paragraph 2, Deptel 104 that not desirable ask details specific needs were followed rather than "following separate message" since Linn had already asked Tibetans for detailed list needs in connection with request directed to him in June. Tibetans referred his request and said still awaiting answer. Shakapba could say nothing definite but promised to inquire re radio transmitter EMC.

8. Tibet delegate showed much interest in possibility of air lift to Tibet, and said authorities could prepare landing fields at Lhasa, Gartok and Chumdo. They inquired whether planes could not take

off from Dacca and Rawalpindi (Pakistan), Burma or some other points if India not cooperative. They were not encouraged in these ideas.

9. Re Communist China: Shakapba said Tibet National Assembly had decided Tibet in no circumstances would agree Chinese suzerainty. Said Tibet tactics all along had been to play for time. That was why they had wanted to go Hong Kong. He intimated they had rather welcomed British refusal visas. They were now waiting for Chinese Communist Ambassador to arrive India and would endeavor contact him. In fact, they had initiated first steps that day in Calcutta as a cover for their meeting with us.

10. Steere's mention of Tibetan resistance to aggression in conjunction with US readiness to give aid, was not stated as a condition of aid, but developed naturally from allusion to my remarks to Shakapba in June. We believe that Tibetan frame of mind is one that links resistance so definitely with military aid they must be discussed in separable parts of the same problem. We believe that it would be a great mistake to give aid without some assurance of Tibetan intent to use it.

11. Bajpai, Secretary General MEA on August 3 expressed to me concern at report from Hong Kong to effect General Liu had announced time had come for liberation Tibet. He criticized British for failure to permit Tibetans to go to Hong Kong to talk with Peiping representatives and said he was calling in Chinese Chargé d'Affaires to express concern at threatening developments and to suggest talks with Tibetans before any invasion should begin.

HENDERSON

793B.00/8–750 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, August 7, 1950—10 a. m.

306. Acting United Kingdom High Commissioner Roberts was informed August 5 of action taken by this Embassy as described Embtel 302, August 7. Care was taken to make clear that assurance of assistance resulted from inquiry initiated by Tibetans in June.

Roberts' reaction seemed to be one of great interest as well as satisfaction. He remarked that His Majesty's Government had consistently urged Government of India to give assistance to Tibetans and in fact "all possible aid short of going to war".

Questioned as to what he thought Indian attitude might be in event Tibetans request additional military assistance from Government of India, Roberts said that latter had given Tibet already all assistance Tibet had requested and he thought it unlikely, therefore, that Govern-

ment of India would reject request for additional aid. He intimated that since Government of India had requested British to replace some of material made available to Tibet that they would probably make similar request in case additional aid given and that His Majesty's Government in such event might wish to discuss subject.

Questioned as to what he thought Government of India reaction would be in event that Chinese Communists invade Tibet, Roberts said he doubted Government of India would take any positive steps except possibly to supply additional arms and ammunition in the event Tibetans should resist with unexpected effectiveness.

Roberts was requested and promised not reveal above action to Government of India.

HENDERSON

795.00/8–850

Extracts of a Memorandum of Conversations, by Mr. W. Averell Harriman, Special Assistant to the President, With General MacArthur in Tokyo on August 6 and 8, 1950

TOP SECRET

[For the first portion of the memorandum, dealing with Korea, see volume VII, page 542. The source text is a typewritten copy of notes dictated by Mr. Harriman on August 20, 1950, bearing the following note at the end of the text:

"This copy (no carbons) was made from rough, largely unedited notes dictated by Mr. Harriman. Some liberties have consequently been taken with the format and the spelling of the original. The wording, however, is not changed, except that a few queries of clarifications have been inserted in brackets."

Indications of ellipsis and bracketed interpolations, as printed here, are present in the source text. A large part of the memorandum is also printed in Harry S. Truman, *Years of Trial and Hope* (Garden City, N.Y., Doubleday and Company, Inc., 1956), pages 349–353.]

. . . . . .

Formosa and Chiang. MacArthur gave me his memo of June 15 [*sic*] [1] on the importance of Formosa from a strategic standpoint in the defensive system of the United States in the Far East. . . . For reasons which are rather difficult to explain, I did not feel that we came to a full agreement on the way he believed things should be handled on Formosa and with the Generalissimo. He accepted the President's position and will act accordingly, but without full conviction. He has a strange idea that we should back anybody who will

[1] Concerning this memorandum, dated June 14, see telegram 605, June 22, from Tokyo, p. 366.

fight Communism, even though he could not give an argument why the Generalissimo's fighting Communists would be a contribution towards the effective dealing with the Communists in China. I pointed out to him the basic conflict of interest between the U.S. and the Generalissimo's position as to the future of Formosa; namely, the preventing of Formosa's falling into hostile hands. Perhaps the best way would be through the medium of the UN to establish an independent government. Chiang, on the other hand, had only the burning ambition to use Formosa as a steppingstone for his re-entry to the mainland. MacArthur recognized that this ambition could not be fulfilled, and yet thought it might be a good idea to let him land and get rid of him that way. He did not seem to consider the liability that our support of Chiang on such a move would be to us in the East. I explained in great detail why Chiang was a liability, and the great danger of a split in the unity of the United Nations on the Chinese-Communist–Formosa policies; the attitude of the British, Nehru and such countries as Norway, who although stalwart in their determination to resist Russian invasion, did not want to stir up trouble elsewhere. I pointed out the great importance of maintaining UN unity among the friendly countries, and the complications that might result from any missteps in dealing with China and Formosa.

Communist China. MacArthur would never recognize the Chinese Communists, even to the use of the veto in seating the Communists. He believes it would only strengthen the prestige of Mao Tse-tung's Government in China and destroy what he considers should be our objective: the splitting of the present supporters of Mao Tse-tung and the developing of strengthened resistance movements. He does not believe the Chinese want to come under Russian domination. They have historically opposed invasion from the North. We should be more aggressive than we have been so far in creating stronger dissension within China. . . . MacArthur has not developed any plan of action in China. He believes there are great potentialities.

I emphasized the importance of getting evidence on the participation of the Chinese Communists in supporting the North Korean attack and present operations. There will be considerable support in seating the Chinese Communists at the next meeting of the Assembly. I explained that if we could obtain real evidence of direct support for the North Koreans, this might be the reason by which we could prevent the seating of the Communists on the moral issue involved.

In all, I cannot say that he recognizes fully the difficulties, both throughout the world and in the East, of whatever moves we make in our position with the Generalissimo in Formosa and with respect to China. He believes that our policies undermine the Generalissimo; he has confidence that he can get the Generalissimo to do whatever he is asked to undertake; is prepared to deal with the political problems,

but will conscientiously deal only with the military side, unless he is given further orders from the President.

. . . . . .

Formosa. He has sent a military mission under General Fox [2] to Formosa to find out the equipment needs of the National troops; it is already clear that they need barbed wire, reinforcing bars for concrete beach defenses, some additional motor transport, so that a defense can be worked out in depth with mobility for the reserves. He is quite satisfied that the military appropriations already available will be sufficient to take care of whatever they need. He has no intention of recommending any military equipment for anything other than the defense of the island, which in no sense would increase the ability of the national army to invade the continent. He regrets [that] the Joint Chiefs' recommendation to permit Chiang's airplanes to attack the concentration of troops and particularly the airstrips on the mainland [?has been overruled], but accepts the decision and will use every means to stop the Generalissimo in [?from] sending out his planes, barring "shooting them down". He is satisfied the Chinese Communists will not attempt an invasion of Formosa at the present time. His intelligence and photographs show no undue concentration of forces, although they are building airstrips. He is convinced that the 7th Fleet plus the air jets from the Philippines and Okinawa, B–29's and other aircraft at his disposal, can destroy any attempt which may be made. He believes that the Chinese National troops can be organized to fight effectively and destroy any Communist troops which might get through. Should the Chinese Communists be so foolhardy as to make such an attempt, it would be the bloodiest victory in Far Eastern history, and would strengthen favorably morale in the East. He does not believe the reports that have been made to Washington of the bad situation within Formosa. He believes, however, that it can be improved, both politically and economically, and hopes ECA will continue its economic work so that Formosa can become increasingly important in trade relations with Japan and in the improvement of the economic life of the Formosans. He explained that his observations were of course preliminary, and he might amend them when he had more information, but he thought there was reasonable political stability, the Assembly of 22 members now included 18 Formosans and only four mainland Chinese. The Budget had been balanced. Currency has been stabilized at 10 to 1 for the dollar. There was only a small black market. Wages and prices had been stabilized. Schools and the judicial system were working normally. Governor Wu (formerly Mayor of Shanghai) has perhaps been largely responsible for

[2] Maj. Gen. Alonzo P. Fox, Deputy Chief of Staff, General Headquarters, Supreme Commander for the Allied Powers in Japan.

improved conditions. People are well fed and clothed and housed, perhaps as well now as they were under the Japanese. There was an air of tranquillity on the island. He considered the ECA work had been good and should be continued. We should see that the distribution got to the people, avoiding, as far as possible, graft.

. . . . . .

Formosa. He spoke about the problem of the island of Quemoy. close to the mainland. The Generalissimo claims to have 70,000 men there which is important from the standpoint of eventually landing on the mainland, but has no value to the U.S. The Generalissimo considers Formosa part of China. MacArthur didn't see any evidence of a desire for independence so far, even among the Formosans he talked to, but perhaps that was natural at this stage. There were no soldiers on the street and no curfew. . . .

MacArthur feels that we have not improved our position by kicking Chiang around, and hoped that the President would do something to relieve the strain that existed between the State Department and the Generalissimo. He suggested the President might reiterate his previous statements by threatening the Chinese Communists that he would withdraw in addition to [?withdraw his objections to Chiang's] attacking the airfields on the mainland if the Chinese [Communists] continued to do this work, or to build up their positions. I told him that if he wanted to make that recommendation to the President it was up to him, but I assured him that I would strongly recommend to the President against his doing so. I reemphasized the overpowering importance of UN unity and that this would only give further trouble and give the Russians a chance to develop an entering wedge.

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793B.00/8–1250 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET NIACT LONDON, August 12, 1950—7 p. m.

880. Embtel 848, August 11 repeated New Delhi 22.[1] Lloyd Foreign Office has informed Embassy office in strict confidence substance of conversation between Bajpai and Acting UK High Commissioner to following effect:

[1] Not printed. It reported on expressions of concern from British officials, including the Acting High Commissioner in India, on probable adverse Indian reactions to receipt of word from Tibetan sources that the United States was extending military aid to Tibet. The British officials felt that the United States should approach the Indian Government directly on this matter. (793B.00/8–1150)

Department telegram 230, August 11, to New Delhi, not printed, authorized the Embassy to approach the Government of India before the Tibetans did so, at its discretion (793B.00/8–1150).

GOI is urgently instructing Panikkar immediately take up with CPG Foreign Minister on firm although friendly lines subject of Tibet urging CPG avoid offensive action against it. In event Panikkar's representations appear likely to be rebuffed, he is authorized to state that India will have to withdraw its support from seating CPG representative in SC. In event of invasion, India contemplates taking matter up in some form with SC. Bajpai has especially asked UK to give India hand for present in order that Indian negotiations with Communist China be on an Asiatic-to-Asiatic basis. He has requested that the British Chargé d'Affaires Peiping refrain for present from making any representations on the subject of Tibet.

Lloyd has specially requested that under no circumstances should US officials intimate to Indian officials they in possession of above information.

Sent Department 880, repeated info New Delhi 25.

DOUGLAS

794A.00/8–1150 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET PRIORITY WASHINGTON, August 13, 1950—12 noon.

800. Personal for the Ambassador from Rusk. Reurtel 844 [1] Jessup and I saw Oliver Franks on Aug. 10 and discussed contents Deptel 522.[2] Franks was without instructions and we agreed to take up the matter again as soon as he was ready.

Speaking personally, Franks said that he thought that President's June 27 statement on Korea had been well received by Brit Cabinet but that their first reaction was that the Formosa part of that statement would lead to many complications. After their first reaction, they began to understand the importance of military neutralization, on which the Brit Chiefs had expressed agreement with the US action. Their later anxiety had been caused by MacArthur's visit and by reports of Chi Nationalist bombings of mainland concentrations.

Franks went on to speculate whether there might be some possibility of reducing gap between us on Formosa by finding proper UN formula along with some common understanding on the longer-range development of the Chi question. We pointed out to him that we ourselves were interested in separating the Formosa and Chi questions since we did not wish the disposition of Formosa to be settled simply by deciding the question as to who is Chi. As far as the long-range Chi problem is concerned, we said that our own attitude would be very

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[1] Not printed. It requested information on the Department's reaction to Mr. Bevin's suggestions transmitted in telegram 630, July 29, from London, p. 398. (794A.00/8–1150)

[2] Dated July 28, p. 396.

greatly affected by Peiping's behavior. In the interim, if Chi supports the aggression in Korea (even more so than at present) or acts aggressively against Hong Kong, Indochina or Burma, we did not see how we could establish normal relations with Peiping or favor their admission to the UN. Franks recognized this problem and said that his personal view was that if Communist Chi actively intervened in Korea the UK would "derecognize" Peiping.

During course of conversation Franks asked very directly whether our policy on Formosa was firmly based on President's statements of June 27 and July 19 and whether the UK could accept that with confidence. We told him that two statements referred to were basic policy and that there was no intention to depart from them. I pointed out the difficult problem of applying those two statements to certain borderline questions like reconnaissance, the treatment of Nationalist-held islands along Chi mainland, Nationalist seizure of former Nationalist vessels which had defected to Communists, etc. He said he recognized that the edges would appear blurred at times but that if the mainlines of policy were secure and constant, it might be possible to work something out.

On the question of arms to Nationalists, I pointed out that since Chi Communist authorities had not accepted neutralization concept, had publicly announced that they would attack Formosa and had disposed of their forces on the mainland with that in view, the ability of Formosa to defend itself had a direct bearing upon the possibility of neutralization. Franks stated he could see that certain arms supply might not be a serious problem unless it should assume the nature of preparations for Chiang's return to the mainland, a course of action which would cause deep misgivings in London. I stated categorically that the President's recent action re Formosa was not a stepping stone for US entry into the mainland nor preparation to put Chang Kai-shek back on the mainland with Amer support. I stated that obviously if the Chi Communists attack Korea, Hong Kong or Burma, that whole question would have to be reexamined, to which he agreed.

FYI MacArthur told Harriman he did not believe the Chi Communists will attack Formosa on the basis of their present capabilities. In fact, aerial reconnaissance along the Chi coast has not yet disclosed such concentrations of shipping, junks or other crafts as would indicate that an attack on Formosa is imminent.

If President's action does in fact prevent or postpone Communist attack on Formosa, we believe the effort made to effect a military neutralization and a political freeze was the reasonable line to take, despite the obvious risks. If the UK and India are unwilling to accept a postponement of political issues re Formosa, then we shall be projected into sharp differences which, in the light of the situation on the spot, are quite unnecessary.

We are examining urgently whether there is any basis on which we, the UK and India could get together on Formosa policy remainder this year. For example, (1) military neutralization, (2) determination of ultimate status of Formosa through Jap peace treaty discussions (see London's A–504, July 28)[3] or UN or both, (3) initial determination by GA of the procedures and standards by which it decides between the govts competing for the same seat, (4) application to Chi seating problem of procedures and standards determined upon under (3). This would not involve any question of US recognition of Peiping, would permit the UN to deal with this particular issue on principles which shld apply to all similar cases in the future, wld not turn Formosa over to Communist Chi and wld meet our present essential mil requirements. From gen trend of Franks' remarks, there may be some possibility along this line. Also, Bajpai left impression with Henderson that he might be able to consider some disposition of Formosa other than to Peiping.

Factor of greatest importance in US or, for that matter, UN attitude toward Chi Commies will be conduct of Peiping toward its neighbors and toward internatl obligations. Peiping is at present time co-conspirator with Kremlin on Korean aggression and is actively engaged in plot against Indo-China. If internatl Commie orbit has in fact decided to wage war by all convenient means against non-Commie world, our problem is to alert non-Commie world to nature of danger and not of trying to buy off Commies by token appeasements which cld only increase their prestige without reducing their appetites in slightest degree.

It wld be unfortunate if, at a time when situation as between Formosa and mainland itself appears to be reasonably stabilized, public clamor and political controversy in the West shld force the pace of dealing with present disagreements among friendly govts and create unnecessary dissension at time when solidarity is urgently required. I recognize there are real differences of tactics between UK and India who are attempting to establish normal relations with Peiping and US which carries heavy burden responsibility for meeting Commie threat to security of the Pacific. We accept that it is of utmost importance that we try to find a common policy but we consider that while this attempt proceeds every possible effort must be made by all concerned to prevent this particular virus from affecting our gen relations any more than necessary.

We hope to have something officially approved topside for you on this early next week. [Rusk.]

ACHESON

[3] Not printed. For documentation relating to the Japanese Peace Treaty, see pp. 1109 ff.

611.94A/8–1450 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET WASHINGTON, August 14, 1950—3 p. m.

144. Eyes only for Rankin from Rusk. Fol is preliminary draft instrs on US policy toward Formosa and China being furnished for your info study and comment pending topside consideration here. Dept recognizes complexity and difficulty your assignment and desires to be maximum assistance. Highly restricted distribution this tel essential.

Present draft consists of three parts, (1) Interim policy during crisis created by Korean aggression (2) Long-Range policy applicable when Korean aggression resolved and present internatl tension reduced or at least clarified (3) responsibilities US reps re Formosa.

PART I—INTERIM POLICY

A. See relevant portions President's statement of June 27, 1950.

B. See relevant portions President's Msg to Congress of July 19, 1950.

C. Excerpt from NSC 37/10 dated August 3, 1950:

"1. Without prejudicing US initiative and freedom of action as to possible future courses of action with respect to Formosa, the US shld continue the present policy of denying Formosa to communist forces.

2. The US shld take steps (*a*) to assess the capabilities of the Chi Nationalist forces; (*b*) to insure that such Chi Nationalist military equipment as requires maintenance be rendered usable: (*c*) to meet deficiencies, now known to US mil auths, of Chi Nationalist mil supplies and material; and (*d*) in connection with (*c*) to give certain mil grant aid to the Chi Nationalist forces.

3. The US Govt shld make the necessary polit arrangements with the Chi Govt and shld direct the Commander in Chief, Far East to undertake forthwith a comprehensive mil survey of the resources and needs of the Chi Nationalist forces."

D. It is clear from the excerpts quoted above that the mil neutralization of Formosa is basic to US policy during the present crisis. Action of Pres announced June 27 was for purpose of eliminating or reducing risk of Commie occupation and mil exploitation of this strategically located island in crisis created by Korean attack, to safeguard sea and air flank of UN forces operating in Ryukyus–Japan–Korea area, and to prevent if possible gen extension hostilities into wider areas of Pacific and Far East. Demonstration given on June 25 that Sov orbit is now prepared to use organized aggresion in pursuit of its objectives raised immed the problem of other areas likely to be attacked as well as problem as to whether USSR was intent upon gen war. Our action

to neutralize Formosa was attempt to upset if possible any prearranged Commie time tables and to limit fighting to Korea until gen security situation cld be assessed.

From the mil point of view, western strategic frontier for the essential defense of areas vital to the US rests generally along islands extending from Aleutians through Japan to Phil archipelago. With Kuriles already in hostile hands, Formosa's location is such that, in hands of power hostile to the US, it wld constitute dangerous enemy salient in the center of that part of our position now keyed to Japan, Okinawa and the Philippines. In the event Formosa came into hands of Chi Commies and latter made it available for hostile purposes to Sov forces at time US forces are heavily engaged in Korea, grave danger wld result for entire US position in the western Pacific. Further, seizure of Formosa by Chi Commies at hour when UN forces are resisting aggression in Korea wld be considerable stimulus to morale of destructive forces in Asia and thus work to detriment of US and other friendly states located in or having interests in west and southwest Pacific. The denial of Formosa to Chi Commies is, under present circumstances, an attempt which we must make as a matter of elementary precaution at a time of grave uncertainty.

On specific points arising from our effort to neutralize Formosa military, the fol instrs are called to your attn:

(1) Telcan June 27 containing text msg to CKS re: mission of Seventh Fleet.
(2) Deptels 30 and 55 re: bombing of Communist airfields and troop and ship concentrations by Chi Nationalist forces.
(3) Deptel 61 re: Nationalist held islands along China mainland.
(4) Deptel 64 re: air and naval reconnaissance by Chi Gov.

E. Also clear from the excerpts quoted above is the desire to suspend during the present crisis the complicated polit questions which arise in connection with Formosa. The directive to the Seventh Fleet did not represent a desire on our part to force an answer to such questions. On the contrary, it was hoped that these polit problems, on which the principal govts have widely divergent views, cld be frozen until the security situation cld be clarified. We consider it of the highest importance that differences as to Formosa not divide the solid world community in dealing with the Korean problem and that the necessity for a mil standstill on Formosa can be widely recognized and supported.

As indicated in the President's msg to Congress, July 19, above, US has no designs on Formosa and specifically has no intention of seizing Formosa unilaterally for US mil exploitation. Our action of June 27 was not designed as a step in any US offensive against mainland nor as step to place auths in Formosa in position to mount gen offensive against mainland with US support. If Chi Commies intervene in

Korea or attack Formosa, Hong Kong, Indochina, or Burma, our desire not to take action against Chi mainland wld have to be reviewed. However, we do not wish to become involved in any way with gen operations against Chi and wld seek to limit mil action to minimum requirements of situation created by Chi aggressive action.

Failure of US either to reaffirm or to modify its attitude toward Cairo Declaration derives from desire to leave polit questions re Formosa for the future to the maximum extent possible. The absence of policy declarations on such questions shld not be given polit significance.

F. Our interim policy permits mil and econ assistance to Formosa. In the face of a very great Chi Commie build-up along the mainland coast, the Seventh Fleet may not be able to guarantee Formosa against hostile landing. In this event, forces on the island wld have an important role to play in resisting the attack. In addition, it wld not be in US interests for Formosa to fall by subversion or collapse on the island itself. Under the circumstances, it is our desire to furnish, within a prudent use of available appropriations, certain types of econ and mil assistance to the auths on Formosa. This assistance shld be based upon critical needs known to and accepted by competent US mil auths; it shld be supervised to the extent necessary to insure proper use. Although the situation on the island is such that a considerable margin of error may have to be accepted, every effort will be required to insure that US aid is employed for the purposes for which it is given. So long as the Seventh Fleet has its present mission, it is in our interest to insure insofar as possible that the island is in good order, that admin is reasonably effective, that full attn is paid to the lot and well-being of the Formosans themselves and that US aid not become subj to racketeering. If the Seventh Fleet is withdrawn at some point in the future from its present mission, it is desired that the island be in a substantially better position than it was on June 25.

In conducting US aid programs on Formosa, it is not desired to establish enlarged US participation in and assumption of responsibility for the admin of the island. For example, it wld be unwise for ECA to become involved in any formal joint responsibility with the Chi Govt which might symbolize a US commitment to underwrite the economy of the island. This does not mean that ECA should not be actively concerned with and press upon the Chi such econ measures as are necessary to improve the econ situation on Formosa. ECA shld continue to act vigorously, of course, on all matters directly related to the operation of the ECA aid program itself and apply the gen prin-

ciple used elsewhere that US aid is contingent upon effective performance and honest effort on the part of the recipient.

G. It is our present intention to continue to maintain dipl relations with the Chi Govt on Formosa and to accord to that Govt and its reps the benefits of that relationship. We do not wish to make any commitment to Chi auths as to how long this relationship will extend into the future. On the other hand, US reps on the island are accredited to the Chi Govt and shld conduct their activities accordingly. Conversely, US reps on Formosa shld insist upon full and proper treatment as such by all Chi auths and should report at once any indication of any tendency on the part of the Chi not to maintain relations on an acceptable basis.

H. The US opposes the seating of Chi Commie reps in the UN or other internatl bodies. This is a matter of US policy and is not to be made the subj of any commitment to the Chi Govt on Formosa. The US will accept the normal parliamentary majorities in internatl bodies on this matter and will accept the result if a majority decides to seat the reps of Peiping. We do not consider that we have a veto on this question in the SC. Our view is that if the permanent members of the SC shld be allowed to exercise a veto on this issue, the SC wld find itself in an absurd position and cld be easily wrecked by a recalcitrant member.

I. Insofar as mil operations are concerned, Formosa is within the area of responsibility of CINCFE, who receives directives on such matters through mil channels. It is expected that CINCFE will designate a senior officer as his rep on Formosa. If at any time this officer requires your assistance in connection with his own duties, you will, of course, afford him all possible cooperation. The success of US policy in Formosa will depend to a considerable extent upon cooperation and mutual confidence among the chief of the dipl mission, the chief of the ECA mission and CINCFE's rep.

J. In addition to the mil advice to be furnished by CINCFE's rep and the econ and financial advice to be furnished by ECA, the Chargé d'Affaires will wish to consider what recommendations and advice the US shld offer on other matters of a polit and administrative nature. In the normal case, you shld consult the Dept on such matters, where time permits, before approaching Chi auths.

Part II—Long-Range Policy

A. It is not possible under present circumstances to provide detailed instrs regarding our long-range policy toward Formosa. It is anticipated that the interim policy outlined above will obtain for a consider-

able period and that events in the broader world scene will have an important bearing on the Formosa situation.

B. It is US policy to employ polit and econ means to present [*prevent*] Formosa's falling into Commie hands. At the present time, polit and econ means have been reinforced by the mission assigned to the Seventh Fleet. It will be in the interest of the US, therefore, for Formosa to become politically stable, economically self-sustaining and militarily secure. The achievement of this result will require a more enlightened statesmanship from Chi leaders than has thus far shown itself on Formosa. Chi auths will need a reasonably efficient admin acting under legal processes, the confidence and respect of the Formosan people, the loyal support of disciplined and effective armed forces and internatl approval of conditions on the island.

C. It is not in the interest of the US to restrict its freedom of action by indefinite commitments to the Chi auths on Formosa as to our future policy. Specifically, we shld make no long-range commitments about continued recognition of the Nationalist Govt as the Govt of China, about the Chi seat in the UN, or, particularly, about US support for attempts by the Nationalist Govt to return to the mainland. This does not mean that we may not continue to recognize the Nationalist Govt and support it in the UN; it does mean that our policy shld be based solely on overall US interests and not upon commitments to the Chi Nationalist Govt impairing our freedom of action.

Part III—Responsibilities of US Officials on Formosa

The US Chargé d'Affaires, as ranking US rep on Formosa, is responsible for assuring that all US activities on Formosa (other than CINCFE's mil responsibilities) are coordinated toward the achievement of the fon policy objectives of the US.

In order to carry out his mission with respect to Formosa, CINCFE will maintain on Formosa for purposes of liaison with the Chi Natl mil auths a liaison group under a senior officer with direct responsibility to and channels of communication with CINCFE and such other mil auths as the latter may direct. Such senior officer shld at all times keep the US Chargé d'Affaires generally informed on all matters except those concerning details of mil operation and admin.

The Chief of the ECA mission on Formosa will work in close cooperation with and under the gen policy guidance of the US Chargé d'Affaires. The Chief of the ECA Mission will continue to receive operating supervision from the ECA Administrator and will use his own communication series for that purpose. [Rusk.]

Acheson

794A.00/8–1450 : Telegram

The Joint Chiefs of Staff to the Commander in Chief, Far East (MacArthur)

TOP SECRET PRIORITY WASHINGTON, 14 August 1950—3 : 07 p. m.

JCS 88681. From JCS. Your CX 59318[1] intent of Presidential Directive and of our orders "by Naval and Air action" to defend Formosa against invasion or attack by Chinese Communists is to limit our action there to such operations as are practicable without committing any forces to the island of Formosa itself. Joint Chiefs of Staff therefore desire at this time that you make no commitment to Chinese Nationalist Government to base fighter squadrons on Formosa in event of actual attack and that no squadrons or other U.S. forces be based ashore on Formosa unless specific approval has been given by them.

[1] The text of this message from General MacArthur, dated August 4, read in part as follows:

". . . No plans to transfer FEC Ftr Sqdns to Formosa except in event actual attack on Formosa by Communists. However, GHQ survey team as well as representatives FEAF and NAVFE are visiting Formosa to make survey of defense rqmts, and ftr elements from Okinawa and Philippines will make flights over Formosa for both familiarization of FEC pers and morale build-up for population of Formosa. As part of familiarization flights considered highly desirable for small groups of F–80 A/C to land temporarily at one or more Formosa airfields.

"2. Consider foregoing action in consonance with existing directive. It is repeated that there is no current intention to physically transfer air elements to Formosa except in actual invasion by Communists." (Department of Defense Files).

693.94A/8–1450 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, August 14, 1950—4 p. m.

388. 1. I discussed with Bajpai, SYG MEA, today extent to which Peiping might have gone in assuring Panikkar that it had no intention to attack Formosa or to become implicated in present hostilities.

2. Bajpai said Peiping had given no definite assurances to Panikkar about its intentions. In one telegram Panikkar had stated that he had the impression after discussing international situation with Peiping officials that they did not wish to see hostilities extended beyond the confines of Korea. In another telegram he had expressed concern lest Peiping, not wishing to become involved in hostilities just now with US over Formosa might turn its attention for time being to Tibet. On other hand after visiting Shanghai recently Panikkar reported that he observed Communists were building huge airdromes around that city. Bajpai said Panikkar did not know why these airdromes were

being constructed. It was difficult to believe that Chinese thought US was planning attack Shanghai. Bajpai added that his own impression from examination of all of Panikkar's reports was that Chinese not likely attack Formosa in near future, but it was impossible say with assurance what it might do.

3. Bajpai said GOI had received no reports from Panikkar even hinting that Molotov or any Soviet official of such high rank had visited China since Panikkar's arrival. (Deptels 228, August 11 and 223, August 10).[1]

HENDERSON

[1] Neither printed.

611.93B/8–1450 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, August 14, 1950—5 p. m.

390. ReDeptel 230, August 11.[1]

1. During conversation with Bajpai this morning on another subject I said that I would like to tell him in confidence re certain exchanges that have been taking place between this mission and Shakapba. Some time ago when Shakapba was in New Delhi he had asked me orally what Tibet had already asked the US Government previously through other channels, that is, whether US Government would be willing to render assistance to Tibet in event of unprovoked military invasion by Communist China. I had forwarded his inquiry to Washington and had recently received reply which I had sent to Shakapba. Reply had been to general effect that if Tibet should be invaded by Communist China or if it was under active threat of such invasion US would be willing to send certain amount military equipment to Tibet if Tibetan Government could arrange for transit such equipment across countries through which it must pass in order to reach Tibet. I told Bajpai that I thought it would be well for GOI to have this information for background in case it should be approached by Tibetan Government.

2. Bajpai said he was grateful that I had given him this information; that he felt it might be preferable for GOI take no action until, or unless, it was approached by GOI [*Tibetan Government?*] [2]

3. Referring to conversation August 10 (Embtel 343, August 11) Bajpai said that GOI had received message from Panikkar stating latter had approached Peiping officials re Tibet expressing the hope of India that Peiping would not endeavor solve Tibet problem by use

[1] See footnote 1 to telegram 880, August 12, from London, p. 430.

[2] At the suggestion of the Department of State, the Embassy in New Delhi saw to it that the Tibetan Mission, at that time in Calcutta, was informed of the fact that the Government of India had been told of the United States offer of military aid to Tibet (793B.00/8–1850; 8–2050; 8–2950).

force. His suggestions had been received courteously but no reply had as yet been made to him.[3]

Department pass London; sent Department 390, repeated info London 15.

HENDERSON

[3] In telegram 343, Ambassador Henderson informed the Department that Bajpai had told him that Panikkar had been instructed to deliver to the Government of the People's Republic of China a message along the following lines:

"GOI has proved on various occasions its friendly feeling for Peoples Government of China. It had gone so far in this respect at to create ill will against it in certain circles. It was hopeful China and India together could promote world peace. If China should now launch fresh armies of invasion into Tibet, or elsewhere, it might well be contributing to new world war. India particularly anxious that differences between China and Tibet be solved by other than armed conflict. It therefore urged China not to invade Tibet. Stories to effect that Government Tibet was conspiring with British or Americans untrue. Tibetans had no contacts with British or Americans. Only foreign representative in Lhasa was Indian. If China insisted on making unprovoked attack on Tibet, India might be compelled revise its opinion re peaceful intentions China and even take different view re Chinese admission to UN."

Mr. Henderson then made the following concluding observations in his telegram:

"Bajpai when outlining nature of message to me had no notes in front of him. He was, therefore, talking rather loosely. I am inclined to opinion his description of message reflected what lay behind it rather than what was actually incorporated in it. It is difficult to believe that after Nehru has gone so far in basing GOI's foreign policy on friendship with Communist China, he would jeopardize such gains as he had made by sending message so strong character. Regardless wording message, I am convinced Panikkar has been instructed to do his utmost to persuade Peiping not to invade Tibet. If Peiping launches invasion in near future, Nehru may decide that he has been staking too much on hopes of Peiping's tractability and friendship." (691.93/8–1150)

794A.00/8–1650 : Telegram

The Department of State to the Embassy in India

TOP SECRET WASHINGTON, August 16, 1950—6 p. m.

257. Eyes only Henderson, ReDeptel 115 July 25,[1] it is suggested that at ur discretion you now take opportunity discuss with Bajpai question Formosa, with primary design ascertain probable Indian reactions to possible clash Amer and Chi Commie forces in event offensive action being launched by Commies against Formosa. Suggest fol line thought:

US of course most desirous avoiding extension present conflict even as is Bajpai himself (as for instance as reported Embtel 95 July 15).[2] Amer action June 27 respecting Formosa was taken purely for reasons mil expediency and was without regard polit future island. Decision whether hostilities Korea are to be localized or will spread southward rests solely with Chi Commies, who will presumably be under pressure

[1] For the text of this message, see vol. VII, p. 466.

[2] Text *ibid.*, p. 391.

Moscow this connection. US itself will of course not undertake enlargement field hostilities Asia or elsewhere, but if Chi commies initiate overtly hostile action in any of Asian danger points, US wld of course be compelled react in appropriate manner. Action wld be with full intent localizing conflict, but as indicated in Emb reftel Indian leaders wld agree further aggravation present situation exceedingly dangerous.

Presumably Chi Commies who have to date refrained from overt participation Korean conflict will continue to do so. If they choose intervene, matter is one for consideration UN. Manner of retaliation against any such overt intervention by Chi Commies by extension hostilities over Korean border into China wld presumably be one for mil consideration under UN mandate. If Chi Commies were to launch hostile action against Formosa while we are engaged in supporting UN action in Korea and thus involve US fleet in hostilities, US wld again first seek localization action, but if Commies undertook intensify and enlarge hostilities we shld even as in Korea be compelled, though against our basic desires, carry retaliatory action to sources from which blows against us stemmed.

If Peiping acts as Commie cat's-paw for extension of mil aggression, it can finally only bring grave damage upon itself, for any mil adventurism by Chi Commies outside their frontiers wld lead inevitably to aggravation internatl conflict now smouldering and ultimately bring in its train destruction China rail, water and highway communications, transportation system and meager industrial base Chi economy. China wld thus be pushed further back to level peasant society and its progress toward modernization be set back decade or more. History Sino-Amer relations past century shows clearly Amer desire is to foster econ progress and social well being China as a nation, but if Commies take up the sword they must be prepared accept consequences.

Same considerations wld be effective and same situation prevail in other danger points around China periphery. Interest US in maintenance stability Philippines well known Indian Govt. Indian Govt itself likewise presumably interested maintenance stability Tibet and Burma (see Rangoon's 34 July 21 to Dept pouched New Delhi).[3] This Govt also concerned with any threat to stability those two areas, but feels India's interest there paramount and wld appreciate receiving expression current Indian estimate existing situation. Amer interest in maintenance stability Far East is conceived as being parallel to Indian interest and our desire is for mutual understanding and close coordination in so far as possible respecting overall problem. US desirous contributing if possible to econ advancement Asia, not to see econ progress retarded by war. US desires give fullest consideration

[3] Not printed.

Indian views on subj and moreover believes that frank exchange views re problems common US and Indian Govts wld be of great usefulness for overall aim of prevention extension present hostilities.

Above shld be used only as suggestive guide for conversation which, as indicated above, you wld undertake only at ur discretion and wld mould with due concern sensibilities Indian leaders. It is specifically suggested you not seek special occasion for this approach but allow it to come up informally and not as "instructions". At this time chief aim wld be obtaining from such discussion good indication re Indian thinking on problem in point. For urinfo however you shld not be restrained in ur discussion by consideration that substance conversation might be transmitted Pannikar at Peiping and even through that channel leak to Chi Commies there. In fact Dept feels such leak might have salutary effect on situation, particularly if North Korean aggressors sustain mil set-back near future.

Urgency matter in point indicated by feeling Dept there is strong possibility Chi Commies launching attack on Formosa during Aug, whether or not aggressors Korean campaign continue advance.

Pls report urgently Dept any adverse reaction you may have this project.

ACHESON

611.94A/8–1850 : Telegram

The Chargé in China (Strong) to the Secretary of State

TOP SECRET TAIPEI, August 18, 1950—noon.

273. Eyes only Rusk from Rankin. Deptel 144, August 14 received only yesterday and as yet I have not discussed contents with Barrett and Moyer. Distribution being limited to them and Strong.

Following is therefore initial reaction to be supplemented as necessary after further consideration here:

Part I on interim policy seems to me practically unexceptionable and sufficiently comprehensive. This comment based on assumption that text in reftel for highly restricted distribution during foreseeable future and not to be given to press or allowed to leak without detailed reconsideration. I should appreciate opportunity to comment, in advance of publication, on any important statements to be made.

Part II on long-range policy necessarily leaves something to be desired. Undoubtedly you are fully aware of inherent weaknesses in our position but I venture mention certain considerations which also have important bearing on interim problems. NSC decided sometime ago Formosa could not be held without use of American ground forces which decision served as basis for adoption passive US military policy.

Whether or not that decision entirely justified it recognized necessity of more effective aid than we now prepared to give and implied longer term policy than we have so far adopted. May be questioned whether long-range policy described reftel is adequate to encourage Chinese Nationalist forces to fight effectively in event Communist landings on Formosa and to refrain from turnover in response initial Communist successes. Without US ground forces our position evidently much more dependent on behavior Nationalist forces. But proposed long-range policy could be taken by Chinese Nationalists to indicate our intention help them militarily only for few months until Korean affair settled and Japanese treaty negotiated; then feel ourselves free to recognize Communists and let them cut throats of military and political leaders on Formosa who had collaborated with us. Desirability more positive and comprehensive long-range policy at earliest possible moment seems obvious.

Part III on official responsibilities would be greatly improved by inclusion two sentences somewhat as follows: "The chiefs of the diplomatic mission, the ECA mission and the military liaison group shall keep each other fully and currently informed on all significant political, economic and military matters in order that there may be the closest coordination of all US activities on Formosa. While the three chiefs should not burden each other with unnecesarily detailed information, there shall be in principle no secrets between them." While I anticipate no difficulties whatever with ECA, instructions in reftel could be interpreted by military as allowing them to tell us practically nothing as has been practice to date. Meanwhile they are in position take steps of greater actual political effect than anything Embassy likely to be authorized carry out. Examples are MacArthur's visit, daily flights of USAF jets over Taipei, presence of two US major generals and staffs from Japan and Philippines and constant coming and going other general officers most of whom Embassy hears about only by accident. [Rankin.]

STRONG

794A.5/8–2350

The Department of State to the British Embassy

TOP SECRET

AIDE-MÉMOIRE

The Department of State, having reference to the President's statement of June 27, 1950 announcing inter alia that the Seventh Fleet had been ordered to prevent hostilities between Formosa and the mainland, hereby surveys for the information of the British Embassy the various channels now available to the National Government for

the procurement of military matériel in the United States. The attention of the British Embassy is invited particularly in this connection to the circumstance that the Chinese Communists have on numerous occasions within recent weeks re-emphasized their determination to attack Formosa, and have so disposed of their ground forces on the mainland that a Communist attempt to invade Taiwan remains a dangerous possibility in spite of the efforts of the United States to effect the neutralization of Formosa in a military sense. It is logical to assume that the furnishing of certain requisite items of military equipment to the Chinese forces on Formosa would serve as an additional element to discourage such an attack. It is therefore considered necessary to give due regard to any deficiencies that might exist on the island in terms of military equipment in order that the Chinese military establishment located there may act effectively in its own defense. There have, therefore, been introduced recently some modifications into previously existing arrangements respecting the procurement of military matériel, as indicated below.

The United States Government is continuing to provide assistance to the National Government under the $125 million grants appropriated under the China Aid Act of 1948, and various Governmental agencies are procuring matériel to meet specific requests submitted by the National Government.

Under the authorization of Public Law 512 of the 79th Congress, the United States Navy may sell to the National Government equipment to maintain vessels which it has transferred to the Chinese Navy. The United States Navy is continuing to give consideration to National Government requests for purchases of this nature.

The various agencies of the Department of Defense have now been authorized to sell to the National Government any matériel under United States control provided there is no Service objection to such sales. The National Government can thus make cash purchases under authorization of Public Law 329, section 408(*e*) 81st Congress, and can also purchase surplus matériel if such is available.

The National Government continues to have normal access to the commercial arms markets of the United States.

Under the various authorizations indicated above the National Government is in a position to negotiate for the purchase of any item of military equipment desired.

The United States Government has reviewed its policy regarding the issuance of export licenses to the Chinese Government for jet aircraft and medium or heavy tanks in the light of recent developments in the Far East and the increased importance of Chinese Government defense requirements. After thorough consideration it has been decided that the United States Government cannot logically continue to prohibit the exporting by the Chinese Government of jet aircraft and

medium and heavy tanks if such equipment is found to be available in excess of the needs of the United States defense establishment, given the politico-military situation indicated in the opening paragraph above.

In any instance where a purchase is being made through an agency of the United States Government, the needs and commitments of this Government will be taken into consideration prior to the fulfillment of the request.

The above procedures govern purchases by the National Government from its own funds. The United States Government is currently giving consideration to the matter of dispatch of a military mission to survey the defense needs of National Government forces on Formosa with the view to possibly providing some grant aid to the National Government. In the meantime, consideration is being given to the furnishing of military assistance without cost to the National Government on a limited basis and in accordance with established procedures under the Mutual Defense Assistance Act of 1949, as amended. The National Government has not been informed of this possible development. The furnishing of grant aid on a program basis, except for possible limited emergency supply action, would not be undertaken prior to the effecting of the aforementioned survey and then only depending upon the recommendations of the military survey mission.

The Department of State is cognizant of the concern of His British Majesty's Government with the matter in point and will not fail to keep the British Embassy informed in respect to developments in this field. It may be stated at this time, however, that the American policy with respect to Formosa is firmly based on the President's statements of June 27 and July 19, 1950 and that there is no intention to depart from the principles enunciated therein. Particularly, the American action of June 27 with respect to Formosa is not to be regarded as a stepping-stone for either an American advance against the mainland, or as a preparation for returning Generalissimo Chiang Kai-shek to the mainland with American support.

WASHINGTON, August 23, 1950.

794A.00/8–2450 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET PRIORITY NEW DELHI, August 24, 1950—8 p. m.

466. 1. During conversation with Bajpai SYG MEA on August 24, he referred to previous conversations which he had had on subject Formosa. He said GOI had received telegram from Pannikar, Peking, stating that latter did not believe Peking has immediate intention attack Formosa. Peking was, however, convinced that Chiang Kai-shek

and his group were being supported by US in order to give "legal cover for future aggression against mainland". In Pannikar's opinion it might be possible to persuade Peking not to press issue Formosa if assurances could be obtained from US on one of following alternatives: (*a*) After Korean situation was eased, US would withdraw protection Kuomintang remnants in Formosa or (*b*) if UN would accept Peking as sole representative China or (*c*) if UK, India and other powers which had recognized Peking could give assurances that they would use their influence to see that US did not aim putting forward Chiang legal cover for aggression against it or at keeping Kuomintang remnants in Formosa permanently under US protection.

2. I told Bajpai I was relieved to hear that in Pannikar's opinion Peking had no immediate intention to attack Formosa. I would appreciate it if he could let me have exact wording of appropriate passages from Pannikar's telegram to send to Washington because it was important that in reporting our conversation I be as precise as possible. Bajpai agreed and sent me excerpts later in day.

They read as follow:

"There is no reason to think that China has any immediate intention to attack Taiwan. Apart from all other considerations she feels that her very substantial gains may themselves be jeopardized if a world war now intervenes and confuses issue. Also she realizes that while she has great powers of resistance, she cannot carry on a war against America. Chinese leaders are therefore determined to avoid a war unless they are forced into it by a direct threat to their authority on the mainland.

In my opinion what has caused greatest resentment in China is not so much the military protective measures that America has taken to safeguard her lines of communication to Korea, but the fact that American air and naval forces are giving protection to a clique which claims to *de jure* government of China and whose representatives under American patronage is representing China in international bodies. I would like to emphasize that Chinese Government are persuaded that ultimate object of America is to bring down People's Government of China.

They are convinced that Chiang Kai-shek and his group are being maintained by Americans in Taiwan and upheld in SC in order to give legal cover for future aggression against mainland. This may be groundless fear but she can adduce many arguments in support of it, such as alliance with Siam intervention in Indochina, MacArthur's visit to Taiwan, America's implacable hostility to Peking Government's claim to seat in SC, etc.

It will be possible to get China to soft pedal this issue of Taiwan, if assurances were forthcoming from USA on one of following alternatives:

First, that once Korean situation has eased, America will withdraw her protection and not intervene to prevent Chinese Government from invading Taiwan and liquidating Kuomintang remnants. Present position would seem to be that while America has disclaimed all intention of annexing Taiwan, she has declared that determination of

island's future must await either a peaceful settlement with Japan or a decision by UN. Neither of those could be considered satisfactory from point of view of China as deciding voice, in both cases Chinese fear, will be that of USA. They point out that all other Japanese possessions have been appropriated otherwise and assume the question of Taiwan should also be considered to have been finally settled by Cairo Declaration and not be reopened either at peace negotiations or in UN.

Second alternative which will help Chinese to overlook present irregular position in Taiwan is if UN accepts Peking Government as sole representative of China. That will, in Chinese view, minimize chances of America being able to utilize Kuomintang regime in Taiwan as a legal cover for aggression. It may be pointed out that Chiang has been openly proclaiming that he will go back to China as legal government as soon as the third world war breaks out.

Third alternative would be for British, India and other powers which have recognized China to assure her that they will use their influence to see that America does not aim at putting forward Chiang as a legal cover for aggression against her or keep Kuomintang remnants in Taiwan permanently under their protection."

3. I said that I thought it would be preferable for me not to attempt make other than tentative comments re alternatives suggested. I doubted, however, that US Government would be able to give any assurances re future Formosa at least until policy Peking and its Communist associates in FE would become somewhat more clear. I did not believe US Government would be inclined to give such assurances so long as there was danger that China or Russia might directly or indirectly engage in further acts aggression in FE. It would be difficult militarily for US if, as loyal member UN, it was endeavoring combat Communist aggression in FE while Peking was in possession Formosa. US certainly had no intention move against Chinese mainland so long as Peking Government did not attack Formosa or did not engage in aggression elsewhere in Asia. It was hoped that Peking understood thoroughly that if by acts aggression it should force US into conflict with it, results might be disastrous for it. US had maintained friendly relations with China for many years and valued friendship of Chinese people. Nevertheless in case of Peking aggression US might be compelled to take steps to break Peking's military power by destruction Chinese communications system and industries which could be used for military purposes.

4. Bajpai said he assumed from Pannikar's telegram Peking understood this danger. Pannikar had pointed out that Peking realized that it could not carry on war against US. In Bajpai's opinion Moscow was doing its best persuade Peking to attack Formosa, but Peking was holding back. His opinion was not based on reports from Moscow or Peking, but from his knowledge of way Russians [operate?]. It was

objective India prevent Peking from following line desired by Soviet Government.

5. I said that with regard to other two alternatives suggested in Pannikar's telegram there was little for me to say since they called for action either by UN or by various powers which had entered into relations with China. It seemed likely that at least so long as fighting continued in Korea, US Government would continue to oppose admission Peking into UN.

6. Bajpai said GOI hoped that it would be possible for US to give assurances suggested in first alternative and asked if in my opinion it would be helpful for Nehru send special message to Secretary of State on subject. I said I thought it would be preferable at least in present stage for us to handle this matter more informally. I would not like to encourage PM to make suggestions to Secretary of State which US might find itself unable accept. I promised, however, to forward views expressed by him to Department.

HENDERSON

793B.00/8–2550: Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, August 25, 1950—4 p. m.

479. 1. During my talk August 24 with Bajpai, SYG MEA, he told me telegram had been received from Panikkar Indian Ambassador Peking re Tibet. He had received reply from Peking Foreign Office to his representations made several days previously re Tibet.

2. According to Panikkar Peking's reply was to effect that it must maintain its sovereignty over Tibet; that it did not however wish to have armed conflict; that it therefore had instructed its Ambassador to India to enter into tentative conversations with Tibetan representatives shortly after his arrival in Delhi with understanding final conversations would take place Peking.

3. Bajpai said he was convinced from tenor Panikkar's telegram that Peking did not contemplate at least in immediate future dispatch armed forces into Tibet. He was, however, not too optimistic re future Tibet. He personally thought Peking would insist upon setting up Communist regime in Lhasa which working with Peking would gradually make Tibet integral part China. There was little India could do assist Tibet. He did not know what attitude Tibetan representatives would take. They might well as result preliminary conversations decide it would be useless go to Peking and then fat would be in fire.

HENDERSON

330/8–2550

Memorandum of Conversation, by the Deputy Director of the Office of Chinese Affairs (Perkins)

SECRET [WASHINGTON,] August 25, 1950.

Subject: Proposed U.S. Action in the UN Regarding Chou En-lai's Letter to the Secretary General [1]

Participants: Mr. B. A. B. Burrows, Counselor, British Embassy
Mr. Merchant, FE
Mr. Perkins, CA

Mr. Burrows called this afternoon at his request to state that the British had given consideration to the draft US statement for use in the United Nations Security Council in reply to the letter from Chou En-lai to the Secretary General. Mr. Burrows indicated in summary that the British thought it would be unfortunate to have the question precipitated in the UNSC in a substantive form before there was a clearer exchange of views between the US and the UK on the Formosa question as related to the UN. He said that the British were anxious to avoid anything being said in the Council which it might later be found desirable or necessary to retract. Mr. Burrows then read from a message from the Foreign Office which recommended that an endeavor be made to play for time in consideration of the Chinese Communist appeal. In order to avoid having the matter become a bone of contention between the two governments, the British Government wished to have full exchange of views with the US. To this end, the Foreign Office was expecting to furnish at an early moment an outline of British views on the subject.

Mr. Merchant explained that Ambassador Austin planned to transmit the American statement to the Secretary General (he perhaps had already done so) for circulation among the Council members; if the question was raised in the Council Mr. Austin would then read the statement. Mr. Burrows indicated that this would be a happier procedure than forthright debate which would be inconclusive and which would likely bring the US in as a party to the dispute.

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[1] The letter under reference was dated August 24 and is printed in U.N. document S/1715. It accused the United States of direct armed aggression against the territory of China by its action in preventing the liberation of Taiwan by the forces of the People's Republic of China. The text of the letter was read into the minutes of the meeting of the U.N. Security Council held on August 25 to consider the Korean question by the Soviet Representative, Yakov Malik, who was President of the Council for the month of August. The United States Representative, Ernest Gross, responded by reading a letter from Ambassador Austin to Secretary-General Lie, dated August 25 (U.N. document S/1716), denying the Chinese charge, reiterating the United States position on Formosa, and welcoming United Nations consideration and full investigation of the case of Formosa. For the record of the Security Council meeting, see U.N. document S/PV.490.

Mr. Merchant said it was our expectation to keep the British Embassy fully informed of our thinking on the subject as it developed. Mr. Burrows indicated in closing that quiet treatment for the immediate future and close consultation between the two governments would have the virtue of avoiding the appearance of political cleavage and would prevent the Russians from using the Formosa question as a device to becloud the Korean issue.

794A.00/8–2650 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

SECRET WASHINGTON, August 26, 1950—3 a. m.

Expect considerable press reporting comment and speculation re reported msg Gen MacArthur to Vet. For. Wars Chicago Convention Aug 28 dealing Far East policy Formosa in particular.

President's statement of June 27, his msg to Congress of July 19 and Amb Austin's letter of Aug 25 to SC are only authoritative statements on US policy respect Formosa. They continue to represent our policy. There have been no changes.

For urinfo only pertinent sections purported MacArthur msg as distributed advance text to press fol:

"In view of misconceptions currently being voiced concerning the relationship of Formosa to our strategic potential in the Pacific, I believe it in the public interest to avail myself of this opportunity to state my views thereon to you, all of whom having fought overseas understand broad strategic concepts. To begin with, any appraisal of that strategic potential requires an appreciation of the changes wrought in the course of the past war. Prior thereto the Western strategic frontier of the US lay on the littoral line of the Americas with an exposed island salient extending out through Hawaii, Midway and Guam to the Philippines. That salient was not an outpost of strength but an avenue of weakness along which the enemy could and did attack us. The Pacific was a potential area of advancement for any predatory force intent upon striking at the bordering land areas.

All of this was changed by our Pacific victory. Our strategic frontier then shifted to embrace the entire Pacific Ocean which has become a vast moat to protect us as long as we hold it. Indeed, it acts as a protective shield to all of the Americas and all free lands of the Pacific Ocean area we control to the shores of Asia by a chain of islands extending in an arc from the Aleutians to the Marianas held by us and our free Allies. From this island chain we can dominate with air power every Asiatic port from Vladivostok to Singapore and prevent any hostile movement into the Pacific. Any predatory attack from Asia must be an amphibious effort. No amphibious force can be successful with our control of the sealanes and the air over these lanes in its

[1] This message was sent to the Embassies in Canberra, London, New Delhi, Ottawa, Paris, and Taipei, and to the United States Mission at the United Nations in New York.

avenue of advance. With Naval and air supremacy and modern ground elements to defend bases, any major attack from continental Asia toward us or our friends of the Pacific would come to failure. Under such conditions the Pacific no longer represents menacing avenues of approach for a prospective invader—it assumes instead the friendly aspect of a peaceful lake. Our line of defense is a natural one and can be maintained with a minimum of military effort and expense. It envisions no attack against anyone nor does it provide the bastions essential for offensive operations, but properly maintained wld be an invincible defense against aggression. If we hold this line we may have peace—lose it and war is inevitable.

The geographic location of Formosa is such that in the hand of a power unfriendly to the US it constitutes an enemy salient in the very center of this defensive perimeter, 100 to 150 miles closer to the adjacent friendly segments—Okinawa and the Philippines—than any point in continental Asia. At the present time there is on Formosa a concentration of operational air and naval bases which is potentially greater than any similar concentration of the Asiatic mainland between the Yellow Sea and Strait of Malacca. Additional bases can be developed in a relatively short time by an aggressive exploitation of all World War II Japanese facilities. An enemy force utilizing those installations currently available could increase by 100 percent the air effort which cld be directed against Okinawa as compared to operations based on the mainland and at the same time cld direct damaging air attacks with fighter type aircraft against friendly installations in the Philippines which are currently beyond the range of fighters based on the mainland. Our air supremacy at once wld become doubtful.

As a result of its geographic location and base potential, utilization of Formosa by a mil power hostile to the US may either counterbalance or overshadow the strategic importance of the central and southern flank of the US front line position. Formosa in the hands of such an hostile power cld be compared to an unsinkable aircraft carrier and submarine tender ideally located to accomplish offensive strategy and at the same time checkmate defensive or counter-offensive operations by friendly forces based on Okinawa and the Philippines. This unsinkable carrier-tender has the capacity to operate from 10 to 20 air groups of types ranging from jet fighters to B–29 type bombers as well as to provide forward operating facilities for short-range coastal submarines. In acquiring this forward submarine base, the efficacy of the short range submarine wld be so enormously increased by the additional radius of activity as to threaten completely sea traffic from the south and interdict all sea lanes in the Western Pacific. Submarine blockade by the enemy with all its destructive ramifications wld thereby become a virtual certainty.

Shld Formosa fall and bases thereafter come into the hands of a potential enemy of the US, the latter will have acquired an additional 'fleet' which will have been obtained and can be maintained at an incomparably lower cost than cld its equivalent in aircraft carriers and submarine tenders. Current estimates of air and submarine resources in the FE indicate the capability of such a potential enemy to extend his forces southward and still maintain an imposing degree of mil strength for employment elsewhere in the Pacific area.

Historically, Formosa has been used as a springboard for just such mil aggression directed against areas to the south. The most notable

and recent example was the utilization of it by the Japanese in World War II. At the outbreak of the Pacific War in 1941, it played an important part as a staging area and supporting base for the various Jap invasion convoys. The supporting air forces of Japan's Army and Navy were based on fields situated along southern Formosa. From 1942 through 1944 Formosa was a vital link in the transportation and communication chain which stretched from Japan through Okinawa and the Philippines to Southeast Asia. As the US carrier forces advanced into the Western Pacific, the bases on Formosa assumed an increasingly greater role in the Jap defense scheme. Shld Formosa fall into the hands of an hostile power, history wld repeat itself. Its mil potential wld again be fully exploited as the means to breach and neutralize our western Pacific defense system and mount a war of conquest against the free nations of the Pacific basin.

Nothing could be more fallacious than the threadbare argument by those who advocate appeasement and defeatism in the Pacific that if we defend Formosa we alienate continental Asia. Those who speak thus do not understand the Orient. They do not grant that it is in the pattern of the Oriental psychology to respect and follow aggressive, resolute and dynamic leadership—to quickly turn on a leadership characterized by timidity or vacillation—and they underestimate the oriental mentality. Nothing in the last five years has so inspired the Far East as the American determination to preserve the bulwarks of our Pacific Ocean strategic position from future encroachment, for few of its peoples fail accurately to appraise the safeguard such determination brings to their free institutions. To pursue any other course would be to turn over the fruits of our Pacific victory to a potential enemy. It would shift any future battle area five thousand miles eastward to the coasts of the American continents, our own home coast; it would completely expose our friends in the Philippines, our friends in Australia and New Zealand, our friends in Indonesia, our friends in Japan, and other areas, to the lustful thrusts of those who stand for slavery as against liberty, for atheism as against God.

The decision of President Truman on June 27 lighted into flame a lamp of hope throughout Asia that was burning dimly toward extinction. It marked for the Far East the focal and turning point in this area's struggle for freedom. It swept aside in one great monumental stroke all of the hypocrisy and the sophistry which has confused and deluded so many people distant from the actual scene."

ACHESON

794A.00/8–2650

Memorandum by Mr. Lucius D. Battle, Special Assistant to the Secretary of State, for the Record of the Events of August 26, 1950

TOP SECRET [WASHINGTON, August 26, 1950.]

Mr. Acheson met about 8:15 a. m. with Mr. Rusk with regard to the message which General MacArthur had sent to the VFW. The meeting had been called the preceding night. Mr. Matthews, Mr. Jessup and Mr. Webb joined the Secretary in that order.

Mr. Rusk asked me to call Ambassador Harriman and ask him to stop by the Secretary's office on his way to his own office. Mr. Harriman agreed to do this and arrived at the State Department about 8:55. Consideration was given to the message which General MacArthur had sent and to the political problems which such a message would raise.

Mr. Harriman came out and told me that he wanted to see the President prior to the 9:30 meeting which was scheduled. He asked me to call Matt Connelly [1] and arrange for him to see the President before this meeting. I was unable to reach Mr. Connelly but spoke to Mr. Hopkins [2] who told me that he would arrange for Mr. Harriman to come in.

After the meeting at the White House, the Secretary said that the President had raised the question of the message which General MacArthur had sent out. The President then read the message in its entirety, commenting on certain portions of it as he did so. The Secretary did not discuss the message during the course of this meeting. The President referred to the message as having been given to him by Mr. Harriman. The President considered the matter carefully and decided that the only course was to order withdrawal of the message. He instructed Secretary Johnson to issue an order to General MacArthur for the withdrawal of this message.

Following this, there were numerous telephone conversations which are reported separately.

L. D. BATTLE

[Annex]

[WASHINGTON,] August 26, 1950.

Secretary Johnson telephoned Secretary Acheson shortly after the latter's return from the White House meeting. Secretary Johnson said he had been thinking over the order to MacArthur to withdraw his statement to the VFW. He thought that to do so would cause a great deal of embarrassment, and said that the Joint Chiefs of Staff and he thought that a message should go to him stating that if the General's statement were issued "we" will have to issue one stating that it is one man's opinion and is not the official policy of the Government.

Secretary Acheson said he thought that the matter raised the issue as to who is the President of the United States; that MacArthur had made a statement contrary to what the President and Austin have stated was our position on Formosa. Simply to say that the statement is one man's views gets the President and the Government into complete confusion as to what parts of the statement are not the Govern-

[1] Matthew J. Connelly, Secretary to President Truman.
[2] William J. Hopkins, Executive Clerk in the Office of the President.

ment's policy; as to whether the Government knew about the statement before it became public; why it is not our policy, etc., etc. The Secretary said he thought there was nothing to do but for the President to assert his authority, and in this way make it clear that the President's stated position on Formosa stood.

Secretary Johnson at this point asked Secretary Acheson if he thought "we dare send him a message that the President directs him to withdraw his statement". Secretary Acheson said he saw nothing else to do.

Secretary Johnson then said he did not understand from the meeting this morning that the President had actually agreed to send a direct order to MacArthur. Mr. Acheson said that it was his recollection that Ambassador Harriman had put forward the view quite clearly that MacArthur should be ordered to withdraw the order, and that the President had clearly agreed that this was the course to follow.

Since there seemed to be doubt in Secretary Johnson's mind and the minds of the JCS that this was the clear decision, Secretary Acheson agreed to call Ambassador Harriman and straighten out the matter.

Secretary Acheson telephoned Ambassador Harriman and reported that he had been talking with Secretary Johnson, who had been discussing the matter with the JCS, who thought it would be very unwise to order MacArthur, and that they recommended sending him a telegram saying that if the message is delivered, they will have to put out a statement that it is one man's opinion and not official.

The Secretary said to Ambassador Harriman that he had thought it clear that the President had agreed with the position which Ambassador Harriman had set forth at the meeting this morning at the White House—that MacArthur should be ordered to withdraw the statement. If Ambassador Harriman had any doubt about Secretary Acheson's understanding, then they should go back to the President. The Secretary reiterated his own view that it was a question of who is President of the U.S., and that when one of the highest army officials say something directly contrary to what the President says, he must be ordered not to do so.

The Secretary said he would like to ask Mr. Harriman (1) whether the President did issue a clear order that an order should go to MacArthur; (2) whether Mr. Harriman still considered this a wise order.

Ambassador Harriman said that he was talking with Mr. Charles Ross [3] at that moment and had told him that the President had said that the order should go to MacArthur and that he, Ambassador

[3] Press Secretary to President Truman.

Harriman, agreed with it fully; that that was the only way to deal with it. Everyone knew that this was going to cause a bad mess at the best. Ambassador Harriman had said that if Mr. Ross thought there was anything wrong about this course, something might still be done. Ambassador Harriman had said to Mr. Ross that he understood Secretary Johnson was going to call up MacArthur. Mr. Ross said he did not think this was sufficient; that there must be something in writing which could be released as soon as anything leaked.

Mr. Harriman said it was very clear in his mind that, unless MacArthur were ordered not to make the statement, there will be confusion all around the world. He did not believe repudiation of the statement after it was made public was the same thing as an order not to make it. The matter was so serious that only drastic measures could cope with it. Repudiation simply could not catch up with the results of the statement. Ambassador Harriman said he was ready, in recommending the order of the President, to face the possibility that it might mean MacArthur's resignation. But to do less would mean that there would be repercussions which could never be caught up with.

Ambassador Harriman said he thought that Secretary Johnson had seen the President for a moment after the meeting.

Secretary Acheson said he would call Secretary Johnson and say (1) that Ambassador Harriman had understood that the President had issued the order to withdraw the statement; and (2) that in Mr. Harriman's opinion that is the wise course; (3) If there is any doubt we ought to reassemble and go over it again.

Ambassador Harriman said that he and Mr. Ross agreed that something should be done here about the Matthews statement also.[4]

Ambassador Harriman asked if Secretary Acheson could find out how the MacArthur message was given out—by the VFW or by MacArthur. Secretary Acheson said he would find out.

The information which the Secretary later conveyed to Mr. Harriman is as follows:

By making discreet inquiries, it was learned that

There is some reason to believe that key newspaper publishers around the country were supplied the complete text of General MacArthur's letter directly. We were unable to find out whether it was sent directly from Toyko or by the VFW. The only formal press release was made in Chicago.

Secretary Acheson then telephoned Secretary Johnson and said he had been authorized by Ambassador Harriman to say:

1. It was Ambassador Harriman's very clear understanding that

[4] Reference is to a statement by Secretary of the Navy Francis P. Matthews, on the previous day, which seemed to call for the launching of a preventive war by the United States.

the President had directed MacArthur by order to withdraw the statement;

2. That Ambassador Harriman thinks that is the right course;

3. That if we are not clear about it, we ought to ask the President to receive his advisers again and discuss it.

Mr. Acheson also told Secretary Johnson that Ambassador Harriman thought that because of MacArthur's prestige the repercussions would be heard around the world, and that without the order to withdraw, we could never catch up with the consequences.

It was agreed that Secretary Johnson would call Ambassador Harriman and ask him to see if the President would see the advisers to reopen the matter.

Very shortly after the above, Secretary Johnson called back and said that when he had hung up from talking with Secretary Acheson (and before he could call Ambassador Harriman, as agreed), the President had called him and had dictated the following order which he said was to go to MacArthur:

"The President of the United States directs that you withdraw your message for National Encampment of Veterans of Foreign Wars because various features with respect to Formosa are in conflict with the Policy of the U.S. and its position in the UN."

Secretary Acheson said he would put this before his staff and call Secretary Johnson back if they had any objection to it.

The Secretary called Secretary Johnson a little later to tell him that he had been studying the President's draft order to MacArthur, and that he thought it covered the matter very well.

Secretary Johnson again raised the question as to whether it was wise to order MacArthur to withdraw, or whether it would not be better to send a message to the following effect:

"The President and I have seen a copy of the statement to the VFW. This statement includes several features in connection with Formosa which are in conflict with U.S. policy and with the position of the U.S. in the United Nations. When queried on this subject this Government must state that this statement is the statement of one individual only and is not the policy of the United States Government." (This may not be an exact and accurate transcription.)

Secretary Johnson said that Deputy Secretary Early [5] had come into the conference and he was very much opposed to sending MacArthur a telegram ordering him to withdraw the statement.

Mr. Early then came on the phone and outlined his views as follows:

It seemed to him that the directive of the President asked the

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[5] Deputy Secretary of Defense Stephen T. Early.

impossible. It was not mechanically possible to withdraw the statement, because it had been received by the VFW, which is a hostile group; it has been given world-wide distribution by them. Its withdrawal would never, in his opinion, prevent its publication, or answer the issue. A directive to MacArthur to withdraw the statement, not being possible of accomplishment, would add fuel to the fire, when the statement is issued. Mr. Early thought if we took the position, which he thought was truthful and factual, that the General had ignored Washington, the Government, the "League of Nations", and everyone here, and that traditionally we grant the right of free speech, and can consider this only as an expression by an individual, we would get off better than by sending a flat directive asking the impossible.

Mr. Early then brought up the question of handling the matter by having Mr. Sebald talk with MacArthur in Tokyo. He said that he could not believe that MacArthur would have made the statement if he had known what the policy of the Government was. Mr. Early said he was 100% sure that MacArthur knew nothing about it all. He thought it would be worthwhile to get Sebald on the telephone and have him check. He thought Sebald might, by talking with MacArthur and explaining the position he had put us in, get MacArthur to act on his own and withdraw it without a directive.

The Secretary's reply was that since Sebald was a subordinate, he did not think he would be received by MacArthur without a directive from the President.

In response to Mr. Early's general line, the Secretary said he understood that the whole matter would get out. If that is so, the main question is—how does it get out? The Secretary again outlined the confused position we would be in if there was simply a repudiation of the statement if made by MacArthur, with no directive not to do so; whereas if it comes out after the order to withdraw has been sent, the President has asserted his authority, and the position of the US in relation to other governments will be maintained. In answer to the consideration of whether an order to withdraw would be a suppression of MacArthur in his right to free opinion and free speech, the Secretary thought that this would be understood, since this Government has taken a position and high officials of the Government cannot be allowed to make statements opposite to that position. Even though this meant a serious row, the Secretary thought this was the cleanest way to have the matter come out.

Mr. Early still maintained that he thought his proposal would cause less trouble. He suggested that perhaps the President might talk on the telephone to MacArthur. The Secretary replied that this would put the President in the position of suppliant, which he did not think

was wise. Mr. Acheson thought also that a written order should be sent and that the decision should not be left to a telephone call.

Mr. Early said he was just trying to get his views across. If Secretary Acheson did not agree, he would not press this further.

(There may have been a little more here, but my impression was that the Secretary hung up without either Mr. Johnson or Mr. Early making any definite commitment one way or other to send the order, or to go back to the President.)

The next conversation was between Messrs. Harriman and Acheson (although who called whom at this point, I am afraid I don't know).

Ambassador Harriman said he supposed the Secretary had talked with Secretary Johnson, and the Secretary said he had; that he did not agree with any of Secretary Johnson's or Mr. Early's views. Secretary Acheson's understanding of the present position was that, since the President had issued a definite order to Secretary Johnson to send the order to General MacArthur, after putting forth their views in a last ditch stand, they were prepared to issue the order.

However, evidently Mr. Johnson and/or Mr. Early had also called Mr. Harriman and expressed their doubts to him and had read him the same proposed message that Mr. Early had read the Secretary. Ambassador Harriman said he was of the opinion that the President should have everybody's views before he takes such a serious step, although he, Ambassador Harriman, was still of the opinion that the course advocated by the Defense people did not make sense. The Secretary said he thought the President had decided and that Secretary Johnson had told him he would not reopen the matter unless Secretary Acheson and Ambassador Harriman also wanted it reopened. He said he would do nothing further about it.

But, Ambassador Harriman thought that, leaving aside the froth of the matter, as the situation stood, the essentials were that the handling of the matter showed disagreement "on both sides of the Potomac", and that the MacArthur statement would plague us through the election. (The Secretary later asked for clarification of what the Ambassador meant by "disagreement on both sides of the Potomac"; i.e., whether that meant that the JCS and the Defense agreed with the substance of the MacArthur statement. Ambassador Harriman said he did not think this was so; that what he meant was only that there was disagreement on how to handle the matter.) In these circumstances, Ambassador Harriman thought it would be well to know that the President had weighed the matter carefully.

Secretary Acheson agreed that the President should not take an im-

portant decision without getting everyone's opinion, but he thought that the President had done this.

The Secretary and Mr. Harriman had a good deal of discussion as to whether or not the President should be asked to reopen the matter, during which Secretary Acheson was quite noncommital, and Mr. Harriman seemed disposed to go back to the President. The question then arose as to who should go to the President if it were done; and it was agreed that Mr. Harriman would ask Secretary Johnson to ask the President for further consideration, since it was he who wanted it.

Shortly after this, Mr. Harriman again called and said that before he could call Johnson back, he had talked with the President and found that the President knew exactly what he was doing and what was in Mr. Early's mind. The President had said to Mr. Harriman that he had dictated what he wanted to go and he still wanted it to go.

794A.00/8–2750

Memorandum by the Secretary of State to the Under Secretary of State (Webb)

TOP SECRET [WASHINGTON,] August 27, 1950.

As I foresee developments, those who put out the release in Chicago may well let it stand, and then instead of formally presenting the message to the Convention may read the telegram from General MacArthur and issue a blast at the same time.

In the resulting confusion, questions will be asked as to who ordered the withdrawal of the original message and why the original message is regarded as inconsistent with United States policy. The question arises whether the White House today should issue its order, the General's reply and the General's telegram, or whether it should brief the press for release when the news breaks. There may be still other alternatives of action.

Points which might be made either now in order to clarify the press or by me on Tuesday,[1] or both, are along these lines:

1. There can be only one voice in stating United States positions in foreign relations. This is of fundamental Constitutional importance. The President has spoken very clearly and very specifically on the subject of American policy toward Formosa. It is essential that the clarity, sincerity and good faith of our position on this matter—a matter which is now being used to divide the free world—should not be brought in doubt.

The President cannot debate with the General as to who states the United States position the better nor can he debate with the General

[1] August 29.

whether the General's statement supports or does not support the President's position.

The President's statement must stand before the world unconfused and uninterpreted as the official position of the United States.

In the light of this situation if the General's statement is compared with the President's statement, the difference is at once apparent. For instance, the President says in his statement of June 27 that, as a corollary of the action in directing the Seventh Fleet to prevent an attack on Formosa, he was calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. There is no suggestion of this idea in the General's statement.

2. In the same statement, the President says that the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan or consideration by the United Nations. There is no such idea in the General's paper.

3. In the President's message to Congress of July 19, he says that we have no territorial ambitions nor do we seek for ourselves any special position or privileges on Formosa. The General's statement should be read in the light of this pronouncement by the President.

4. In his message the President says that the present military action is without prejudice to the political questions affecting that island and that our desire is that these political questions be settled by peaceful means.

5. The President says that with peace reestablished even the most complex political questions are susceptible of solution, but in the presence of brutal aggression some of these questions may have to be held in abeyance in the interests of the security of all.

Not only in these statements made most solemnly by the President as official statements of the Government but in the official communication which Ambassador Austin as the direct representative of the President made to Mr. Trygve Lie on August 25, Ambassador Austin quoted the President's statements referred to above and said: "These statements and the facts to which they related make perfectly clear certain fundamental points which the people of the world will have clearly in mind."

The fundamental point which Ambassador Austin then listed as the essence of American policy include those which I have referred to in the paragraphs above. It is essential that these fundamental points remain absolutely clear as United States policy amid the dust storm of propaganda which Mr. Malik is raising on this very subject.

The President's action in directing the withdrawal of the General's message was an effort to preserve the clarity of the position of the United States before the world.

It must not be forgotten that General MacArthur is the United Nations Commander in Korea, that the question of Formosa has now been brought before the Security Council of the United Nations, that members of the United Nations have differing points of view regarding Formosa, and that the American position which has been so clearly

stated by the President and Ambassador Austin must not be beclouded in any way by any person.[2]

D[EAN] A[CHESON]

[2] On the following day, the Department of State sent the following message in a circular telegram, August 28, 10 a. m., to Canberra, London, New Delhi, Ottawa, Paris, Taipei, and to the United States Mission at the United Nations in New York.

"Urinfo only statement (Depcirtel 3 a. m. Aug 26) was ordered withdrawn by Pres and Gen MacArthur so informed VFW. However text had been widely distributed press and radio and has been published altho VFW asked for its withdrawal also. *US News* already at press carries full text as does *Wash Star*, Aug 28.

"White House issued brief statement to press Aug 28 confirming Pres action and made public full text Pres letter Aug 27 to Sen Austin (Depcirtel 1 a. m. Aug 27) reiterating Formosa policy not changed." (794A.00/8–2850)

The text of circular telegram of August 27, 1 a. m., is not printed, but for the text of President Truman's letter of August 27 to Ambassador Austin, which reiterated the position set forth in Austin's letter to Trygve Lie on August 25 (U.N. document S/1716), see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, p. 599.

795.00/8–2850

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Deputy Under Secretary of State (Matthews)

SECRET [WASHINGTON,] August 28, 1950.

In accordance with your instructions I asked General Burns this morning urgently to ascertain from the Department of Defense all relevant facts concerning the alleged bombing of three Manchurian cities as charged in Chou En-lai's communication to the Secretary.[1]

Shortly after noon, General Burns read me the text of the attached copy of memorandum prepared by General Vandenberg for Secretary Johnson. After receiving this text I pointed out to General Burns through Captain Murdaugh[2] that the memorandum contained no mention of whatever air activity there was on August 27, the date of the alleged bombing and asked that, if it had not already been done, the Department of Defense urgently inquire of General MacArthur's headquarters what if any US air activity there was in the border areas on August 27.

In my first conversation I had asked General Burns if Defense was planning to issue a denial in addition to that already issued in Tokyo by FEAF and added that this Department would naturally have no

[1] Under date of August 28, Chou En-lai had complained to Mr. Acheson and to Trygve Lie that United States planes bombed and strafed Chinese territory, damaging buildings and vehicles and injuring and killing civilians. He urged that the U.N. Security Council condemn these aggressive acts and take measures to insure United States withdrawal from Korea. (U.N. document S/1722)

[2] Capt. Albert C. Murdaugh, Acting Director of the Office of Foreign Military Affairs, Department of Defense.

objection if they decided to do so. General Burns said he knew of no such intent but would check into the matter.[3]

[Annex]

Memorandum by the Chief of Staff, United States Air Force (Vandenberg), to the Secretary of Defense (Johnson)

SECRET [WASHINGTON,] August 28, 1950.

I refer to the charge made by Communist China concerning alleged air attacks upon three cities—Linkiang, Chi (Tsain), and Talitzu, all located across the Yalu River from Northwest Korea.

I can state that on the basis of information available in Washington, no United States aircraft have at any time attacked the three cities mentioned. General Stratemeyer[4] has specific instructions from the Chief of Staff of the Air Force concerning specific targets to be attacked and General Stratemeyer has reported no attacks in violation of his instructions. Further, strike reports and strike photos indicate that no target instructions have been violated.

In the northwestern area of Korea our air forces have attacked a bridge at Kusong, North Korea, which is at least 38 miles from the Yalu River border. In northeastern area United States air forces have attacked targets at Najin, which targets are located at least 18 miles from the border. All of the targets attacked were positively identified before attack. Post strike photographs indicate damage only in the target area.

United States reconnaissance aircraft have flown in the vicinity of the border of North Korea but by direction have scrupulously remained well clear of those borders. One of our reconnaissance aircraft on the 24th of August, while flying south and east of the Yalu River border but well clear of it, at a position near Sinuiju, reported receiving controlled anti-aircraft fire from gun positions across the Yalu River in the Antung (Manchuria) area. This particular reconnaissance flight carried aboard no bombs. No United States reconnaissance aircraft carry bombs.

HOYT S. VANDENBERG

[3] On August 29, the United States Representative at the United Nations (Austin) informed the Secretary-General that no evidence had been found to indicate that United States aircraft had violated the instructions under which they operated prohibiting them from crossing the frontiers of Korea into adjacent territory. The United States said that it would welcome an investigation on the spot by a Commission to be appointed by the Security Council. (U.N. document S/1727)

On August 30, the People's Republic of China again complained of the killing and wounding of Chinese civilians by United States planes on the previous day (S/1743). The question was taken up by the Security Council on August 31; see editorial note, p. 476.

[4] Lt. Gen. George E. Stratemeyer, Commanding General, U.S. Far East Air Forces.

611.94A/8–2850

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

TOP SECRET [WASHINGTON,] August 28, 1950.

Subject: Formosa

Participants: Sir Oliver Franks, British Ambassador
Mr. Hubert Graves, Counselor, British Embassy
Mr. Matthews, G
Ambassador Jessup, S/A
Mr. Merchant, FE

The British Ambassador called at his request this afternoon on Mr. Matthews and presented two documents which he had just received from London.[1] The discussion which followed was without benefit of Messrs. Matthews, Jessup and Merchant having read the papers which are being duplicated and will be distributed to those receiving this memorandum.

The British Ambassador opened by saying that each of these documents had been covered by a personal letter to him, the contents of which he felt gave him considerable latitude in talking to the Department since they emphasized that the proposals were made in good faith as constructive offerings but that essentially the British Government wanted to arrive at common ground with the United States. He emphasized that he wanted to lay the problem out as he saw it and not in terms of strict instructions from his Government.

Sir Oliver said that the British Government had grave anxiety over the problem of Formosa and United States policy with respect to it. He emphasized that when he said United States policy he meant not what the State Department said alone, which he and his government believed, but the totality of the acts of various parts of the United States Government which in the aggregate comprised the ambit of total United States policy toward Formosa. Sir Oliver said that British anxiety arose from the belief that the United States was out on a limb in that Formosa was the one spot in the Far East where the interest of Russia and China coincided. Moreover, he emphasized that if we were out on a limb the British were out there with us in the sense that no one could doubt that if trouble broke they would be at our side and with us in it. He said his Government further felt that

[1] Neither printed. Copies of the two memoranda, entitled "Formosa" and "The Likelihood and Possibilities of Overt Aggression by China" are in files 611.94A/8–2950 and 793.00/8–2950, respectively. The latter document concluded that "unless conditions of weakness should offer too great a temptation, the Peking Government is unlikely to regard overt aggression against any state or territory (except Formosa) as in the present interests of Communist China."

the very real risk which arose from these two elements was that the UK and the US might find themselves at war with China, a situation in which the Soviet Union would in all probability not be directly engaged and where even Soviet implication would be difficult to prove.

The Ambassador said that the British were anxious to go along with us in achieving viable action in the UN. He felt that this required closer agreement between the UK and US on long-term political policies with respect to the future of Formosa and that if this were achieved there would be no difficulty in handling the short-term problem of neutralization during the period of disturbance in the general area. He spoke of their worries over certain actions by Chiang Kai-shek, such as the continuation of the blockade, propaganda leaflet drops over the mainland and the capitalization on the visit of General MacArthur to Formosa as elements which increased the fears of Peiping and increased the tension between the Chinese Communists and the United States.

There was also, he said, the problem of securing general support within the UN and this he felt would require at the least vague references to the acceptances of the principle that in the long run Formosa and China belong together. He kept reverting to the importance of accepting the "Chineseness" of Formosa. When questioned in this connection later he admitted that probably at least as important in the eyes of Peiping as their sense of traditional claim to Formosa was their fear that Chiang Kai-shek would be encouraged and equipped to launch an invasion from Formosa to the mainland and hence the elimination of the latter as a threat might be as effective in reducing present tension as a commitment ultimately to return Formosa to the mainland. In all this he emphasized that he was more interested in giving allegiance to what the Cairo declaration recorded rather than to the Cairo declaration as such.

In response to Mr. Jessup's question as to the possible desirability of a plebiscite which might lead to an independent Formosa, the Ambassador replied that the attraction of such a course was intellectual but that its practical application was "horrid". The Ambassador then said he recognized certain realities, one being that this is an election year in the US and another that the UK also has certain public opinion which it must take into account. This public opinion is not inflamed over the issue but it does impose certain limits on the possible action of the British government.

In summary, Sir Oliver said he accepted that there was no practical possibility of a change in our recognition policy, at least until after the election, nor in the mission of the Seventh Fleet until after the Korean affair was over.

In answer to Mr. Jessup's question whether the British government would be affected by the type of government in China to which Formosa might be returned, the Ambassador gave a "yes and no" answer admitting that the behavior of the Chinese government in control on the mainland should undoubtedly control the timing of any turnover.

Mr. Matthews suggested that in clarification of what at one point the Ambassador described as the ambiguity in all its phases and related actions of our policy toward Formosa, Senator Austin's statement of August 25 in the Security Council should be clarifying and helpful and Ambassador Jessup pointed out the significance of the reaffirmation of this position by the President yesterday in connection with ordering General MacArthur to withdraw his statement on the subject. Sir Oliver agreed, adding that he was not so much worried by our stated policy as how it might be executed.

Sir Oliver reverted to the need of an agreed position of the US and UK, preferably being one to which India could adhere in the UN. Incidentally, he felt the Assembly rather than the Security Council was the preferable forum. He thought that such position as we could work out, and urgently, between ourselves should be discussed in a widening group of friendly nations with a view to securing as wide unanimity as possible before the debate. He mentioned the French, the Pakistani, and the Canadians as other governments which should be consulted early in addition to India.

There was then some further discussion of the pros and cons of a plebiscite and the possibility of Formosa becoming another Switzerland, Mr. Jessup pointing out the fact that self-determination was a principle which presumably the Indians and other Asians approved and that there was some evidence the native Formosans did not desire mainland control.

In closing it was agreed that a further meeting would be held with Sir Oliver on Tuesday afternoon, August 29, (subsequently set for 3:30 p.m.) and that Sir Oliver would discuss the subject and the progress made in the talks today and tomorrow with the Secretary on Wednesday [2] when he sees him.

Before the Ambassador left, Mr. Matthews suggested that the British might think well of the suggestion that they pass on to the Indians a copy of the President's letter to Senator Austin [3] emphasizing the circumstances in which it had been sent.

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[2] August 30. Ambassador Franks saw Mr. Acheson on August 31; see p. 473.

[3] See footnote 2 to the memorandum by Mr. Acheson to Mr. Webb, August 27, p. 462.

611.94A/8–2950

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

TOP SECRET [WASHINGTON,] August 29, 1950.

Subject: Formosa

Participants: Sir Oliver Franks, British Ambassador
Mr. Hubert Graves, Counselor, British Embassy
Mr. Matthews, G
Ambassador Jessup, S/A
Mr. Merchant, FE

The discussion of the previous day on the subject of Formosa was resumed at 3:30 this afternoon. Mr. Matthews opened with the statement that while we had not had an opportunity thoroughly to study the two papers which the Ambassador had left with us the previous day, a preliminary reading of them indicated that they were both helpful and constructive.

The British Ambassador at this point reported a conversation of which London had just learned between Panikkar and the Soviet Ambassador in Peiping. Panikkar reported the Soviet as having said that the Chinese Communists would not attack Formosa while that subject was under active consideration in the UN and that they would only make their decision when they saw the treatment which Formosa received in the UN, presumably in the General Assembly, the implication appeared to be that if Peiping was dissatisfied with the UN action on Formosa it would probably thereafter launch its attack.

Discussion then turned to Paragraph 15 of the British paper which it was agreed was an interesting formula and one justifying further exploration.[1] Ambassador Jessup pointed out that he would be in-

[1] Paragraph 15 of the British memorandum entitled "Formosa" read as follows:

"15. Another possible course of action which would hold the present position and deal with the long term to some extent might be the adoption of a resolution by the General Assembly (to avoid a Soviet veto in the Security Council) which would

"(*a*) recommend that Formosa should in due course revert to China;

"(*b*) propose that any action to this end should await the pacification of the Pacific area and that in the meantime no action should be taken by anybody to disturb the *status quo* or use the island as a base;

"(*c*) establish a Commission to recommend when the moment was ripe for the hand-over and the conditions under which it should take place.

"This would have the advantage that it would not mean abandoning the Cairo Declaration. It might—though this is doubtful—save the Central People's Government's face sufficiently to enable them to hold off. It would also enable a hand-over to be held up until the Communists gave some signs as to their future behaviour in international affairs." (611.94A/8–2950)

terested in seeing inserted into it the plebiscite idea to which Sir Oliver Franks indicated his belief that London would be open-minded.

At one point in the discussion, Ambassador Jessup referred to our efforts as being designed to find a common meeting ground somewhere between the opposite extremes of (1) an irrevocable commitment to turn Formosa over to the present Chinese Communist Government irrespective of its behavior and attitude, and (2) attempting to ensure that Formosa did not come under the control of an unfriendly power during a period of world tension. Sir Oliver replied in effect that the most hopeful basis for our two governments reaching an agreed position was not a compromise between these two extremes but a retention of both thoughts. He explained that if we could subscribe to the legitimacy of Chinese claim as China to Formosa then he felt there would be little difficulty on the part of his government in agreeing to the necessity of neutralizing it so long as there was danger in the area and he pointed out the reference in the memorandum to the behavior of the Chinese Communists as a controlling factor in the timing of any turnover. He also said he felt Mr. Bevin attached great store to the removal of any thought or intention of maintaining Formosa as a base for the invasion by Chiang Kai-shek of the Mainland.

After a protracted discussion of various aspects of the British proposal, which it was agreed had merit, Sir Oliver said that he had hoped to be able to discuss Formosa when he saw the Secretary the following day and that what he thought would advance these interchanges more rapidly would be our submission of a piece of paper giving our modified ideas on their formula. This piece of paper could then be referred to the Secretary and to Mr. Bevin as a possible basis for further discussion between them, it being recognized that at this stage, the paper possessed no standing and carried no commitment. Mr. Matthews and Mr. Jessup said that we would attempt to produce such an informal paper and consult the Secretary's wishes in the matter. It was also pointed out that Mr. Rusk was away on a short leave and it was desired that his views be sought before advancing beyond the present exploratory stage.

Editorial Note

The United Nations Security Council met on August 29 from 3:00 to 6:30 p. m.; for the record of the meeting, see U.N. document S/PV.492. The Council decided to include on its agenda the item "Complaint of Armed Invasion of Taiwan (Formosa)." The United States voted in favor of the adoption of the item. The Soviet Representative then submitted a draft resolution (S/1732) inviting a representative of the People's Republic of China to attend meetings of the Security Council on this agenda item, but the draft resolution was defeated by

a vote of four in favor (India, Norway, U.S.S.R., and Yugoslavia) to four opposed (China, Cuba, Ecuador, and United States), with three abstentions (Egypt, France, and the United Kingdom).

794A.00/8–2950 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET LONDON, August 29, 1950—9 p. m.

1274. Embassy has belatedly learned through Tomlinson, Foreign Office of instructions sent by Nehru to Panikkar August 19 directing him impress upon Peiping, on Nehru's personal authority, that India, while not unsympathetic to Peiping's claims on Formosa, would strongly deprecate any effort on part of Peiping exert its claims by force as such action would further aggravate international situation and prejudice Peiping's position before UN. Panikkar further directed to state Peiping's attitude re Formosa would be regarded as test case.

Bajpai in passing above information to UKHC requested it be regarded as entirely confidential.

Tomlinson requested that in no circumstances Indians be informed UK sources have passed above information on to US.

DOUGLAS

794A.00/8–3050 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, August 30, 1950—6:18 p. m.

399. Certain considerations re Formosan situation in UN seem to us worth setting down in order to make certain we carry out Department's wishes effectively. We are, of course, aware there are aspects of the Formosan question with which we are not familiar and which may bear upon the course outlined by the Department in instructions received by USUN on Formosan question.[1] As reported in USUN No.

[1] In telegram 183, August 25, the Department had sent the following message to the United States Mission at the United Nations concerning the handling of the Formosa question, following the complaint of the People's Republic of China concerning aggression against Taiwan:

"Confirming Hickerson–Gross telcon fol is text draft res for possible use by you in consultations with other friendly members SC:

"The SC resolves

'to establish a Commission composed of the members of the SC, to investigate immediately the situation with respect to Formosa and to report to the SC on the maintenance of internatl peace and security with respect thereto. The Commission is authorized to conduct its investigation wherever it considers necessary and to consult with any government authorities or individuals whose views are considered by it to be useful in the performance of its task.'" (794A.00/8–2550)

391, August 29,[2] we have explained to all SC delegates (except USSR) view and tactics set forth in Department's instructions. We shall follow up vigorously and consult further with other delegates as soon as they have received their instructions from home. In anticipation of such consultations, following questions will undoubtedly arise upon which we would appreciate guidance either for our own background or for discussion with other delegates, or both.

(1) What is Department's view concerning SC tactics in event resolution establishing commission is vetoed by China [or U.S.S.R.?] or both? This question, of course, assumes we shall succeed in obtaining seven votes in favor of resolution. In this connection we have just been advised by Tsiang that he will vote against commission composed of eleven SC members. Conversation with Tsiang reported separately (ourtel No. 398, August 30).[2] Tsiang renewed his suggestion, reported in ourtel No. 391, August 29, of SC Commission composed of six nonpermanent members and said if such a commission were proposed he would abstain in vote. It seems to us almost certain that Soviet would vote against commission from which they were excluded.

(2) Would Department's view re tactics be affected by likelihood of protracted debate in SC? We believe it may prove impossible to have really limited debate on Formosa for two reasons: (*a*) Opposition by Chinese Nationalist Government and probable long statement by Soviet delegate, and (*b*) Debate centering upon Soviet motion to invite Chinese Communist representative to attend SC meetings in which SC is considering establishment of commission. Indications of probable length and nature of such debate was clearly indicated by proceedings of SC at August 29 meeting. Most perplexing aspect of this problem, to which we call Department's urgent attention, is that although US would consider its vote against seating Chinese Communist as not a veto, Tsiang would probably take opposite view and raise possibility of double veto problem. Another possibility which must be taken into account in connection with probable protraction of Formosa debate in SC is likelihood Soviet delegate will table motion of some sort, probably condemning US action re Formosa, calling for withdrawal of Seventh Fleet, etc. Although we would argue that motion to establish commission should be disposed of first, it is unlikely that debate could be limited to such motion. Of course, it would be impossible to limit debate if commission motion failed of adoption, since this would lead to debate upon any Soviet motion along anticipated lines.

(3) What would Department's attitude be re seating Chinese Communist if motion to establish commission were not adopted? Only argument suggested in paragraph 4 of Deptel 192, August 29,[2] is that commission rather than SC should properly hear Chinese Communists. However, if this argument is rendered inapplicable by reason of failure

[2] Not printed.

of SC to establish commission, what argument, if any, should we make to oppose seating?

(4) We understand from paragraph 2 of Deptel 192, timing of debate Formosa left to our discretion in light of UK reluctance to take matter up at once. Gross had further talk with Jebb [3] this subject this morning, August 30. Jebb has not yet received instructions but has personal view that SC will be engaged at least through week of September 4 on Korea and on preparation SC report to GA. On Korean item, three procedural questions and three substantive motions remain for settlement: (*a*) procedural questions—seating of ROK representative (Malik may move to reconsider); USSR motion to seat North Korean: USSR motion to seat Chinese Communists under SC Rule 39; (*b*) substantive motions—US motions to localize conflict; USSR motion for withdrawal of foreign troops; USSR motion condemning bombings.

We perceive that foregoing tactical questions, although important and sure to arise in our consultations with other delegates, must be considered in context of basic US objectives regarding UN handling of Formosa question and US views concerning ultimate disposition of Formosa. It is these basic issues on which USUN feels it would be most helpful to have guidance.

We have read CFM D–7/2B on Formosa.[4] We assume this will now be revised to take into account SC developments re Formosa past few days. We believe that in consultation with SC delegates during next several days question will repeatedly [arise?] of US views re substance and procedure of longer-range question of Formosan settlement. Some delegates, particularly India, will be more concerned with this question than with short-range neutralization issue. We anticipate great difficulty in consultations looking toward concerting viewpoints of friendly delegates unless we are in position to explain, within limitations of security, our thinking regarding GA or other UN action on longer-range issue. This question is left open in paragraph 5 of Deptel 192 which merely authorized us to explain limited scope of contemplated SC action. Some delegates will wish to know what we have in mind regarding future GA consideration, if any, and we should appreciate instructions on this point.

AUSTIN

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[3] Sir Gladwyn Jebb, Representative of the United Kingdom at the United Nations.

[4] Not printed. Reference is to a draft document prepared in connection with the preliminary meetings being held in Washington by representatives of France, the United Kingdom, and the United States for the tripartite Foreign Ministers meeting scheduled for New York in September. Documentation on these meetings is scheduled for publication in volume III. For the text of the tripartite document on Formosa prepared at the Washington meetings for presentation to the Foreign Ministers, see p. 477.

507–851—76——31

611.94A/8–1850 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET WASHINGTON, August 31, 1950—3 p. m.

204. Eyes only Rankin from Rusk. I have read with interest comments in urtel 273 Aug 18 and noted particularly your comments respecting part II of Deptel 144 Aug 14. Long-range policy respecting Formosa of course is still in formative stages and I hope that you will continue to keep us fully informed of your views as the situation develops.

Part III of refDeptel respecting responsibilities of and relations between Chiefs of dipl and ECA Missions and milit liaison group was written fol extensive discussion of this matter in Washington. Read your comments with sympathy and understanding but believe we shld proceed on agreed basis and let situation develop to see whether any shortcomings in existing arrangements come out in practice, rather than reopen discussion matter at this time for purpose more detailed definition. I trust that you will let me know if at any time in your judgment existing arrangements prove unsatisfactory or deficient in any important respect.

ACHESON

310.2/8–3150 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, August 31, 1950—3 : 02 p. m.

412. In connection with the Department's consideration of the matter of inviting to the SC table a Chinese Communist representative, I request Department to take into account the following viewpoint to which I hold most strongly.

I believe it would be a great mistake to invite the Chinese Communist to the SC table. I do not believe a representative from Peiping could possibly be of any assistance to the SC in considering any question now before the Council or which may be raised in the Council. It is obvious that primary motive of any emissary from Peiping would be to use the SC as a propaganda forum and to obstruct and divert the orderly processes of the SC. The result of bringing such a person to the table would be to enhance the prestige of his group, to lend fuel to the Chinese Communist campaign to be seated by the GA, and to present to the world a propaganda victory against the US.

The Chinese Communists are of course not entitled under Article 32 to participate in consideration of the Formosa matter by the SC. The Chinese Communist group does not represent a "state" within the

meaning of Article 32 of the Charter. Nor would I invite a Peiping representative to the table under Rule 39 of the SC Rules of Procedure. I do not think any person Chou En-lai sent to the Council would be competent for the purpose of supplying the Council with information or giving it any assistance whatever. China is represented at the SC by Dr. Tsiang. The complaint on the agenda involves alleged armed invasion of Formosa. As the accredited representative of China, Tsiang is the best and only reliable witness. The Peiping regime is not in a position to know what is going on in Formosa. The SC can, if it wishes, send a fact-finding mission for a survey on the spot, and no amount of debate at Lake Success would assist the SC to find a single fact. It is certain that if the Peiping regime is permitted to sit at the table, it would supply only debate and would not furnish any facts.

I do not think the SC precedents of inviting complainants can apply in any way to this situation. Major distinction, which makes this case unique, is that the alleged victim of aggression is represented in the SC and states that it does not wish to have any self-appointed spokesman. In any event, it seems to me perfectly clear that the Council is entitled to make up its own mind in any particular situation whether a complainant or any other person is competent to supply it with information or to give it assistance.

For all the above reasons I strongly recommend that I be authorized to oppose the seating of a Chinese Communist representative in consultations with other delegations and to vote against it in the Council.

I believe we should abide by a majority decision, whatever it may be, but I think we should seek to influence our colleagues on the Council to vote against the seating of a Chinese Communist at this time for any purpose whatever.

AUSTIN

795.00/8–3150

Memorandum of Conversation, by the Deputy Under Secretary of State (Matthews)

[Extract]

TOP SECRET [WASHINGTON,] August 31, 1950.

Participants: Sir Oliver Franks, British Ambassador
The Secretary
H. Freeman Matthews (G)

. . . . . .

2. *Formosa.* The Secretary said that frankly he had been so busy in preparation for his hearings that, although he had read the paper

left with Matthews [1] and had a very brief discussion with those in the Department concerned with the matter, he had not given adequate thought to this important and complicated subject nor had he discussed it with the President. He said, however, that a paper had been prepared which he would let Sir Oliver read, but did not feel he could let him have.[2] The paper, he said, had been written with paragraph 15 of the British memorandum in mind.[3] It was not designed to be a statement of American views. We felt that paragraph 15 of the British paper did not represent a position with which it would be easy for us to go along. The paper which he had let Sir Oliver read was designed to indicate the sort of approach which, if the British made to us, we would feel deserved our careful consideration. If that sort of an approach were made to us, we would see what we could do to meet it and would endeavor to work out an American Government position with respect thereto. The Secretary then covered the principal points in the attached paper and the thinking that went into them.

Sir Oliver said that he thought the suggested approach was a constructive one and that, while London would be disappointed that we have not gone the whole way of their paragraph 15, he thought they would find the approach helpful. He then asked how he could put the question up to London and emphasized that one of the factors which in past correspondence seemed to be troubling Mr. Bevin personally was the belief that the Americans might be trying to build up Chiang for possible return to the Mainland. He said that he himself was convinced that this was not the case, but anything which would reassure Mr. Bevin on this point, in view of all the confusion abroad about American policy concerning Formosa and attitude toward the Chinese Communist Government, would be advantageous. In reply the Secretary indicated he thought Sir Oliver could say that the paper represented thinking in the Department (*not* the views of the Secretary of State), and that he could honestly and emphatically assure London that there is a growing soberness on the Hill with respect to Formosa and a realization of the complexity of the problem. The Secretary said he had pointed out a number of pertinent factors regarding China and the dangers of the war spreading in that area and that during his discussion there had been no interruptions or adverse comments. While a few of the more extreme Republicans may still hold their views, he thought they could not carry with them the more serious-minded members of their Party, and that he was much impressed with the developing sober attitude and understanding of the

[1] Reference is to the British memorandum entitled "Formosa"; see footnote 1 to the memorandum of conversation by Mr. Merchant, August 28, p. 464.

[2] The paper under reference is printed as an annex to this document.

[3] See footnote 1 to the memorandum of conversation by Mr. Merchant, August 29, p. 467.

dangers involved. He said he felt that if Sir Oliver could report a similar impression (with which Sir Oliver agreed) it should be reassuring to Mr. Bevin. Sir Oliver said lots of people had hoped that the Formosa problem could be "kept on ice" but this seemed impossible under the circumstances and that therefore the British Government was trying to find the best way to handle the problem with a view to its long-term solution. Matthews said he thought the approach in our paper went a long way toward taking the problem "off the ice" and in the proper direction. Sir Oliver agreed.

. . . . . .

[Annex]

Memorandum Prepared in the Department of State

SECRET [WASHINGTON, August 31, 1950.]

The United States and the United Kingdom are agreed that every effort must be made to prevent the spread of existing hostilities beyond Korea. To this end they desire to secure agreement between themselves on a course of action with respect to Formosa which will minimize the risk of an eruption of hostilities between the Island and the Mainland and which will serve as a basis for a common program with other friendly states and command the support of a firm majority in the United Nations.

With these ends in view the following is submitted as a basis for discussion:

1. A concerted effort should be made in the forthcoming General Assembly of the United Nations to secure the adoption of a Resolution which would in substance

(*a*) refer to the historic Chinese claim to Formosa and state that no nation other than China asserts a claim to sovereignty over Formosa, that both the Government of the Republic of China and the Chinese People's Government publicly maintain China's claim to Formosa;

(*b*) confirm that, until a settlement of the case of aggression against the Republic of Korea on a basis satisfactory to the United Nations has been achieved and the peace of the general area has been restored, no party shall attempt to resort to force to alter the present status of Formosa nor shall the Island be used as a base for attack against the Mainland;

(*c*) establish a Commission of the United Nations charged with the responsibility of recommending to the General Assembly of the United Nations an appropriate peaceful settlement of the Formosa question. The Commission in arriving at its conclusions shall take into account the considerations set forth in (*a*) and (*b*) above as well as the following two points,

(i) The status of Formosa under international law in the presence or absence at that time of a Peace Treaty with Japan;

(ii) the wishes, as they may be expressed under any arrangements which the Commission may provide, of the inhabitants of the Island with respect to the future status of Formosa.

2. If agreement is reached by the United States and the United Kingdom on 1. above, consultation with other friendly nations should be instituted promptly with a view to securing widest possible support for the proposal in the United Nations.

Editorial Note

The United Nations Security Council met on August 31 from 3:00 to 8:20 p. m.; for the record of the meeting, see U.N. document S/PV.493. The Council agreed to place on its provisional agenda the complaint of the People's Republic of China against alleged United States bombing of Manchuria and then proceeded to debate at great length this and other items on the provisional agenda. The Soviet Representative proposed a draft resolution (S/1745/Rev.1) condemning the raids, but no vote was taken on it. The United States Representative stated that investigations showed that possibly one aircraft might have strafed a Chinese airstrip on August 27. The United States, he said, would welcome an on-the-spot investigation by a Security Council commission and would pay damages if it was found that an attack had occurred. Finally, the Security Council voted to place an item entitled "Complaint of bombing by air forces of the territory of China" on its agenda. The vote was eight in favor (including the United States) to three opposed (China, Cuba, and Egypt).

In the late afternoon of August 31, President Truman held a news conference at which, in response to a query on Formosa, he said:

"The Formosan situation as set out in my various messages is one for settlement—in the Japanese peace treaty with the allies who fought in the Japanese war and with those occupation forces—by those nations that have occupying forces in Japan now. Of course, it will not be necessary to keep the 7th Fleet in the Formosa Strait if the Korean thing is settled. That is a flank protection on our part for the United Nations forces." (*Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, page 607)

793.00/9–150: Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, September 1, 1950—11 a. m.

524. 1. Bajpai SYG MEA told me August 31 that telegram had been received from Panikkar stating Peking authorities had ap-

proached him re alleged bombing by UN forces two Chinese border towns. I obtained impression from Bajpai's remarks that Peking desired GOI support in SC for resolution condemning such action by UN forces and calling for compensation for damage done.

2. Bajpai said GOI had sent Panikkar telegram containing *aide-mémoire* to be handed Peking authorities. Bajpai read aloud excerpts from this *aide-mémoire*. Among points made as I recall were following:

(*a*) If Peking would cease carrying on such extreme anti-US propaganda some of its approaches to UN might be received more sympathetically.

(*b*) Peking would also gain in world opinion if it would cease making threats to take military action against Formosa and Tibet. It would be particularly advantageous to Peking if it could make "harmonious adjustment of legitimate Tibetan claims to autonomy in framework of Chinese sovereignty".

3. Bajpai said he thought it would be helpful if appropriate spokesmen for UN forces would issue statement to effect that if Chinese towns had been bombed action was unintentional and regretted and after investigation compensation would be forthcoming.

4. Bajpai indicated GOI might vigorously participate in effort seat Peking in coming GA.

HENDERSON

794A.00/9–150

Memorandum Prepared in the Preliminary Tripartite Meetings for the Tripartite Foreign Ministers Meeting [1]

TOP SECRET [WASHINGTON,] September 1, 1950.
Document 11 [D–6/2*a*] [2]

FORMOSA

A. AREAS OF AGREEMENT

1. The Cairo Declaration must be taken into consideration in any study of the ultimate status of Formosa.

2. The problems of temporary "military neutralization" and of ultimate disposition of Formosa are distinct.

3. The charge of aggression laid by the Peiping regime, is now properly in the United Nations Security Council. The U.K. and French

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[1] Complete documentation on the Foreign Ministers meeting and the preliminary meetings is scheduled for publication in volume III. This document was approved on September 1 by the French, British and United States Delegations headed by Ambassador Bonnet, Sir Derick Hoyer Millar, and Philip Jessup, respectively, and referred to the Foreign Ministers who took up the question of Formosa on September 14; see p. 500.

[2] Brackets appear in the original.

support the present American action in the Security Council. The long-term disposition of the question would best be handled through the United Nations General Assembly.

B. QUESTIONS REQUIRING MINISTERIAL CONSIDERATION

1. Agreement was lacking respecting the relative importance that the Cairo Declaration bore for determination of the ultimate status of Formosa. In the U.K. view the Cairo Declaration is fundamental.

2. There remained open the question of the most desirable long-term political solution for Formosa. Mention was made of various alternatives, including consolidation with the mainland, independence, and UN Trusteeship. The feasibility of a plebiscite was questioned by the U.K. and French delegations. In the U.K. view independence was irreconcilable with the Cairo Declaration and unacceptable to both Chinese parties.

3. Discussion was inconclusive regarding the subject of making the "military neutralization" equally effective in its application to both Chinese parties. In the U.K. view certain actions of the National Government since June 27 were inconsistent with the President's declaration.

4. The question of whether, and how, action in the UNSC and UNGA could get sufficient support from other governments to bring about a solution led to no conclusion. In the U.K. and French views chances of success would be increased by (*a*) the issuance of a unilateral and/or multilateral statement reiterating the Cairo Declaration respecting the future of Formosa and (*b*) the implementation of the President's statement of June 27 in a manner to bring about an effective *bilateral* "military neutralization".

5. There remained open the question of the procedure and action to be adopted in the event of a Chinese Communist attack against Formosa prior to some settlement through UN action. It was suggested that the present process in the Security Council could be continued, with a new orientation.

6. The precise manner in which the matter should still be pursued in its immediate phase in the Security Council, and in its later stages in the General Assembly, remained an open problem, but with general agreement that the matter was at present in the proper channels and that future action could be determined in the light of events.

611.00/9–150 : Telegram

The Secretary of State to the Embassy in India

TOP SECRET PRIORITY WASHINGTON, September 1, 1950—7 p. m.

330. Ur conversation with Bajpai Aug 24 re Pannikar's interpretation of Chi Commie attitude illuminating. It wld be very helpful

to know how much of Pannikar's report is based on info conveyed to him by Peiping auths and how much is merely his estimate of their thinking. Dept suggests that, if you have not already done so, you review with Bajpai President's Aug 27 letter to Austin transmitted New Delhi same date. At discretion continue ur conversation with Bajpai this subj along fol lines.

US Govt is not irrevocably committed either to support or opposition any particular polit group in China. Altho Communism is repugnant to Amer way of life, our primary concern with other nations is that they act internationally in accord principles and purposes set forth UN Charter. US in past century has maintained friendly relations with all ruling Chi Govts. For first time in more than century US lacks both consular and dipl reps in mainland China. Amer policy consistently has opposed domination or dismemberment China by any power or powers. This remains keystone of US policy re China. US as loyal member UN is bound to oppose aggression in Asia and elsewhere. US policy therefore purposes [proposes?] also that China shld not engage in aggression against its neighbors in Far East, thereby threatening peace and progress. Peiping regime has manifested only bitterest hostility toward US. This hostility cld hardly be deliberate choice of Chi people as whole. Our own attitude toward Peiping regime results not from any basic prejudice, but rather is logical consequence of actions and attitudes of that regime itself. US views with deep concern indications that China is falling under domination of a fon power and Peiping rulers harbor aggressive intentions against China's neighbors. If there are doubts that Peiping regime is in fact independent govt these doubts arise from overt actions and utterances of that regime. If US as well as China's immed neighbors are alike apprehensive of Chi Commie open or covert aggression, this apprehension arises from Chi Commies own acts. To take case in point, had Peiping joined majority of nations in condemning North Korean aggression, or had it at least refrained from associating itself with that aggression, our attitude might now be different.

It is not US opposition that is or has been real obstacle to reps of Peiping regime sitting in UN, but rather the fact that US doubts and misgivings discussed above are shared by majority of free nations of world, and the fact that Peiping's internatl behavior and attitude toward internatl obligations make suspect Peiping's bona fides. Peiping cld, of course, take concrete measures to lessen these doubts whenever it might wish.

Measures by US pursuant to President's statement June 27 were undertaken for urgent milit reasons to avoid direct threat to security Pacific area and to US forces performing their lawful and necessary functions relating to UNSC resolution on Korea. They were designed to localize conflict Korea. It was made explicitly clear that those

measures comprehended not only prevention of attack on Formosa but its milit neutralization with 7th Fleet insuring cessation air and sea activities from Formosa against mainland.

Peiping regime has publicly rejected concept of neutralization by announcing its determination to seize Formosa by force notwithstanding US efforts to neutralize it and by continuing preparations for offensive attack. In these circumstances and in view of heavy commitment of US forces in Korea, US may provide such limited milit matériel as might be required meet deficiencies in *defense* of island. Note this wld be for defense alone, not aggression against mainland.

Measures undertaken by US are without prejudice to settlement by peaceful means of long-term polit status of island, as is evidenced by readiness US to have question Formosa considered by UN. These measures are not to be interpreted as stepping-stone for US entry into mainland or preparation to put Nat Govt back on mainland with US support. US values highly its friendship with Chi people and Commie China need not fear US milit action against China unless it lends itself to indirect or direct aggression against neighboring countries, in which case US wld, of course, have to consider its obligations under UN Charter, as well as its own interest in the security of the Pacific. Wld be interesting to know why, if Peiping regime finds present state Sino-Amer relations unsatisfactory, they still acting along old lines.

Long history US relations with China and President's statement of July 19 respecting Formosa constitute eloquent testimony that we neither have been nor are preparing any aggressive action. Our support on Aug 29 for including on SC agenda "Complaint of Armed Invasion of Taiwan" is further strong evidence our good faith. Note finally that President in press conference Aug 31 said it will not be necessary keep 7th Fleet in Formosa Strait, if Korean affair is settled.

It wld be of considerable interest to Dept to get further reaction from Bajpai re matter, and particularly to receive any indications he may have on reasons for Pannikar's assurance that Chi Commies desire peace and are resisting Sov pressure to attack Formosa and thus become involved (for Sov ends) in hostilities with US.

ACHESON

Editorial Note

In the course of a radio and television report to the American people on the situation in Korea on the evening of September 1, President Truman expressed the hope that the people of China would not be misled or forced into fighting against the United Nations or the American people. He went on to say that the future of Formosa should be settled peacefully by international action and not by the decision

of the United States or any other nation alone. The United States, he said, did not want Formosa for itself, and the mission of the Seventh Fleet was solely to keep Formosa out of the Korean conflict. (*Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, page 609)

794A.5/9–250 : Telegram

The Chargé in China (Rankin) to the Secretary of State

TOP SECRET TAIPEI, September 2, 1950—1 p. m.

337. Eyes only Rusk from Rankin. Urtel 204, August 31 arrived at same time with press report of President's statement that if Korean question settled no need retaining Seventh Fleet in Formosa area. While this statement obviously subject various interpretations, depending opinions re date and nature eventual Korean settlement, we must expect many Chinese Nationalists to take it as confirming fear described penultimate sentence paragraph re Part II in mytel 273, August 18. Unless we can establish greater degree mutual confidence with whatever government may be in power on Formosa I believe only prudent hold serious reservations re chances either hold Island militarily against attack or carry out successfully ECA program envisaged mytel 331, September 1.[1] Mutual lack of confidence seems to me close to root of our difficulties with Chinese during recent years. I hope, therefore, that early occasion may be found to allay fear mentioned above which President doubtless had no intention of aggravating.

I expect avoid trouble with FEC survey group and to spare Department from complaints that score. Have had considerable experience dealing with military and realize one either has authority or has not. In latter case it worse than useless attempt exercise authority. Phrases used in Part III Deptel 144, August 14 clearly mean to any military officer heading survey group that Embassy has no authority over him. Gen. Conklin and I have had friendly discussion this point (without reference Deptel 144 of course); he described our relations as "purely social" which I was in no position deny.

Foregoing does not mean I have changed opinions expressed last paragraph mytel 273, August 18 re what ought to be done. I believe in unity of command, that FEC representatives should make full use of our Service Attachés if only as check on information obtained from Chinese, and that Embassy can fulfill political responsibilities effectively only if conversant with military plans and policies. In absence

[1] Not printed; it related principally to a recommendation from Messrs. Rankin and Moyer for informal United States participation in an economic stabilization board to be set up by the Chinese Government (894A.00–R/9–150).

full exchange of information between Embassy and military without which mutual confidence also lacking, we shall do best we can but must expect further surprises resulting from actions by military with possibly grave consequences.

RANKIN

794A.00/9–250 : Telegram

The Chargé in China (Rankin) to the Secretary of State

CONFIDENTIAL PRIORITY TAIPEI, September 2, 1950—7 p. m.

339. Foreign Minister Yeh this afternoon handed me memorandum dated September 2 which was drafted as result of Cabinet meeting yesterday. Text of memorandum follows:

[Here follows the quoted text of the memorandum. In it, the Chinese Government referred to its commitment, in response to President Truman's request to cease air and sea action against the mainland. The Chinese Government assumed that in the event of modification or termination of this arrangement there would be consultation and understanding between it and the United States Government. Should the Seventh Fleet be withdrawn, the Chinese Government felt that the Communists would clearly attack Taiwan and wished to know what steps the United States would then take. The Chinese Government also wanted to call to the attention of the United States Government the fact that suspension of operations against the mainland was allowing the Soviet flow of assistance to increase Communist strength there, while the absence of United States aid to Taiwan was placing the Republic of China in a position of great disadvantage should United States support be withdrawn.]

Yeh said he had no present intention make above memorandum public and would communicate with us in advance in case later decision to do so.

RANKIN

330/9–450 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, September 4, 1950—noon.

551. 1. I discussed China again with Bajpai, Secretary General MEA, on evening September 3 along lines indicated in Deptel 330 September 1. We discussed various points in considerable detail and in order that Bajpai might be able give more accurate account of our views to Prime Minister, I gave him paraphrase of more important sections.

2. Bajpai considered that contents of this telegram were helpful and

asked if there would be objection to despatch of excerpts to Peiping to be used in discussions with Peiping Government. I told him he could use his judgment but he should bear in mind that what I gave him in writing was not a formal document but merely my oral statements reduced to written form. These statements were for information of GOI and should not be considered message from US to Peiping regime.

3. Bajpai referred to President's "Fireside Chat" of September 1 and said in his opinion it was most useful statement made by US re Far East since hostilities began. He was, however, still personally concerned at what reaction in China would be if Chinese Communist delegation should go to Lake Success, apply for admission into GA, and be rejected. The reaction in China would be much sharper than it had been when SC voted against admission Communist China. It would be more humiliating for Communist China representatives on spot to be rejected. Nevertheless, it would in his opinion be still worse for US to refuse visas. He had no sympathy for Communism, or for ideology of Peiping Government. Nevertheless, he was convinced that continued ostracism of Peiping would result in strengthening Russian influence in China and in making more difficult efforts to those free nations which were trying to encourage Communist China to remain independent. He understood, he thought, US position, but he still was of opinion that if pros and cons would be added up unemotionally and balanced it would be found that admission of Communist China into UN would be to advantage free world.

4. Bajpai told me in confidence Rau had been instructed unless some unexpected development should take place, not to vote in favor admission of Communist China into discussion Korean situation. These instructions had been issued on his initiative on ground that India was striving to find solution to Korean problem and presence of Communist China might not at this stage facilitate such solution. Rau would probably abstain.

HENDERSON

794A.00/9–450 : Telegram

The Chargé in China (Rankin) to the Secretary of State

SECRET PRIORITY TAIPEI, September 4, 1950—2 p. m.

340. Foreign Minister Yeh called me urgently this morning to say that Generalissimo had summoned him and Prime Minister to discuss as yet unidentified news agency report of negotiations between US and India involving China. Report is to effect US offers support project of trusteeship for Formosa in return for India's foregoing sponsorship of Peiping regime for UN membership.

Yeh asked me if I had information on above. I replied in negative and said I did not believe story should be accepted at face value.

adding that word "trusteeship" is being loosely used in press and elsewhere without general realization either of its legal significance under UN charter or practical implications in case of Formosa.

Foreign Minister said he had been giving much same explanation as mine in response to questions he is receiving from various quarters. He deplored unsettling effect of series recent events and reports, whether correct or otherwise, on Chinese Government, armed forces and Formosan population. Understands US readiness have the "aggression" aganst Formosa investigated by UN but fears anticipated arrival UN investigators, including Russians or satellites, would not only serve Communist propaganda ends but would promote unrest among Formosans and possibly cause split in Chinese Government. Democratic elements, he said would wish conform UN decisions however distasteful but military probably would refuse allow Russians or other satellite representatives to land on island. Ostensible reason would be security but more important would be unwillingness swallow arrival of enemy representatives to investigate anything on Formosa when everyone else agrees it is the Communists who need investigating. Bulk of Formosan population would interpret UN investigations as directed against Chinese Government rather than US aggression.

Yeh expressed hope US recognized fact that Formosa today one of most peaceful and stable parts of Asia with state of law and order better even than Hong Kong; also that substantial progress has been made in improving effectiveness of government and economic and military conditions, besides extending democratic processes. Believes it would be most helpful if US Government could take public cognizance these facts and contribute further to allaying uncertainty caused by recent events and rumors by stating definitely that future status of Formosa must await peace settlement with Japan. Alternative time limits involving "consideration by UN" or taking of "international action" are being freely interpreted to mean that any morning people in Formosa may wake up to learn that they have been turned over to some international authority, with reasonable certainty that in resulting confusion Chinese Communists will actually be ones to take over.

Department pass New Delhi; sent Department 340; repeated information New Delhi 2.

RANKIN

794A.00/9–450 : Telegram

The Secretary of State to the Embassy in China

SECRET WASHINGTON, September 4, 1950—3 p. m.

214. Reurtel 340 Sept 4. Rumors of negotiations between US and India for trusteeship Formosa with deal on Chi representation base-

less. US attitude on sub is as defined in Pres statements June 27 and July 19, Austin ltr Aug 25 to UN SYG, Pres ltr Aug 27 to Austin.

Basic view is that all questions re Formosa shld be settled by peaceful means not force. Pres has specifically referred to settlement through Jap peace treaty or through UN. In either case negotiations wld be multilateral and in regular channels. Action along neither line yet undertaken.

Above for communication FonMin.

FYI it is appreciated Chi Govt will doubtless have recurring worries arising from its concept that it is the only legal Chi Govt and shld receive international treatment as such. This concept not held generally by rest of world, with views others ranging all way from that of US to that of Peiping, and Chi Govt wld therefore be well advised to appreciate realities of tenuous position it now occupies. You will wish keep this in mind in your contacts with Nat Govt officials.

ACHESON

794A.00/9–650

Memorandum by Mr. Robert C. Strong of the Office of Chinese Affairs[1] *to the Director of the Office of Chinese Affairs (Clubb)*

CONFIDENTIAL [WASHINGTON,] September 6, 1950.

Subject: Summary of Views on Formosa as of Late August 1950

Politically and militarily, Formosa is on the downgrade. Economically, the island seems to have reached a temporary balancing point which is more easily tipped to the unfavorable side.

A concerted effort seems to be in progress to tighten the personal control of the Generalissimo over political and military affairs while at the same time creating the impression abroad that sincere efforts at self-improvement are under way. Failing to understand the basic reasons for loss of the mainland and deeply suspicious of the intention of the United States Government with respect to himself, the Generalissimo is emulating the control of the Communists over their subjects in order to preserve his personal power.

There is no question that the Generalissimo fears the Formosans and Sun Li-jen, both of whom are receiving too much American support for his taste. He also fears his own party because of the discontent among them over his rule and the increasing importance of Chiang Ching-kuo.

Therefore, exerting his full authority as teacher, head of the party, and head of the Government, the Generalissimo has forced through

[1] Mr. Strong had returned to the Department of State from his previous post as Chargé in Taipei.

the party measure which is called reform but which in actuality centers in his elder son great power in police, party, military and political affairs. The several secret police organizations are being unified under his control; the work of political indoctrination and political espionage within the armed forces is directed by him; dealings with overseas Chinese insofar as political and secret affairs are concerned are under his jurisdiction; and the bulk of the propaganda and subversive activities against and on the mainland is in his hands.

The result is a reign of terror, more silken than in other countries or in other times, but nevertheless in progress. Criticism of the Government, even in a mild form, is almost out of question; the critic is in dire danger of being arrested as a Communist and disappearing. There is no such thing as a system of justice, as we know it. Extreme measures are being used to prevent political contacts between residents of Formosa and political and military representatives of the United States Government accredited to the Nationalist Government. In some cases, persons with such contacts have been arrested, in other cases warned, and in others closely questioned. The few who still maintain contact either are approved by the secret police or are courageous and anti-Communist enough to avoid persecution.

In an extension of his famous "divide and rule" tactics, the Generalissimo is playing the Tokyo end of the United States Government for all it is worth, in the expectation that not only will military advantage be gained but also political benefits. Making use of every indication of support by and from General MacArthur, the Generalissimo also plays up the inevitability and nearness of the Third World War and the imminence, as a result, of his triumphant return to the mainland. Although privately it is stated that the purpose of such propaganda is to encourage mainland residents, it is doubtless intended to fix in the popular mind throughout the world the image of the Generalissimo as the only man for the "return", and to prove that he is an essential member of our team.

In playing Tokyo and Washington as two separate, competing entities, the Generalissimo openly shows favor to Tokyo personnel and almost equally openly ignores and undercuts accredited United States Government officials. At the same time he is careful to restrict the contacts of the Tokyo personnel to those individuals who are properly indoctrinated and under strict control.

Encouragement to the Generalissimo in this game has been given unwittingly by General MacArthur, who has played a lone hand with the National Government to the complete exclusion of the Embassy in Taipei. Chinese officials have frequently visited Tokyo without knowledge of the Embassy, nor has there even been an indication of the subject or content of conversations there. No statement or allegation

by such Chinese officials to any American officer in Tokyo has ever been referred to Taipei for comment. Such acute observers and shrewd deducers as the Chinese cannot have failed to notice this.

The Chinese armed forces are now in a worse state than several months ago. The intense efforts at political indoctrination of officers, the emphasis on spying on each other by officers and men, the arrest of competent officers on trumped up political charges, the breaking down of the military training program, the strengthening of clique influences, the suspicions between the forces, the suspicions within each force, the hopeless command tangle, the inadequate pay and diet and medical attention, the feeling that the United States is now carrying the baby, and the widespread dislike of and lack of confidence in the Generalissimo combine to paint a very gloomy picture. In addition might be mentioned the failure of the Combined Service Force properly to do its job, the favoritism shown the Armored Force (under the Generalissimo's second son),[2] the lack of mobility of the ground forces, the absence of over-all defense planning and training thereunder, the continuation of incompetent officers in important commands, and the interference by the Generalissimo which adds to the confusion and disruption.

With regard to the economic scene, there is at present a temporary balancing point. Although no effort will be made in this memorandum to make a thorough summary of the economic field it may be said that the economic wellbeing of the Island depends very largely on what the United States does in the political and economic field.

The Chinese authorities have reached the point at which they are prepared, with our assistance, to carry out thorough surveys in various areas, and to switch their efforts from shortrange, stopgap measures to emphasis on longrange problems and decisions. They definitely require American technical assistance to achieve their goals, as well as continuation of ECA participation at the current level.

Apart from ECA (and possible military aid which would reduce foreign exchange expenditures), the factor most likely to affect economic stability is the political attitude of the United States toward Formosa. Although uncertainty as to the future inevitably exists, there is enough confidence to minimize the flight of capital and hoarding of foodstuffs and commodity. Any move by the United States to cut its ties with the Nationalist Government would have most serious repercussions and undo constructive measures previously undertaken.

Results of studies by American experts now in Formosa should be available within the near future. These will go far beyond anything that could be attempted herein.

[2] Chiang Wei-kuo, second son of Chiang Kai-shek, was Commanding General of the Chinese Armored Force.

507-851—76——32

Editorial Note

The United Nations Security Council met on September 7 from 11:00 a. m. to 1:10 p. m. and from 3:20 p. m. to 6:30 p. m.; for the record, see U.N. document S/PV.497. At the request of the United States Representative, who introduced a draft resolution (S/1752) calling for the establishment of a Security Council commission to investigate on the scene the Chinese Communist complaint of bombing of Manchuria, the Council voted by eight (including the U.S.) to one (U.S.S.R.), with two abstentions (Egypt and India), to consider the "Complaint of bombing by air forces of the territory of China" before the "Complaint of armed invasion of Taiwan (Formosa)." The Soviet Representative drew attention to a draft resolution (S/1759), which he had introduced on September 5, calling on the Council to invite a representative of the People's Republic of China to sit in on the sessions dealing with the bombing complaint. The Council then decided that the question taken up in the Soviet draft resolution should be dealt with first. The vote was seven in favor to three opposed (China, Cuba, and Ecuador), with one abstention (U.S.).

611.94A/9–750 : Telegram

The Chargé in China (Rankin) to the Secretary of State

SECRET TAIPEI, September 7, 1950—3 p. m.

352. Foreign Minister Yeh appreciates helpful statements in Deptel 214, September 4. He expressed yesterday hope that more comprehensive and explicit US policy pronouncement on Formosa may be forthcoming but realized this may take time. Meanwhile he is under heavy pressure in Legislative Yuan to explain why Chinese Government was unable obtain UN investigation of undoubted Soviet aggression against China while Russia appears likely succeed in putting across UN investigation of non-existent aggression in Formosa. Yeh asks if any possible way US could help sidetrack Formosa investigation project. Considers it most unsettling single factor at present moment, affecting morale of both armed forces and public. Yeh hinted Generalissimo latest public reference to returning to mainland was effort offset effect of UN investigation rather than indication such action regarded in Chinese Government circles as at all likely. Foreign Minister said he probably will be forced stay here and forego attending GA as planned unless some reassurance received from Lake Success. Said Koo and Tsiang in full agreement with him and all three strongly dislike idea of employing veto. However, their hands may be forced by pressure here unless some other way out can be found.

Department in better position judge various factors to be considered at Lake Success but I agree with Foreign Minister that investigation project is having unfortunate effect here and promises do further harm with no offsetting advantages locally.

RANKIN

330/9–750 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, September 7, 1950—7 p. m.

224. 1. Dept has given consideration urtel 412, Aug 31. Dept fully aware implications of Chi Commie Rep participation in SC debate even for limited hearing on Formosa item.

2. Deptel 192 [1] indicated that US opposition to SC hearing Commie Rep was on ground that they will have opportunity for hearing before SC Comm of Investigation which will have auth hear anyone it chooses. This remains Dept's position.

3. While we do not recognize the Commies as the Govt representing Chi, we decided that it was in our interest to have the SC air the charges made by them as the complaining party in the case. Inherent in our decision to support inclusion of this question on SC's agenda was the realization that Chi Commies wld be given a hearing at some time in one forum or another before SC cld take final action on the matter. Without such hearing of the complaining party our position might well be interpreted as an empty gesture and wld dissipate the beneficial effect on world opinion of our prompt and unreserved declaration welcoming inquiry. Moreover, unqualified refusal by SC of affording any opportunity to Chi Commies to be heard might offer a pretext to Chi Commies for a claim that UN refused to concern itself seriously with their charges and they wld therefore resort to self help as the only way open to them.

4. This does not mean however that we must support participation of Chi Commies Rep in SC at this stage of debate. In consultations with friendly dels and in the SC you shld take the fol position:

SC has before it grave charges made against the US, a member of UN. The US declared that it wld welcome UN consideration of the Formosa complaint and supported inclusion of the matter on SC agenda. We further declared that "we wld approve full UN investigation here or on the spot. We believe that UN consideration will contribute to a peaceful rather than a forcible solution of that problem". The rational procedure for SC wld be to initiate impartial inquiry

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[1] Dated August 29; not printed.

with a view to obtaining relevant facts. Debate on merits without prior ascertainment of facts is bound to lead to abuse of SC for propaganda purposes. Those members genuinely desirous to assist the SC in performing its vital function wld agree on such course.

Draft res submitted by Sov Rep demanding condemnation of US (urtel 441)[2] indicates clearly purpose to obstruct SC for propaganda aims and divert it from orderly procedure. This draft res is neither based on facts nor does it provide for ascertainment of facts. It calls for judgment on basis of palpable lies. To support debate on this draft res at this stage before Commission has had opportunity to report the facts to SC wld mean to become accomplice in abuse of this forum for purposes not germane to its legitimate functions. Consequently, US will continue oppose hearing Chi Commies in SC on ground that place for them to be heard is Commission where they will be given full opportunity. When report of SC Commission comes before SC, it will be for SC to determine at that time in light of report and prevailing circumstances whether additional hearing be given to Chi Commies in SC before the Council takes action.

5. FYI Dept hopes that you will be able to explain above position in such a way as not to prejudice the fundamental principle of a fair hearing for any interested party which is inherent in the judicial process and in the procedures for peaceful settlement. Since the inception of UN the US has championed this principle. Indeed, we have been so consistent in advocating this principle that in one instance (Greek case) US joined USSR and its satellite in voting for inviting interested states against opposition of 8 other SC Members (100th mtg of SC, Feb. 10, 1947).[3]

6. Dept desirous obtain early indication how individual friendly Members of SC will vote on proposal for Commission. Above position predicated on assumption that at least seven votes will be available in support of proposal along lines of Deptel 183.[4] If this assumption proves correct we believe SC shld as matter of sound procedure agree to consider first proposal for SC Commission before considering Sov condemnatory res even though latter res submitted first and thus wld normally be entitled to prior consideration.

ACHESON

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[2] Telegram 441, September 2, from New York, not printed, transmitted the text of a Soviet draft resolution introduced on September 2 but not voted upon. The resolution called for United Nations Security Council condemnation of United States aggression against Taiwan and withdrawal of United States forces from Taiwan and other territories belonging to China. The Soviet draft resolution is printed as U.N. document S/1757.

[3] For related documentation, see *Foreign Relations*, 1947, vol. v, pp. 816 ff.

[4] See footnote 1 to telegram 399, August 30, from New York, p. 469.

396.1–NE/9–1150

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense [1]

TOP SECRET WASHINGTON, 8 September 1950.

Subject: Formosa.

1. The Joint Chiefs of Staff concur generally with the recommendations set forth in the Department of State position paper dated 28 August 1950 (SFM D–7/2*c*) entitled "Formosa".[2]

2. The Joint Chiefs of Staff, from the military point of view, recommend that the following be incorporated in the position of the United States toward matters relating to the problem of Formosa:

a. Any attack by Communist China upon any of its southern neighbors or upon the Republic of Korea would require the United States to reassess its objectives in Formosa and to reconsider its present prohibitions upon military activities of the Chinese Nationalists;

b. Any political action taken in the United Nations with respect to Formosa should neither directly nor indirectly set up a requirement for the employment of United States military forces without preserving the right of United States decision in the light of the situation existing at the time;

c. If the United Nations should call on the Chinese Communist Government and the Chinese Nationalist Government to desist from hostilities pending study of the problem of the disposition of Formosa and should request the United States to enforce the truce, the theater of the Unified Command under the Commander in Chief, Far East (CINCFE) should be extended to include the Formosan area. The Unified Command must not be restricted as to its actions in enforcing this truce; and

d. The United States should not agree to any United Nations solution for Formosa which might enhance the military position of the USSR in the Far East. United States agreement to the appointment of a United Nations commission on Formosa might well be the initial step in such enhancement, since the commission must consider as one of its possible solutions the annexation of Formosa by the Chinese Communist Government. The strategic consequences of a communist-dominated Formosa would be so seriously detrimental to United States security that, in the opinion of the Joint Chiefs of Staff, the United States should not permit the disposition of Formosa to be recommended in the first instance or decided by any commission or agency of the United Nations in which the United States has no voice.

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[1] This memorandum was conveyed to the Secretary of State on September 11 under cover of a note from the Secretary of Defense (not printed) wherein Mr. Johnson expressed his general concurrence in the comments set forth by the Joint Chiefs of Staff.

[2] Not printed. SFM D–7/2*c* was prepared for use in the preliminary talks for the Tripartite Foreign Ministers meeting. Its principal recommendation called for the establishment of a United Nations commission to investigate the entire question of Formosa and report to the following General Assembly.

3. The Joint Chiefs of Staff note that all proposals set forth in SFM D–7/2*c* are tentative and do not constitute fixed or final positions. They would request that they be given further opportunity to comment, from the military point of view and in light of the then existing situation, on developments, as they may occur, in the finalization of the general and detailed United States position toward Formosa.

For the Joint Chiefs of Staff:

OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

330/9–850 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET PRIORITY WASHINGTON, September 8, 1950—7 p. m.

227. Fol are Dept further views on issues raised in urtels 399 Aug 30 and 466 Sept 6 [1] and not covered in Deptel 224 Sept 7.

1. Re composition of the SC Commission to investigate Commie charges we are willing to follow majority preference and wld accept 11 SC members comm or eight-man comm suggested by Tsiang. We believe comm composed of six non-permanent SC members might be too weak. Consideration might be given to five-man comm composed of members outside of SC, e.g., Pakistan, Philippines, Brazil, Australia, and Belgium. While we appreciate Chi Govt's concern about Sov membership on comm we wonder whether presence of one or two identified Russians wld create serious problems. (Urtel 398)[2]

2. With ref to Tsiang's reported intention to veto comm. While we do not have any definite view on this matter at this time we believe real constitutional question arises as to whether US and Chi not required abstain from voting on the establishment of the Commission under the proviso of Art 27 Para 3. In the past we have consistently supported the principle underlying this proviso that party shld not be a judge in its own case. Decision to investigate in this case will be under Chapter VI and might be taken to involve US and Chi Natl Govt as parties. The fact that Commie charges against U.S, seem to allege situation under Chap VII is irrelevant for purposes of this decision. Obligatory abstention under proviso of Art 27 (3) might make it politically easier for Tsiang to accept an 11 member comm, since he cld point out to his

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[1] Not printed. It reported that the Chinese Representative at the United Nations (Tsiang) had informed Mr. Gross that the Chinese Government for basic political reasons could not accept the establishment of an 11-member commission to investigate the Formosa question and had instructed him to oppose it (611.94A/9–650).

[2] Dated August 30; not printed. It reported that Tsiang would vote against a fact-finding commission on Formosa which included a Soviet Representative, but was authorized to abstain on any vote establishing a commission composed of six nonpermanent Security Council members (794A.00/8–3050).

Govt that he had no choice and under the Charter had to abstain. These considerations emphasize importance of early indication whether seven members in addition to US will support comm and what Tsiang's final position will be.

3. The basis of our position on Formosa item as given in Deptels 192 [3] and 224 is necessity for obtaining facts. If Tsiang shld find it necessary to oppose proposal for commission designed to obtain facts he might wish to weigh possible repercussions of his position particularly if he is joined by USSR in vetoing res appointing comm.

4. In the event of a veto of proposal for SC comm, since Sov condemnatory draft res (urtel 441) [4] presumably will not receive seven votes and assuming that other proposals are not made in SC the proceeding in SC on this item wld come to an end.

5. Re possibility of Tsiang's taking the view that proposal for inviting Chi Commies to SC is subject to a veto. We believe strongly such proposal is not vetoable under the Charter, San Francisco Statement (Part I Para 2) [5] and ample precedents in SC practice. Since we ourselves will oppose such proposal we hope it will not receive required seven votes and thus double veto problem will be avoided at least at this stage.

6. You state in Para 4 of your ref tel 399 that it wld be most helpful in your consultations with other dels to have guidance on "basic US objectives regarding UN handling of Formosa".

As you know this question will be considered by the three FonMins next week and we do not believe it feasible to express specific views to other dels prior to FonMins mtg. You might, however, indicate in your discretion that we view the aspect of the Formosa problem now before the SC distinct from the question of ultimate status of Formosa. The Chi Commies charges before SC raise issues of neutralization of Formosa. We are studying the long-term aspects and are tentatively inclined to believe that they may best be handled through the GA. For your info only we are sending you by pouch a paper on Formosa resulting from preparatory Ambassadorial level discussions with Brit and French which reflects areas of agreement and sets forth questions raised for decision by FonMins at impending mtg.[6]

ACHESON

[3] Not printed.
[4] See footnote 2 to telegram 224, September 7, to New York, p. 490.
[5] Text in Department of State *Bulletin*, June 10, 1945, p. 1047.
[6] See the memorandum dated September 1, p. 477.

793B.00/9–1050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NEW DELHI, September 10, 1950—2 p. m.

609. 1. Shakabpa, Tsechag Khenchung, and J. Taringqop Niloqti of Tibetan delegation called on us September 9 for discussion latest

developments re military aid and their negotiations with Chinese Communists.

2. Shakabpa stated that Tibetan Government has taken firm decision to meet any Communist Chinese incursion with force. He said that his government wished him to express its deep appreciation of US offer of military assistance. As had been suggested, the Tibetan Government would approach the GOI to solicit its cooperation. A separate mission comprising Surkhang Depon and Khemchung Lobsang Tsewang had been dispatched from Lhasa and would arrive in New Delhi in a few days. To allay suspicion this mission had been designated as trade mission, but its real purpose was to bring full instructions from Lhasa Government and to conduct conversations re additional military aid with GOI. Detailed information re types and quantities of additional military equipment desired would presumably be supplied by new mission. As yet this question had not been raised with GOI by Shakabpa.

3. Re forthcoming negotiations Shakabpa stated delegation had called briefly on Chinese Chargé who had insisted that any conversations concerning future status of Tibet should take place in Peiping. He said no discussion of substantive nature had been had with Chargé and he anticipated that Chinese Ambassador who was expected to arrive few days would also take position that delegation should proceed to Peiping. He stated that Communist Chargé had informed him that although British had refused visas for Hong Kong, he (Chargé) believed that if new application were made visas would now be issued. He did not indicate basis for this belief. Delegation had also called on MinExtAff and on UK DepHiCom. MEA offered no encouragement and advised Tibetans that decision re place of negotiations should be made by parties and that GOI was loath to intervene. Shakabpa said that his call on DepHiCom was purely formal and that substantive matters were not discussed.

4. Shakabpa confirmed that Tibetan Government had received information concerning concentration of Chinese Communist troops at various points along eastern border among which he mentioned Jyekundo, Nagchen, Degegonchen, and Batang. He stated no estimate concerning size of these forces available. He understands that General Liu Po-Chen is commanding part of forces from the district along eastern bank Yangtze River. Delegation has also heard reports of Chinese Communist military preparations in Sinkiang presumably directed against northwestern Tibet, but no official word has been received from Lhasa on subject. Mixed Chinese-Tibetan forces collected along eastern frontier would, in Shakabpa's opinion, be able to operate without further acclimatization, and weather conditions during next five months would not prevent military operations.

5. Shakabpa indicated disappointment at attitude of GOI which had reiterated view that it considered Tibet under Chinese suzerainty but with local autonomy. He said that under terms of British Tibet agreement signed immediately after failure of Chinese to ratify the Simla Convention of 1914, British Government had agreed to withdraw its recognition of Chinese suzerainty over Tibet. Other provisions of this agreement, he intimated, obligated GOI—at least morally—(as successor of British) to participate in any negotiations on this question but he had no anticipation that they would do so. (British have of course repeatedly recognized Chinese suzerainty and Embassy finds nothing in secret detailed historical reviews of Tibetan-Chinese-British negotiations, which UKHC has given us copy, to warrant such interpretation.)

6. Shakabpa requested our opinion as to present attitude of GOI. He was informed that we believed GOI anxious that differences between Tibet and China be settled by peaceful means and that GOI has been urging Peiping Government to negotiate. We did not know how far GOI might be willing to go in giving further concrete aid to Tibet should military need or conflict develop. We suggested position of GOI would probably be clarified in forthcoming discussions re military aid.

7. In response to our questions concerning demands which Peiping Government has made upon Tibet, Shakabpa said no formal demands had been received; that information concerning intention of Communist China Government to "liberate" Tibet had been received chiefly from radio broadcasts and through private channels. He said these announcements included promises of non-interference with local administration and religion, but he was extremely vague and doubtful as to scope of local autonomy which he believed Peiping Government really intends. As regards the aims of the Tibetan Government in the forthcoming negotiations, he was at first reluctant to make positive statement, but finally stated that what Tibet wanted was independence. It seemed obvious that (*a*) Tibetans fear consequences outright claim or demand for independence, i.e., that it would provoke Chinese Communists and perhaps alienate GOI, but (*b*) they want to convey impression of their firm intention to achieve this goal, if necessary by fighting all perhaps in ultimate hope of preserving *status quo*.

Subsequently Embassy heard (from Roberts UKHC) that Tibetan delegation talked to Bajpai September 8 in terms of preserving autonomy but later same day saw Nehru and voiced desire for independence. Roberts indicated GOI would be happy see Tibet autonomy preserved but expressed uncertainty about extent GOI assistance to that end.

HENDERSON

Editorial Note

The United Nations Security Council met on September 11 from 3:00 to 6:35 p. m.; for the record, see U.N. document S/PV.499. After prolonged discussion, the Council voted on the Soviet draft resolution (S/1759) calling for an invitation to representatives of the People's Republic of China to sit in on sessions dealing with the "Complaint of bombing by air forces of the territory of China." The resolution failed of adoption for lack of seven affirmative votes. The vote was six in favor (France, India, Norway, U.S.S.R., United Kingdom, and Yugoslavia) to three opposed (China, Cuba, and United States), with two abstentions (Ecuador and Egypt).

Editorial Note

The United Nations Security Council met from 3:00 to 7:20 p. m. on September 12; for the record, see U.N. document S/PV.501. Shortly before the conclusion of the meeting, the Council voted on the United States draft resolution (S/1752) calling for an investigation on the scene of the complaint of bombing of Manchuria. It was rejected because of a Soviet veto, with seven in favor to one opposed (U.S.S.R.), two abstentions (India and Yugoslavia), and one member not voting (China). Then the Soviet draft resolution (S/1745/Rev.1) condemning the United States for the alleged bombings was defeated by a vote of one in favor (U.S.S.R.) to eight opposed, with one abstention (Yugoslavia), and one member not voting (China).

One further communication was received by the Security Council in September from the People's Republic of China dealing with a charge of bombing of Chinese territory (S/1808). The United States admitted that an inadvertent attack might have occurred, expressed regret, and offered to pay compensation if an on-the-spot inquiry established that an attack had taken place (S/1813). Subsequently, on October 2, the United States reported that its own investigation indicated an overflight of Chinese territory had occurred on August 27 along with a firing on a Chinese airstrip (S/1832).

No further Security Council meetings were held on this subject. For later documentation relating to United States efforts to settle the matter outside the United Nations, see volume VII, pages 731 ff.

396.1–NE/9–1150

The Acting Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, September 13, 1950.

DEAR MR. SECRETARY: I wish to acknowledge with appreciation your letter of September 11, 1950 to the Secretary of State which attached certain views of the Joint Chiefs of Staff on Formosa. While the Department of State is in general accord with the views expressed by the Joint Chiefs of Staff, it wishes to make two comments by way of clarification:

a. It is assumed that any directive which would be issued to Commander in Chief, Far East (CINCFE) in relation to the situation discussed in paragraph 2*c* would be carefully considered by the United States Government in the light of any action taken by the United Nations. Since the situation is hypothetical at this point, it does not seem profitable to attempt to go into details but it would appear unlikely that the United States Government would wish to issue a directive to one of its Commanders without any restrictions whatever on his course of action.

b. The Department of State accepts fully the objective of preventing the enhancement of the military position of the USSR in the Far East, as set forth in the first sentence in paragraph 2*d*. The remainder of that paragraph is concerned with the techniques of negotiation, on which the Department of State will have the views of the Joint Chiefs of Staff in mind. When a matter comes before the United Nations, it is to be expected that the United Nations would use the procedures most adapted to effective consideration of the problem. No single government can guarantee the procedures which might be adopted. It would not be possible to exclude all procedures in which the annexation of Formosa by the Chinese Communist Government might arise. That issue would arise if the matter were handled by diplomatic negotiation, in connection with the Japanese peace treaty, in the United Nations or, indeed, even if the United States should make an effort not to discuss the matter at all. Our purpose must be to meet the issue of Formosa and seek to have it settled on terms agreeable to the United States.

Sincerely yours, JAMES E. WEBB

611.94A/9–750 : Telegram

The Acting Secretary of State to the Embassy in China

SECRET WASHINGTON, September 13, 1950—5 p. m.

237. Re urtel 352 Sep 7. In acceptance UN investigation of charge US aggression, due note was taken that complaint was made by Chi Commie regime. Both by precedent and construction of Charter there

existed good reason to accept investigation. Any US attempt block consideration of complaint might have been seized upon by Chi Commies as pretext either for aggression in Korea to grave detriment UN position there or for early launching attack on Formosa which it is US policy to prevent. Debatable legal points aside, US attempt to interdict investigation wld have led to open controversy and confusion in SC, wld have reduced our international polit support, and in any case wld probably not have prevented reference question to GA. Great propaganda value vis-à-vis Asia in particular wld have been extracted by Commie bloc from US opposition to investigation, without any corresponding benefit (outside perhaps Formosa) to US, which is now in position reap some advantage from showing baseless grounds of complaint.

Appointment of commission for investigation, which we advocate, wld limit debate in SC and perhaps avoid appearance Commie Reps before latter body.

Above comment for ur background in any discussions of question with FonOff.

FYI. Admittedly, such investigation wld diminish flush of Chi Nats enthusiasm which followed US decision prevent attack on Formosa. However, we have not taken position in full support of Nat Govt and grave risks assumed by US in defense of internatl security must in justice to this country have as counterpart freedom for US to offer proof to world opinion that our action not taken either for purpose our own aggrandizement or involvement in polit situation in China. That is in fact the case. Chi Nats might well consider, from standpoint defense of Island, whether our Seventh Fleet action with any attendant investigation by UN wld be less advantageous to them than absence of both. Likewise, we wld question whether Nats morale as result of UN decision investigation wld be lower than it was prior to our commitment Seventh Fleet; if so, interesting commentary wld be provided on relation of their resolution to their capabilities. Re Taipei AP despatch Sep 9, it appears here doubtful Nats wld have preferred Seventh Fleet to keep out of way in order permit hostilities continue. Are they unprepared credit presence Fleet and ltd aid with being counter-balance of at least equal value to Commie moves? Pls comment.

Since indications are that Korean hostilities will be prolonged for considerable period, we are not in position to make comments on future developments, which wld necessarily be speculative and cld not constitute a commitment. Matter is now before UN and to our own thinking this medium offers best possibility in sight for equitable, pacific

solution of issue. Chi Govt getting best deal possible in circumstances and shld, as we must, address itself to immed tasks at hand.

Material outlining more fully Dept's thinking on problem being pouched for ur background info.

WEBB

611.93/9–1450

Memorandum Handed by Sir Esler Dening of the British Foreign Office to the Assistant Secretary of State for Far Eastern Affairs (Rusk) in New York on September 14, 1950 [1]

SECRET

EXTRACT FROM REPORT OF INDIAN AMBASSADOR'S CONVERSATION WITH CHOU EN-LAI ON THE 9TH SEPTEMBER

In reply to Pannikar's arguments about the necessity for restraint and in particular for avoiding unnecessary provocation of the United States of America, Chou En Lai had replied that the United States of America were quite as much at fault as China in regard to public polemics and propaganda. The American press was far more outspoken in condemnation of the Chinese Communists than the Chinese press in condemnation of America. Moreover, the Chinese people felt strongly about the bombing of Chinese territory, about the American position in regard to Formosa and United States support for the Kuomintang. While China certainly wished to enter the United Nations and while she had no desire to make the task of friendly governments more difficult, complete silence on her part would be rather one-sided as long as the American press was continuing to attack her. Pannikar concluded this section of his report by recording his view that there would be no immediate change in Chinese propaganda but that he expected the tone to grow gradually more moderate.

Pannikar reported that Chou En Lai had attached great importance to Peking representatives being allowed to sit in at the Security Council when the Chinese complaints in respect of the bombing of Manchuria [2] and the American action in Formosa were discussed. Pannikar had replied that India had made it clear that she would vote in favour and that he had every reason to suppose that the United Kingdom would also do so. Bajpai commented that there was no further action which could be taken on this point.

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[1] Both men were in New York as advisers to the delegations of their respective countries at the Tripartite Foreign Ministers meeting.

[2] See the editorial note on the Security Council meeting of September 11, p. 496.

795.00/9–1450

United States Delegation Minutes of the Fourth Meeting of the Foreign Ministers of France, the United Kingdom, and the United States

SECRET NEW YORK, September 14, 1950—3 p. m.

SFM Min–4

[Extract] [1]

. . . . . .

Formosa

MR. ACHESON opened the discussion on Formosa by stating that the objective was to find a procedure which would minimize the different views and would avoid bringing the Formosa problem to a crisis. Perhaps in this way the crisis would never develop. One possibility would be for a friendly country to raise the question of the future of Formosa under Article 11 (2) or Article 14 of the Charter. A UN committee could then be appointed to investigate the problem and make a report to the next meeting of the General Assembly. In response to questions from the other Ministers, Mr. Acheson pointed out that the United States planned to handle questions about Formosa and Korea in two ways: cases of alleged United States aggression against Formosa and Korea would be dealt with in the Security Council, while questions about the future of the two countries should be discussed in the General Assembly. If, as expected, a charge of United States aggression against Formosa is discussed in the Security Council on September 18,[2] the United States plans to suggest that a commission be appointed to investigate the situation in the same way as on September 7, the United States handled the charge of the Yalu River bombing.

MR. BEVIN explained that his reservations about supporting the United States' proposal on this question were due to a misunderstanding that the United States would attempt to postpone discussion of the subject in the Security Council. Mr. Bevin had thought that such a tactic would create an extremely difficult situation for Sir Gladwyn Jebb, President of the Security Council. Mr. Acheson's explanation had removed any reservations he had.

As Mr. Schuman had no objections, the United States' proposal was agreed upon by the Ministers. Mr. Bevin and Mr. Acheson also agreed on the necessity for close consultation with regard to the procedure for placing this agreed course of action into effect, since the governments

[1] The complete text of these minutes is scheduled for publication in volume III.
[2] See footnote 1 to telegram 569, September 18, from New York, p. 509.

had often agreed to a course of action and then found themselves in different positions as a result of different procedures for implementation.[3]

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[3] The Tripartite Summary Minutes of this portion of the meeting read as follows:

"II. *Formosa* (Agenda Item VII C)

"7. The Ministers *agreed* to the following proposals put forward by Mr. Acheson for handling the question of Formosa in the United Nations:

"(1) A friendly state should raise the question of Formosa in the General Assembly under either Article 11.2 or Article 14.

"(2) A U.N. Commission on Formosa should then be appointed to study and make recommendations to the next session of the General Assembly.

"(3) It might also be desirable for the General Assembly to decide upon a declaration calling on all parties to refrain from any hostile action while the matter is under study." (Lot File M–88: Box 152)

793.5 MAP/9–1550

Memorandum by the Acting Deputy Director, Mutual Defense Assistance, Department of State (Bell), to the Director of the Office of Military Assistance, Department of Defense (Lemnitzer)

TOP SECRET

WASHINGTON, September 15, 1950.

MEMORANDUM FOR MAJOR GENERAL L. L. LEMNITZER, DEPARTMENT OF DEFENSE

Subject: Political and Economic Factors Indicating the Amount and Character of MDAP Aid to the Chinese Government.

The Department of State calls to the attention of the Department of Defense the following political and economic factors which will have to be taken into account in determining the amount and character of MDAP aid to be furnished to the Chinese Government.

1. The aid to be furnished, pursuant to the recommendation of the National Security Council, should be designed to contribute to the defense of Formosa, and not to develop the Nationalist military potential for a possible mainland invasion.

2. It should be noted that it is implicit in the attitude of various governments, and explicit in British policy, that our aid should be in the spirit of the projected neutralization of Formosa.

3. Estimates of the scale of grant military assistance to the Chinese Government should take into consideration the will and capacity of the Chinese Nationalist politico-military organization in its present condition (including the Chinese Nationalist military and governmental chain of command as well as the armed services) to absorb and utilize effectively for military purposes United States supplied material. The United States should satisfy itself that the Chinese are

willing and able to put to good use all equipment furnished, lest U.S. supplied items be stockpiled on Formosa and possibly seized by the Chinese Communists in the event of an invasion.

4. A careful survey of existing stocks should therefore be a precedent to the final determination of Chinese needs. This survey, which CINCFE presumably has undertaken or will undertake, should include all military supplies and equipment on Formosa, whether now in the hands of the Chinese armed forces, or crated and lying idle under the control of BOSEY, the Central Bank, or other governmental or semi-governmental organizations. Such a survey should reflect the view of the respective United States Service Attachés in Taipei.

5. All shipments under the $125 million grant were consigned to Taiwan after December 1949, at the request of the Chinese Government. Prior to that time approximately 160 million worth of matériel had been shipped, with a substantial portion of these shipments consigned to Taiwan. In addition, the Chinese have been steadily procuring arms from commercial sources in this country with their own funds. There follows a listing of the most significant military items delivered to Formosa during 1949:

Rifles, Cal. .30	123,000 each
Browning Automatic Rifles, Cal. .30	8,800 each
Thompson Sub-machine Guns, Cal. .45	5,300 each
Johnson semi-automatic rifles, Cal. .30	8,200 each
Johnson Machine Guns	880 each
Aircraft machine guns, Cal. .30 and .60	380 each
Guns, 37 mm. and 70 mm.	530 each
76 mm. Howitzer motor carriages	200 each
Sherman tanks (from the UK)	30 each
Light tanks	100 each
Scout cars	100 each
Ammunition, Cal. .30	65,000,000 rounds
Ammunition, Cal. .45	9,000,000 rounds
Small Arms Ammunition (from Spain)	1,000 tons
Rockets, RE, 2.36°	70,000 rounds
Shells, 37 mm.	70,000 rounds
Shells, Mortar	75,000 rounds
Bombs, various categories	17,600 each
Shells, 20 mm. and 40 mm.	44,000 rounds
AT–6 Aircraft	20 each

Indications are that little of this matériel was reshipped from the Island. The Chinese Government also acquired considerable stocks of arms from the Japanese on Taiwan after the war, and claims to have evacuated large amounts of matériel from the mainland, Hainan, and the Chousan Islands as those areas fell to the Communists.

6. The evidence available indicates that the Chinese Nationalists

already have at their disposal much, if not most, of the basic matériel required for the Island's defense. If this information is valid, it would follow that any new program of United States military assistance on a grant basis to the Chinese Government should concern itself primarily with the filling of known important deficiencies in spare parts, ammunition, and maintenance equipment or services.

JOHN O. BELL

693.93B/9–1550 : Telegram

The Acting Secretary of State to the Embassy in India

TOP SECRET WASHINGTON, September 15, 1950—7 p. m.

396. Totib. Reurtel 525 Sept 1.[1] Tibetans have already been informed our willingness assist procurement and financing milit matériel. Dept still considers steps indicated Deptel 104 July 22 constitute best approach and emphasizes desirability Indians supply Tibetan needs in so far as possible. GOI agreement facilitate delivery in any case absolutely essential to provision matériel by US. Dept assumes first activities Tibetan Del to Delhi will be along these lines.

If GOI unable or unwilling meet Tibetan requirements but willing permit transit matériel from abroad detailed realistic list Tibetan requirements taking into account facilities for transport Tibet wld be needed. Dept assumes this list might be prepared by you in consultation with Tibetan Del with assistance milit attaché.

Dept has already indicated willingness supply radio transmitter under conditions set forth Deptel 48 Jul 11 [2] and awaits Tibetan action this offer. Dept considers direct exchange coded communications between Lhasa Washington by radio impractical and believes you shld point out to Tibetans this contrary general internatl practice, emphasizing desirability Tibetans continue use Emb Delhi or ConGen Calcutta as communications channel.

Dept presumes little danger Indians will suspect us of ulterior motives re Tibet but assumes you ready allay any fears that might arise that score. Our desire remains to have India assume and keep primary responsibility for assisting Tibet.

Special internal unnumbered indicator Totib shld be used as first word of text of all tels above subj to or from Dept.

WEBB

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[1] Not printed. It forwarded a request from the Tibetan Government in Lhasa for United States military aid.

[2] See footnote 1 to telegram 96, July 15, from New Delhi, p. 376.

330/9–1550 : Telegram

The Acting United States Representative at the United Nations (Gross) to the Security Council

SECRET PRIORITY NEW YORK, September 15, 1950—7 : 27 p. m.

551. Report of developments re establishment of SC commission on Formosa complaint and related matters.

1. Confirming my telecon with Bancroft,[1] I had lengthy, inconclusive discussion with Quevedo (Ecuador) re his government's position on inviting Chinese Communists to table during SC consideration Formosa question. Stating he had instructions from his government to vote in favor of invitation to Chinese Communist representative to attend SC sessions under rule 39, and frankly admitting his strong personal agreement with his government's instructions, Quevedo was anxious to explain reasons for Ecuadoran position. As small L.A. state, which itself had been invaded nine years ago, his government and people attached utmost importance from standpoint of national security that SC door always be wide open to complainants of aggression or invasion. Liberal parties in Ecuador would strongly criticize action by Ecuadoran delegate in SC inconsistent with this fundamental principle. Ecuador went to limit in abstaining on vote to invite Chinese Communist representative to table in connection with the Yalu River bombing complaint and had been strongly criticized for doing so. In that case a way out was found on basis that US had offered to pay indemnity, thereby recognizing its obligation in advance in event of adverse finding by a commission of investigation. However, even this was considered by Ecuadoran Government to be tenuous and artificial distinction.

At the same time Ecuador, fully realizing importance of matter to US and possible bearing upon Korean war, was anxious not to take position adverse to our interests, particularly because of their realization they would be 7th vote. I explained fully seriousness of problem from our standpoint, stressing political and strategic factors leading us to conclusion that it was neither necessary nor desirable at this stage of Formosan case to invite Chinese Communists under rule 39. In addition to outlining points made paragraph 4, Deptel 224, September 7, I pointed out possibly confusing consequences upon Chinese representation issue in GA if Chinese Communist delegation were actually at Lake Success during opening phases of Fifth Assembly. Latter point appeared to impress Quevedo, who was also impressed by argument that we were not advocating denial of forum but rather

[1] Harding F. Bancroft, Director of the Office of United Nations Political and Security Affairs.

selection of more appropriate means of taking testimony; i.e., before a fact-finding commission.

Despite all the foregoing, however, Quevedo made clear serious problem his government facing. As way around dilemma, we discussed possibility of postponing SC vote until after Chinese Communist representation issue had clarified itself in GA. Quevedo seized upon this, saying he felt we might be in a better position to discuss the matter again after GA had decided Chinese representation problem one way or the other.

Quevedo reiterated his government's willingness to support fact-finding commission but was unwilling to sponsor resolution on ground it was known to be US idea and hence Ecuadoran sponsorship would simply be assailed as a satellite operation.

Comment: Tactic of delaying vote September 18 appears to us to offer best visible solution for present. Although we have no assurance that Ecuador will indeed change its position, there is a possibility that it may be prevailed upon to do so after GA vote has shown the sentiments of UN majority against taking any action at this time which might enhance prestige Chinese Communists at expense of UN effort in Korea. Ecuador Government would then have added justification for following our lead.

2. Following discussion with Quevedo, I requested Jebb to place complaint of aggression upon Korea as item 1 on the agenda for September 18 meeting, which he agreed to do. Jebb, who had been present at fourth FM meeting on Thursday afternoon, September 14, said that UK and French FonMins favored SC reaching vote upon Chinese Communist invitation at September 18 meeting. Jebb indicated Fon Mins believed invitation would be defeated, apparently being unaware of Ecuadoran position. For the moment I did not think it appropriate to advise Jebb of Ecuadoran position.

Re fact-finding commission, Jebb said Bevin had not considered matter. However, Jebb has talked to Dening and does not think UK will support proposal. Apparent UK objections are: (1) They do not perceive such a commission would serve any useful purpose; (2) It is "not evident what it would investigate"; and (3) UK does not believe commission proposal should be considered or acted upon in absence Chinese Communist representative. Jebb repeated Bevin "had virgin mind on subject."

Comment: It appears from foregoing that in order to obtain UK support, it may be necessary for Secretary to speak with Bevin and to this end I suggest Department brief Secretary without delay. It will be apparent from summary at end this message that without UK support there will not be seven votes in favor of resolution.

3. Bebler (Yugoslavia) advised me in discussion today he had instructions from his FonMin that Yugoslavia could not back proposal

to establish 11-member fact-finding commission and would vote against any commission which included in its composition Chinese Nationalist Government representative.

4. Sunde (Norway) "sees no objection to commission" and will vote for it. At my request he agreed to consider sponsorship but expressed doubts that Lange would permit him to do so because Norway did not perceive that "there were any facts in dispute" and was not enthusiastic about the commission idea. Moreover, Sunde assumed idea would be opposed by Peiping regime and would be vetoed by USSR.

5. I discussed fact-finding commission with Chauvel (France) and received his commitment to support.

6. Fawzi (Egypt) advised Hyde today Egypt does not like the commission idea well enough to sponsor it and refused to commit himself definitely to vote for it. At the moment Egypt must therefore be listed in the doubtful category.

7. Blanco (Cuba) advised Hyde view of Cuba was to vote against commission inasmuch as Cuba had voted against placing item on agenda. Hyde persuaded him to reconsider and Blanco agreed to discuss matter with Cuban Minister in NY on Sunday.[2] Accordingly, Cuba must also be placed in doubtful category.

Comment: Summary of apparent voting situation re fact-finding commission.

(*a*) In favor: US (unless we abstain under article 27), Ecuador, Norway, France.
(*b*) Opposed: China, Yugoslavia, USSR (probably), UK (probably).
(*c*) Doubtful: Cuba, Egypt, India (uninstructed with Rau out of town until Monday).

GROSS

[2] September 17.

330/9–450 : Telegram

The Acting Secretary of State to the Embassy in India

TOP SECRET PRIORITY WASHINGTON, September 16, 1950—1 p. m.

405. Urtel 551 Sept 4 and with particular ref to landing UN forces Inchon, situation in Korea has reached critical stage for aggressors. Pls approach Bajpai early opportunity and state that in US opinion it is of utmost importance for Chi Commies themselves that they avoid intervention in Korean hostilities. Present change mil situation indicates UN may be able restore peace quickly in Korea and on the record of UN debate and action, it cld be expected that UN patently wld view with grave concern Chi Commie intervention. Say that we feel it might well serve purpose of preventing extension of war if Bajpai wld have Pannikar communicate this info to Peiping leaders. Such expression views wld of course be more effective if Bajpai were to com-

municate views as India's own (assuming his views to be in accord with ours) or at least associate GOI with them. US wld be happy have Bajpai consent do so.

Chi Commies cld be assured character of UN action and continued UN interest in Korea wld constitute solid guarantee that no threat wld come to China from that area in event peace restored along UN lines.

WEBB

611.94A/9–1650 : Telegram

The Chargé in China (Rankin) to the Secretary of State

SECRET TAIPEI, September 16, 1950—4 p. m.

388. Responsive Department's request for comment certain points raised Deptel 237, September 13, following observations ventured in hope of demonstrating Department's and Chinese Government positions much closer together than may have appeared.

1. To our knowledge, no responsible Chinese official and no significant faction public opion would wish Seventh Fleet mission cancelled under present circumstances. Local reaction to President's remarks at press conference August 31 is ample confirmation.

2. Chinese hold above position despite fact that US action begun June 27 has so far contributed to no permanent strengthening Chinese military forces on Formosa, while at same time preventing any interference with concurrent and substantial build-up of Chinese Communist preparations for invasion (mytel 339, September 2, transmitting memorandum from Foreign Minister).

3. There is appreciation in Chinese official circles of US position on proposed Formosan investigation, coupled with hope US will appreciate delicacy of situation here which prospect of such investigation has brought about. While not expecting US actively block consideration of proposal Chinese Government hopeful we will not only avoid sponsoring it but overlook no suitable opportunity to allow project either to die or take innocuous form. Chinese Government instructions to its SC representative simply to abstain if proposal comes to vote is evidence of reasonable official attitude.

4. US course hoped for by Chinese Government scarcely of nature to provide pretext Chinese Communist aggression. In any case, well established Communist pattern of action based upon more substantial motivation and uses tangible or manufactured pretexts almost solely for propaganda.

5. Whatever precise US position with reference to support Nationalist Government, success of Seventh Fleet mission is dependent to important degree on maintenance technical effectiveness and morale of Chinese Armed Forces. NSC decided sometime ago Formosa could not be held without use of US ground forces. Since then, Communist air, sea, land preparations against Formosa have advanced substantially. Evidently, it is more important than ever that US should strive to avoid, and whenever possible prevent steps liable foster uncertainty, alarm, or dissension among Chinese forces, thereby inviting Chinese Communist attack and contributing to its possible success.

RANKIN

793.5 MAP/9–1850

Memorandum by the Acting Deputy Director, Mutual Defense Assistance, Department of State (Bell), to the Director of the Office of Military Assistance, Department of Defense (Lemnitzer)

TOP SECRET WASHINGTON, September 18, 1950.

Subject: Military Assistance to the Chinese Nationalist Forces on Formosa.

Reference is made to your memorandum of September 16, 1950,[1] same subject, recommending an initial program of U.S. grant military assistance to the Chinese Nationalist Government at a total estimated cost of $9,752,000.

The Department of State is prepared to accept the supply priority recommended by the Department of Defense for this initial list of items to be furnished to the Chinese Nationalist Government, such priority being immediately above that of grant military assistance to Indochina. It should be understood that this priority arises from the mission now assigned to the U.S. Seventh Fleet; if that mission is changed the Department of State would wish to review the priority as between Formosa and Indochina. The Department of State notes with satisfaction that the program will be arranged in such a way as to cause minimum dislocation of supply to the European NATO countries.

The Department of State approves the initial program as specified in enclosure A [2] of your memorandum in the amount of $9,752,000, on the condition that this program conforms with the principles set forth in my memorandum dated September 15, 1950, entitled "Political and Economic Factors Indicating the Amount and Character of MDAP Aid to the Chinese Government". Necessary funds for this program were allocated to the Department of Defense by the President on August 25, 1950.[3]

JOHN O. BELL

[1] Not printed.

[2] Not printed. The specified items included rifles, machine guns, grenades, and mortar and artillery shells.

[3] See footnote 4 to NSC 37/10, August 3, p. 414.

330/9–1850 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, September 18, 1950—3 : 47 p. m.

569. From Gross. At noon today Quevedo advised me he had just received instructions from his government to vote in favor of inviting Peiping representative in consideration Formosan complaint. How-

ever, Quevedo added the important fact that he was instructed not to cast his vote today because of the point of view I had expressed to him concerning the unfortunate timing implicit in bringing Chinese Communists to SC on eve of GA opening.

Quevedo agreed that if we managed to avoid coming to a vote on question today,[1] he would talk again with me later in week and discuss the matter in light of GA developments re Chinese representation question. He added to what he had told me before about the difficulty of the position of his government that it did not possess Parliamentary majority at present time and was under very heavy fire from left wing groups who were particularly critical of Quevedo's abstention in vote on inviting Chinese Communists in connection with SC consideration Yalu River bombing complaint. Quevedo added he himself was under very heavy personal attack. At the same time Quevedo stressed desire his government to take full note and account of effect upon US position of inviting Peiping representatives to SC meetings for any purpose at present time.

Later in week it will probably be helpful if Department sent another message to Quito, and we will advise when we think it is timely to do so. [Gross.]

AUSTIN

[1] When the Security Council met on September 18, it decided, over the objection of the Soviet Delegate who wished to take up the question of the complaint of aggression against Taiwan, to consider the question of aggression against the Republic of Korea. Consequently, no vote was taken on the matter discussed in the above telegram during the meeting on September 18. The Council then adjourned and did not convene again until September 26. For the record of the meeting of September 18, see U.N. document S/PV.502.

794A.00/8–1850

The Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Governor of Taiwan (Wu)

WASHINGTON, September 19, 1950.

MY DEAR GOVERNOR WU: Your letter of August 18, 1950[1] has been received and I wish to express my appreciation for your comments upon certain aspects of the situation on Taiwan. Ambassador Koo has called upon the Secretary and me since his return and we have also found of considerable interest his own observations on conditions in Taiwan.

Your description of the endeavors being made to carry out free elections was informative and, I must say, encouraging. You are, of course, fully aware of the importance which we attach here to popular suffrage and representative government. While it might be possible theoretically for government to be good, or at least effective, without

[1] Not printed.

popular participation, the record shows that government does not in fact continue good for very long without it. Taiwan, particularly because it is of manageable dimensions, affords a happy opportunity for the progressive development of a truly popular government.

The matter of personal and political liberty under the rule of law is equally important and, at the moment, perhaps even more exigent than that of electoral procedures. This is particularly true because of the spotlight now being thrown by international agencies on guarantees of human rights, and the increasing emphasis which the free countries are placing on this aspect of their system as a mark of differentiation between them and those countries which suppress the basic freedoms. I need hardly mention to you the deeply adverse effect which reports of mass arrests and executions by extralegal processes always have in this country. The expression of your particular interest in this question and your intention to use the fullest measure of your influence in orderly and legal procedures is therefore gratifying. In this sort of thing the road is always uphill and the fight for due process of law, even in those countries which have long enjoyed stability, frequently has to be renewed. Here again, as you indicate, any success achieved on Taiwan will be a long step forward for the Chinese people generally.

With reference to your proposal for a $30,000,000 currency stabilization fund, I believe you will now have received my letter of August 25, 1950 commenting on the matter.[2]

It is always a pleasure to hear from you. I send best wishes.

Sincerely yours, DEAN RUSK

[2] Mr. Rusk's letter, not printed, adverted to the lack of sympathy in the Economic Cooperation Administration for such a fund and stated that, in the circumstances, the Department of State did not wish to recommend approval to either the ECA or the Export-Import Bank. The letter concluded with an expression of hope that progress would be made toward stabilization of the Taiwan economy in the coming months with the increased flow of anticipated assistance from the United States. (794A.00/8–1850)

794A.00/9–1950

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (Clubb)

SECRET [WASHINGTON,] September 19, 1950.

Subject: Projected Submission of Formosan Question to UNGA

Participants: Dr. V. K. Wellington Koo, Chinese Ambassador
Mr. Rusk, FE
Mr. Clubb, CA

Mr. Rusk remarked that there was considerable weakness in our relationship to Formosa, deriving from the circumstance that our

action of June 27 respecting Formosa had been unilateral in character. It was important for both Formosa and the United States that readiness be shown to have the matter considered at any time by the UN, this because of the need for international support for the present position. The U.S. considered that the Formosa question should properly be settled by peaceful means. The acceptance of this principle would not prejudice the actual settlement. The acceptance of the principle was the beginning, and pending the working out of that principle there could be maintenance of the *status quo*. Ambassador Koo should know that it was proposed that the United States Delegation would submit the matter to the UNGA, the U.S. needed international support for its present position, and the consensus of opinion was that the problem could be handled effectively only through the medium of the GA. In the UNSC we were confronted by the threat of a Soviet veto. In the UNGA there might be established a commission for study of the question, with maintenance in the interim of the present status.

Ambassador Koo asked at this point whether such commission would consider the final disposition of the problem. Mr. Rusk said that the basic idea was that Formosa was not to be fought over, that only peaceful means should be used for settling the problem. He realized that there were certain misgivings in Taipei respecting the matter. This was inevitable, but the present situation had in it elements of grave danger and it was necessary to attend to it. It was considered that a long-term solution would be facilitated by introduction of the matter into a parliamentary framework.

Ambassador Koo admitted that there were in fact misgivings in Taipei respecting the question. Mr. Rusk, in further clarification, referred to the President's statement of June 27 and the placing of the Seventh Fleet in the Formosa strait, and observed that the President himself had delineated possible lines for a future settlement. The United States itself was content to put the matter on ice and have it in a frozen state, but both our opponents and some of our friends were inclined to question this freezing. As things stood, there remained the possibility of outbreak of hostilities. This was unacceptable to us and to the American public. It was our desire that the matter be handled by peaceful means.

Ambassador Koo referred to the President's recent press statement that the Seventh Fleet might, in due course, be withdrawn. He assumed that this was an off-hand, unprepared reply. This statement and the proposal that the question of Formosa be submitted to the UN had added to the concern of the National Government. He asked whether the proposed submission of the question to the UN resulted from conclusions reached in the Three Ministers' Conference. Mr. Rusk said that the American action had not been determined by

consultation with any other Government: it resulted from a concensus of opinion that this was the best procedure to follow. There was much sympathy for the Nationalists and there was the necessity that violence be avoided. Only so would the Nationalists get sympathy and support for their position on Formosa. He remarked that this was different from the question of Chinese representation and said that other Governments, including friendly Governments, might take differing positions regarding both (1) whether Formosa belonged to China and (2) whether China was properly represented by Peiping or the National Government.

Ambassador Koo asked whether the introduction of the matter into the UN might lead to a prolonged debate of the subject. Mr. Rusk replied that the Formosan problem was hardly a question which could be settled in the present session, that it was probable that it would be necessary to establish a commission to deal with the matter, that the United States particularly was not interested in pressing for prompt action. Mr. Koo asked whether the proposal for the establishment of a commission was based on the concept that it should be for the purpose of performing an inquiry or for observation or whether it was for the purpose of "gaining time". Mr. Rusk admitted that part of the purpose might be to gain time, but observed that it obviously would not be submitted to the UN in those terms. He remarked to Mr. Koo confidentially and not for submission to his Government that no one could state what Moscow planned in the present circumstances, and it was therefore important that tension be reduced by a reduction of possible points of conflict. Respecting Formosa, the United States would fight if the Commnists launched an attack; however, it was to the advantage of both Formosa and the United States if the international community could determine the matter without the occurence of fighting. It was thus that there would be obtained a greater measure of international support. The United States was without an established pattern for the future of Formosa. Likewise we were not indicating what the Chinese attitude should be. It was only felt that there should be adherence to pacific means for the settlement of the questions in point.

Mr. Koo said that there was Nationalist dislike of the visit at this time of any UN commission for the study of the status of Formosa. He asked whether there was a fixed U.S. view on the position the National Government should assume. Mr. Rusk replied, noting that his observation was purely personal, that he thought it would be better tactically for the National Government to welcome a commission, to make Taipei attractive to the visitors, and expressed the opinion that such a visit might, under such conditions, be beneficial to the Nationalists. Mr. Koo remarked that much depended upon the composition of a commission, and Mr. Rusk expressed understanding of the

Nationalist point of view. Mr. Koo asked when the question might be brought before the UNGA, and Mr. Rusk said that he thought the Secretary might introduce the subject in his speech in the near future.[1] Mr. Koo said that by accepted procedure the matter would presumably have to be put on the agenda by reference to the General Committee. Mr. Rusk said that he assumed that such might be the case, but that an actual procedural approach had not yet been worked out. Mr. Koo asked whether it was not to be feared that discussion of such a question might show divisions within the non-Communist world. Mr. Rusk expressed the opinion that it was more likely that the procedure would bring about a closing of some of the existing breaches. Mr. Koo referred again to the Foreign Ministers' Conference, asking whether the discussion had had reference to ultimate disposition of the question. Mr. Rusk replied that the question came before the Foreign Ministers only as regards procedure in the UN. Mr. Koo asked whether the French and UK Governments could be considered in line with present American thinking respecting handling of the problem. Mr. Rusk said that no commitments had been made in that regard. It was only hoped that there could be peaceful solution of the problems affecting Formosa.

Mr. Rusk said that the present situation made it all the more important that Formosa follow the way laid down, he thought, by Foreign Minister Yeh, looking toward an improvement of local conditions in Formosa. Mr. Koo said that an effort was being made along those lines, but that of course it would take time.

[1] For the text of Mr. Acheson's address before the U.N. General Assembly on September 20, see the Department of State *Bulletin*, October 2, 1950, p. 523. Mr. Acheson did propose that the General Assembly take up the question of Formosa; see also the editorial note under date of September 20, p. 515.

793.00/9–1950 : Telegram

The Chargé in China (Rankin) to the Secretary of State

SECRET PRIORITY TAIPEI, September 19, 1950—3 p. m.

391. Deptel 243, September 15.[1] Chinese Chief of Staff emphatically assured Foreign Minister, who so informed me, that Nationalists have laid no mines in Yangtze Estuary subsequent June 27. Further minelaying was under discussion by Chinese navy but project opposed by Foreign Office as soon as they heard of it and navy assured Foreign Minister that no such decision taken. US Assistant Navy Attaché

[1] Not printed. It requested that an inquiry be made at the Chinese Foreign Ministry concerning possible Nationalist mining operations in the light of the recent sinking of one British merchant vessel and the damaging of another. It also reported a British complaint about a recent bombing of Amoy by Nationalist planes during which some bombs landed near the British Consulate. (793.00/9–1550)

states mines previously laid were Japanese type which would remain effective for years.

Chief of Staff also affirms no bombing objectives assigned Amoy region "about end of August," and no reports of such action. Reconnaissance carried out by unarmed aircraft but careful check being made of flight records to determine whether any bomb could possibly have been dropped around date indicated.

Foreign Office expressed incredulity concerning report of bombing. Asked Department ascertain if possible exact date and number and marking of planes involved. Stated instructions to CAF not to bomb mainland very clear.

Chinese officials could scarcely avoid noting that British report in reference telegram mentions no specific date for bombing and apparently required about two weeks to reach Department thereby coinciding with meeting of Foreign Ministers.

Department pass London priority; sent Department 391, London 8.

RANKIN

794A.00/9–1450 : Telegram

The Acting Secretary of State to the Embassy in China

SECRET WASHINGTON, September 19, 1950—5 p. m.

259. ReDeptel 214 Sept 4. Dept notes Ch'en Ch'eng at memorial service Sept 4 set forth his "administration plan" for coming year, with plan divided into pre-counter-offensive, general counter-offensive and post-counter-offensive periods. Direction Nat thinking clear to see.

US Govt's position is not in support of any Nat program to return to mainland but is aimed simply at protecting Formosa from attack. As you will appreciate handling of matter in UNSC and UNGA in effort to achieve pacific settlement of problems centering on island is delicate operation, with many complications posed by reasons attitudes of powerful friends US and China, particularly UK and India. Actions taken by Nat Govt prejudicial to pacific solution problem cld in opinion US Govt hardly work otherwise than to detriment Nat Govt itself.

Above for background in ur conversations with Nat officials.

WEBB

794A.00/9–250 : Telegram

The Acting Secretary of State to the Embassy in China

SECRET WASHINGTON, September 20, 1950—12 noon.

264. Re urtel 339 Sept 2. FonMin's memo was apparently effort Chi Govt obtain long-term commitments from US Govt re Formosa.

You will know from previous msgs that position Dept in present circumstances must be tentative particularly in view fact question Formosa already before UNSC and will be presented UNGA. US Govt therefore patently not in position enter into long-term commitments even if it so desired. Also as previously noted Nat Govt can be assured that our belief is UN offers best channel for peaceful, just solution problems centering on Formosa. It is by UN procedures that there wld best be handled matter of any attack on Taiwan, that is, questions relating maintenance peace, security West Pacific. Dept will endeavor support what it considers rights of Nat Govt in this general connection but is obviously unable as well unwilling now make formal unilateral commitment along desired lines. It is envisaged that UN itself might find it possible and appropriate continue with concept neutralization pending final resolution of indicated problems.

Since situation far from crystallized Dept does not contemplate formal reply Chi memo at this time. Refer you to Deptel 237 Sept 13 as well for background material for any discussions between you and FonMin re questions raised Chi memo.

WEBB

Editorial Note

On September 20, the United States Delegation to the United Nations General Assembly requested inclusion on the agenda of an item entitled "Question of Formosa" (U.N. document A/1373). On the following day, the Delegation forwarded an explanatory memorandum stating that the General Assembly "should study the general situation with respect to Formosa with a view to formulating appropriate recommendations" (A/1381). Over the objections of the Republic of China, Czechoslovakia, and the Soviet Union in the General and First Committees, this topic was included on the General Assembly's agenda as item 71 and referred to the First Committee. By the time it came up for discussion in that body, on November 15, the worsening situation in Korea caused the United States to request deferral of debate, which request was approved by a vote of 53 to 0, with 5 abstentions (A/C.1/SR.399). See footnote 2, page 573.

Also on September 20, the Soviet Delegation proposed discussion of an item entitled "Complaint by the U.S.S.R. regarding aggression against China by the United States of America" (A/1375). The Soviet Union's explanatory memorandum is printed as U.N. document A/1382. The General Assembly, with the United States voting in favor, agreed to take up this question as agenda item 70. It then referred the question to the First Committee which began consideration at its 405th meeting on November 24 (A/C.1/SR.405).

320/9–2250 : Telegram

The Secretary of State to the Acting Secretary of State [1]

SECRET PRIORITY NEW YORK, September 22, 1950—7:07 p. m.

Delga 23. Jebb as SC President has set Tuesday, September 26, for next SC meeting with provisional agenda to contain complaint of aggression against Formosa, Dixon report on Kashmir and Egyptian complaint against Israel. General Committee has today recommended to GA that Soviet item including same elements as Formosa complaint be put on GA agenda. Parliamentary situation in SC is that after hour and half translation of Malik's speech on Formosa Soviet draft resolution to hear Chinese Communists would be next order of business. Quevedo (Ecuador) confirms that he would feel impelled to vote in favor of this resolution, thereby supplying necessary seventh vote. According to our information, there would be no inclination to discuss Dixon report or Egyptian complaint.

Under these circumstances and considering the various ways in which Formosa case may develop in the GA with UK already tentatively suggesting GA commission and with at least the possibility that USSR may prefer to debate Formosan case in GA, we believe it not desirable to proceed with debate on this subject at Tuesday's SC meeting and particularly important to avoid vote on draft resolution to seat Chinese Communists.

Therefore, our immediate objective would be to suspend discussion of Formosa item either by making or inspiring an objection to this item on SC's provisional agenda or by motion to adjourn debate.

We would take the following line with friendly SC members in conversations and in statement at beginning of SC debate:

1. We have welcomed SC consideration of this item by voting to place it on the agenda;
2. By suggesting an investigation on the spot, we in effect proposed a commission to look into the charges;
3. Before the substance of this item has been debated or any suggestion of a commission considered in the SC, the matter was placed by the USSR on the GA agenda;
4. We have also supported its inclusion on the GA agenda;
5. Since the GA is now in session, it seems to us confusing to have the identical matter the subject of initial discussions in these two organs at the same time;
6. As the party against whom complaint is made, we are willing to have the matter discussed in either body and, as we have stated, are willing to have a commission investigate the charges;
7. It would create a confusing situation for SC to appoint a commission and have the commission empowered to investigate the very

[1] Mr. Acheson was in New York as head of the United States Delegation to the Fifth Session of the U.N. General Assembly.

charges which are now before the GA while the GA is discussing these charges;

8. Although originally we proceed on the theory that the SC might consider the complaint and the Assembly the question of the future of Formosa, we see certain advantages in following the procedure of combining the two which is the practical result of the Soviet action in putting the complaint on GA agenda;

9. If the SC gets into the substance of this question, in those circumstances the GA would not under Article 12 of the Charter be able to make any recommendations.

This general line will give us time to evaluate the Soviet intentions and general atmosphere of GA approach to all aspects of Formosan problems. Perhaps in a matter of days it would become apparent that USSR does not wish to pursue case in SC, in which situation the item would remain one of which SC is seized but no meetings would be held on it. On the other hand, the case might so develop that either with or without Soviet consent we would seek the introduction by a friendly member of a resolution to remove item from SC agenda. If the GA finds itself engaged in hearing Chinese Communist representatives on this or related GA topic, any drive to pursue Formosan complaint in SC may evaporate.

ACHESON

320/9–2450 : Telegram

The Acting Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL WASHINGTON, September 24, 1950—2 p. m.

312. Re Delga 23,[1] regarding tactics for SC meeting on Formosa next Tuesday.

1. Dept believes essential for US as party against whom Chi Commie complaint directed to avoid impression that we are trying to hamper normal course SC proceeding on this complaint.

2. It shld be for the majority of SC to evaluate and decide whether SC shld continue its consideration of the complaint.

3. We have proceeded on theory that SC shld consider Chi Commie complaint of aggression, the GA shld consider the general situation with respect to Formosa under our item "Question of Formosa". Soviets now placed new item on GA agenda covering Chi Commie charges. US supported inclusion of this item.

4. We welcomed SC consideration of Chi Commie item, supported its inclusion on SC agenda and suggested investigation of charges by Commission.

5. As party against whom complaint has been made, US is willing to have charges against it heard in both SC and GA. However, this in our view, would involve unreasonable duplication and create confu-

[1] *Supra.*

sion. We believe Members shld weigh desirability that procedure be so designed as to facilitate investigation and resolve charges with minimum waste of effort.

You shld discuss above views with other Dels. FYI Dept does not feel however that US itself in the SC shld make objection to having item continued on SC agenda, or propose that it shld be dropped from the agenda, or advocate any other step inconsistent with basic proposition set forth Para (1) above. It is especially desirable that we retain political advantage gained in first instance by our expression of willingness to have charges considered in accord majority will.

WEBB

330/9–2550

Memorandum of Conversation, by Mr. Eric Stein of the Office of United Nations Political and Security Affairs

CONFIDENTIAL [WASHINGTON,] September 25, 1950.

Subject: Hearing of Chinese Communists in the Formosa Case Before the Security Council.

Participants: Conversations separately with
USUN—Mr. Noyes [1]
FE—Mr. Stuart [2]

I discussed this morning with Mr. Sandifer [3] the suggestion made by FE last Friday [4] that our telegram to New York should make it clear that "an attempt to bludgeon SC majority into submission to our view that Chinese Communists plaintiffs should not be heard could hardly redound other than to the detriment of US political position." [5] I told Mr. Sandifer that after discussing the matter, we agreed to omit this provision from the telegram to New York. However, I suggested for FE and UNA consideration and alternative language along the following lines:

"We would still consider it undesirable if Chinese Communists were heard in the SC now on their charges in long debate and later again in debate on the same general subject in Assembly Committee under the Soviet item. On the other hand, since we now decided to accept the hearing of Chinese Communists in Assembly Committee on For-

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[1] Charles P. Noyes, Adviser on Security Council Affairs, United States Mission at the United Nations.
[2] Wallace W. Stuart, Acting Officer in Charge of Political Affairs, Office of Chinese Affairs.
[3] Durward V. Sandifer, Deputy Assistant Secretary of State for United Nations Affairs.
[4] September 22.
[5] Presumably the reference here is to language in a draft telegram being considered for transmission to the United States Mission at the United Nations.

mosa if they request it,[6] and attempt by us to force our view upon SC majority desirous to hear them in SC, if this issue should arise, would hardly redound other than to detriment to the US political position. Consequently in your discussions with other Delegations you should *not* connect question of hearing Chinese Communists in SC with question of discontinuing SC debate on Formosa item. Our position should be based on unreasonableness of duplication of proceedings in two UN Organs as indicated in Deptel 312."[7]

Both Mr. Sandifer and Mr. Stuart found this language acceptable. Later on this morning, I talked to Mr. Noyes. He said that in Ambassador Austin's view we should continue the line in the SC that the Communists should be heard in a Commission to be appointed by the SC rather than in the "plenary" of the SC, just as they would be heard in the Committee of the Assembly, and not plenary. Mr. Noyes wondered, however, what we would do if the Council does not have before it a proposal for an investigation commission and decides to continue the debate on the merits. He wondered whether it would be good politics, if it should come to a vote on the invitation, if we voted "no" in the SC today and "yes" a few days later on the same invitation in the First Committee of the Assembly with respect to Korea; would we then give an appearance that we were beaten and changed our mind as a result of the defeat? Mr. Noyes thought that USUN should try to obtain about a week's delay in further debate of the Formosa item before the SC. The meeting will open with about an hour and a half translation of Mr. Malik's last speech and then there is some possibility of the Egyptian opening up on Palestine. If we gain this delay, Mr. Noyes thought we would have time enough to consider whether we should take a consistent line in the SC and GA to ensure that we would not prejudice our position in the GA by our position in the SC.

At that point I read to Mr. Noyes the revised text quoted above and told him that UNA and FE consider it acceptable. Mr. Noyes then asked whether in case it should come to a vote on the invitation in tomorrow's meeting, and seven members supported such an invitation, could the US abstain. I said that only the Secretary could authorize this departure from the standing instruction to oppose the hearing of the Communists, and suggested to Mr. Noyes that he should raise this question with Mr. Rusk who is in New York and possibly with the Secretary. Mr. Noyes said that he was fully aware of the Secretary's commitment to the President on this matter and that

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[6] In his address before the U.N. General Assembly on September 20, Mr. Acheson, referring to the Formosa question, recommended that all concerned and interested parties should have a full opportunity to express their views (Department of State *Bulletin*, October 2, 1950, p. 526).

[7] *Supra.*

he realized that it would take clearance by the Secretary. In response to Mr. Noyes' question, I said that subject to clearance by Mr. Rusk and the Secretary, we would not oppose an abstention if it should become necessary in order to avoid detrimental effect on the US political position. I particularly emphasized to Mr. Noyes that we should not connect the question of inviting the Communists with the question of discontinuing SC debate on the Formosa item. Mr. Noyes fully agreed.

I then checked again with Mr. Stuart who agreed with the following propositions: (*a*) we should seek delay in the SC debate (*b*) if delay is impossible, we should continue our line that the Communists should be heard in the SC Commission; (*c*) if the SC resolves to continue the debate on the merits, the US representative might abstain if a majority is definitely in favor of hearing the Communists, providing that the Secretary and Mr. Rusk agree. I told Mr. Stuart that this was my understanding of Mr. Noyes' view on what should be done, but that Mr. Noyes and myself agreed that no new instructions will be sent from the Department unless he calls me later on this afternoon and requests them.[8]

[8] The U.N. Security Council on September 26 resumed its discussion of the Soviet Union's "Complaint of armed invasion of Taiwan (Formosa)"; for the record of the meeting, see U.N. document S/PV.503. No voting took place at the meeting, although the Soviet Representative pressed for a vote on his draft resolution (S/1732) calling for an invitation to a representative of the People's Republic of China to attend the sessions on this question.

330/9–2750: Telegram

The Acting Secretary of State to the Embassy in Ecuador

SECRET NIACT WASHINGTON, September 27, 1950—2 a. m.

56. Fol msg recd from New York:

"Suggest Dept advise Embassy Quito niact that SC meeting will be held 3:00 p.m. EST Sept 27, Wednesday, at which vote will probably be taken on Soviet proposal invite Peiping Rep appear on Formosa complaint. Quevedo advises USUN he is under instruction to vote in favor. Since his vote may tip scales against us this issue, Dept may wish Embassy discuss matter at once with FonOff with view change Quevedo's instruction. Austin"

Dept concurs suggestion Emb discuss matter at once with FonOff.[1]

WEBB

[1] The Soviet draft resolution was not voted on during the 504th meeting of the Security Council on September 27; see the editorial note under date of September 28 concerning the voting on the question of inviting the People's Republic of China to attend sessions of the Security Council dealing with the Taiwan question, p. 522.

330/9–2750 : Telegram

The Chargé in Ecuador (Hamlin) to the Secretary of State

SECRET NIACT QUITO, September 27, 1950—5 p. m.

73. Deptel 56 niact September 27, 1 a. m. and confirming telephone conversation with Tewksbury [1] 3:15 p. m. Conferred this forenoon with President,[2] with FonMin [3] present, concerning information from US Del UN that Quevedo is under instruction vote in favor Soviet proposal invite Peiping representative participate in UN consideration Communist charges of US aggression against Formosa.

As reported mytel 64 September 13,[4] FonMin categorically stated to me would instruct Quevedo vote against Soviet proposal, but favored invitation Peiping representative appear to give information, but not participate debate, and would communicate Quevedo that end.

Squirming from original clear assurance to me, FonMin stated that in subsequent communications with Quevedo, did not directly instruct him vote favor Soviet proposal, but left his discretion in name government. From President's office, while I waited, FonMin talked with Quevedo 11:55 a. m. approving intention to present amendment today to postpone to November 15 Soviet proposed invitation, postponement to give General Assembly opportunity to investigate charges.[5]

After telephone conversation with Quevedo [Plaza?] firmly stated that if proposed amendment was defeated by procedural or other reason, whether US voted against or for amendment, Quevedo was instructed to vote for Soviet proposal. President stressed Ecuador would not vote against Soviet proposal as feared would establish precedent against Latin American de facto governments.

President pretended desired conform US view, but was not receptive any argument vote with US or abstain if Quevedo amendment not accepted. President and FonMin considered amendment a good compromise.[6]

HAMLIN

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[1] Howard H. Tewksbury, Deputy Director of the Office of South American Affairs.

[2] Galo Plaza Lasso.

[3] L. Neftalí Ponce.

[4] Not printed.

[5] At the 504th meeting of the Security Council on September 27, the Representative of Ecuador introduced a draft resolution (S/1817/Rev.1), which was not, however, voted on at that meeting, calling for an invitation to a representative of the People's Republic of China to attend sessions dealing with the complaint of armed invasion of Taiwan to be held after December 1 at which time the Security Council would take up this topic (U.N. document S/PV.504).

[6] See the editorial note concerning the Security Council meetings on September 28 and 29, *infra*.

Editorial Note

The United Nations Security Council met on September 28 and agreed, contrary to the wish of the United States, to vote first on the Soviet draft resolution (S/1732) calling for an invitation to the People's Republic of China, rejecting it by a vote of six in favor to three opposed (China, Cuba, and the United States), with two abstentions (Ecuador and Egypt). The Council then turned to the Ecuadorean draft resolution (S/1817/Rev.1), rejecting that also by a vote of six in favor to four against (China, Cuba, Egypt, and the United States), with one abstention (Yugoslavia). The Representative of Yugoslavia then stated his wish to change his vote to one in favor of the Ecuadorean draft, but the Council adjourned before any further decision was taken. For the record of the meeting, see U.N. document S/PV.505.

On the following day, September 29, the Representative of Ecuador introduced his proposal as a new draft resolution (S/1823/Corr.1), substituting the date November 15 for December 1 for the invitation to the People's Republic of China and the inauguration of debate on the Taiwan issue. After votes on the separate clauses, the resolution as a whole was adopted by a vote of seven to three (China, Cuba, and the United States), with one abstention (Egypt). (U.N. document S/PV.506)

At its subsequent meeting, also on September 29, the Council rejected the suggestion of the Republic of China that the above question was substantive, and thus subject to the Chinese veto, rather than procedural. The vote was nine to one (China), with one abstention (Cuba). (U.N. document S/PV.507)

The complaint of armed invasion of Taiwan was taken up by the Security Council on November 27 in conjunction with the question of aggression upon the Republic of Korea. For related documentation, see volume VII, pages 1237 ff.

793.51/7–750

The Acting Secretary of State to the Secretary of Defense (Marshall)[1]

TOP SECRET WASHINGTON, September 28, 1950.

MY DEAR MR. SECRETARY: There is attached for the concurrence of the Department of Defense a redraft of the proposed reply to the Chinese Embassy's *aide-mémoire* of July 7, 1950 regarding certain

[1] George C. Marshall had become Secretary of Defense on September 21, succeeding Louis Johnson.

problems affecting the Chinese Government which arise in connection with the President's statements of June 27 and July 19.[2]

You will note that the remarks regarding the fourth point mentioned in the Embassy's *aide-mémoire* follow the wording which Secretary Johnson accepted in his letter dated August 2. The Embassy at Taipei has already conveyed to the Chinese Foreign Office responses cleared with the Department of Defense regarding points (1), (2), and (3) of the Embassy's *aide-mémoire.*

After further consideration, this Department now proposes that no response be made to point (3) regarding the exercise by the Chinese Navy of the right of "visit and search" since there is no indication that comment is desired. It is the Department's view that the Chinese Government's interpretation of the right of "visit and search" as expressed in this paragraph is not objectionable, in view of the fact that it is proposed to "visit and search" Chinese vessels only. The Chinese Foreign Office has recently informed our Embassy that Chinese naval patrols have been instructed not to interfere with foreign flag merchant shipping on the high seas or in mainland territorial waters. With reference to Secretary Johnson's letter dated August 2, 1950, this Department believes that the United States Government would assume a dangerous responsibility if it suggested on its own initiative to the Chinese Government that "visit and search" be applied to all vessels on the high seas regardless of nationality. The Chinese Government has generally termed its action with respect to the Communist-held mainland ports a "port closure order", and no blockade has been proclaimed. The United States Government has not recognized the legality of the "port closure order". If this Government informed the Chinese that the right of "visit and search" could be extended to all vessels, regardless of nationality, the United States would be in the position of having recognized a state of belligerency in the Chinese conflict and thus might be estopped from denying a similar right to the Chinese Communists.

I believe there are even more important political grounds for avoiding any encouragement to the Chinese Government to attempt "visit

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[2] Concerning the Chinese Embassy's *aide-mémoire,* see telegram 15, July 7, to Taipei, p. 371. The text of the draft proposed reply read as follows:

"Reference is made to the Chinese Embassy's *aide-mémoire* dated July 7, 1950, setting forth the views of the Chinese Government on certain matters related to President Truman's statement of June 27, 1950, and the mission of the United States Seventh Fleet.

"The United States Embassy at Taipei has already conveyed to the Foreign Office this Government's response, where response seemed required, to the individual questions raised in the Embassy's *aide-mémoire.*

"With regard to numbered paragraph four of the *aide-mémoire,* the United States Government has taken note of and shares the concern of the Chinese Government regarding the export of military supplies to Communist-controlled areas of China."

and search" on the high seas of non-Chinese vessels. Were the Chinese Navy to exercise unrestricted "visit and search", the British and other concerned Governments might feel obliged to withdraw some of their naval units participating in the Korean campaign in order to provide escort protection for shipping in the neighborhood of China. Furthermore, as you are aware, the United States Government is at this time endeavoring to obtain support from the British and other United Nations members for its policy of neutralizing Formosa, as outlined by the President in his statements of June 27 and July 19. This task would be made considerably more difficult if the United States took the initiative in suggesting to the Chinese Government that "visit and search" be applied to non-Chinese vessels.

This thinking seems to be in accord with the *aide-mémoire* of June 27 to Generalissimo Chiang Kai-shek, sent to give effect to the President's announcement of the same date, stating *inter alia* that "a continuation of air and sea operations by forces under your Excellency's command against the Chinese mainland or against shipping in Chinese waters or on the high seas would not be compatible with the discharge by the Seventh Fleet of the mission assigned to it".[3]

Sincerely yours, JAMES E. WEBB

[3] The Department of Defense concurred in the proposed *aide-mémoire* to the Chinese Embassy in a brief note, dated November 15 (not printed), from Secretary of Defense Marshall to Mr. Acheson (793.51/11–1550). On December 13, the Department of State sent an *aide-mémoire* to the Chinese Embassy, presumably identical with or along the lines of the draft quoted in footnote 2, but the record copy is missing from Department of State files. No further exchanges of correspondence on this subject took place during this period between the Secretaries of State and Defense.

894A.00(R)/10–1150

Memorandum of Conversation, by Mr. Robert N. Magill of the Office of Chinese Affairs

SECRET [WASHINGTON,] October 11, 1950.

Subject: Taiwan

Participants: Mr. Raymond Moyer, Chief ECA Mission Taiwan
Mr. Clubb—CA
Mr. Barnett—CA [1]
Mr. Magill—CA

Mr. Moyer called at Mr. Clubb's invitation for a general discussion of the situation on Taiwan, with particular reference to the policy direction of ECA aid. In response to Mr. Barnett's inquiry, Mr. Moyer summarized the ground he had covered in a luncheon conversation with Messrs. Rusk and Perkins on Oct. 6 as follows:

[1] Robert W. Barnett, Officer in Charge of Economic Affairs, Office of Chinese Affairs.

Mr. Moyer had expressed the view that it would be helpful to the operations of the ECA Mission if top Chinese officials could be given, insofar as possible, a definite indication of U.S. intentions and objectives with respect to Taiwan. There has been considerable uncertainty in the Chinese Government since the President's statement about the ultimate withdrawal of the 7th Fleet, and this uncertainty has handicapped somewhat relations between ECA and the Chinese Govt. For its part, the ECA Mission has attempted to be as frank and direct as possible with the Chinese. Regarding the ECA Program itself, Mr. Moyer had pointed out that, as a consequence of larger diversions of cotton and fertilizer from Korea to Taiwan than had been anticipated, there is likely to be a need during this fiscal year for $5 to $10 million dollars more than is available from the $40,000,000 earmarked for Taiwan. He had also drawn attention to the factors indicating that the present level of aid may need to be increased substantially before the end of this fiscal year. Significant economic improvements have been effected within Taiwan which have forestalled the likelihood of an immediate crisis. Nevertheless, a growing shortage of foreign exchange, together with further depletion of gold reserves in the face of continuing heavy military expenditures, may well result in a serious financial situation about the turn of the year which might have to be remedied through some form of ECA assistance.

Regarding Mr. Moyer's suggestion that the Chinese be provided with more definite information on U.S. intentions, Mr. Clubb observed that our ability to provide such information is limited significantly by the facts that the ultimate disposition of Taiwan has been referred to the United Nations and that we are committed to a peaceful solution of the problem arrived at by international agreement. In response to Mr. Clubb's query, Mr. Moyer stated that he was not aware of any Chinese Government plans for further reduction of troop strength on Taiwan, and had the impression that the Chinese believed they had had already cut down on military personnel as much as possible. According to K. C. Wu, an active training program is in progress to prepare all Chinese forces on the Island for combat operations. In this connection, Mr. Moyer observed that there were sharp differences among Chinese officials regarding the question of an eventual effort to return to the mainland, K. C. Wu having told him in confidence, for example, that he personally was not concerned with the return of the National Government as such to the mainland. Mr. Moyer pointed out, however, that there is a psychological necessity for the Chinese Government to advocate return to the mainland as its ultimate objective if the morale of large segments of the mainland Chinese population on Taiwan is to be sustained.

Mr. Clubb asked Mr. Moyer whether he could make any observations regarding Chinese opinion on the following possibilities: (*a*)

achievement of an autonomous status for Taiwan; (*b*) political changes on the mainland which would make possible integration of Taiwan with the mainland; and (*c*) some form of political *rapprochement* between the Government on Taiwan and the Chinese Communist regime as presently constituted. In commenting on these questions, Mr. Moyer differentiated between the opinions of Chinese mainlanders and Taiwanese. Mr. Moyer stated that he had never heard Chinese officials express any thoughts along the lines of points (*a*) or (*c*) above. With reference to point (*b*), Chinese officials generally believe that an acceleration of present difficulties on the mainland will weaken the Communist regime sufficiently to enable their return assisted by the Chinese Army now on Taiwan, possibly capitalizing on a revolt against Peiping by regional authorities. With respect to the opinion of Taiwanese, Mr. Moyer observed that many of them hoped for an autonomous status under US or UN protection. He stated that the Taiwanese were primarily concerned with maintaining the present relatively high standard of living of the Island and would, therefore, be opposed to any arrangement which would make the Island vulnerable to exploitation from the mainland. He added that there is much nostalgia among Taiwanese for the era of Japanese control, and that they probably would not be discontented with the resumption of their previous relationship to Japan. In connection with the status of Taiwanese, Mr. Moyer observed that the local elections now being held throughout the Island give promise of a gradual increase of political strength for the Taiwanese as opposed to the mainland Chinese on the island. He stated that the Taiwanese are participating actively in the elections, are putting up their own candidates, a large proportion of which they consider to be good men, and that they had obtained an arrangement with the Chinese Government to exclude from candidacy existing office holders, many of whom are mainland Chinese.

Mr. Barnett asked Mr. Moyer whether he had observed any developments tending to diminish the Gimo's absolute authority over the Island which he exercised through his control of the Army, the secret police, and the gold reserves. Mr. Moyer stated that he believed that the extent of the Gimo's control was frequently exaggerated and that over the last year or so there had been a substantial increase in the strength of the provincial government. This is illustrated, according to Mr. Moyer, by the fact that the provincial government exercises de facto discretion in a wide range of operational matters, and that K. C. Wu has frequently been successful in his tilts with the Gimo. K. C. Wu, with the backing of C. K. Yen, and Jen, the provincial Finance Commissioner, has brought about the unprecedented achievement of a government budget, and has obtained a commitment from the Gimo that the 1951 budget will not exceed the current level of

expenditures. In commenting on the possibility of further progress in reducing the budget deficit, Mr. Moyer observed that, while there undoubtedly was room for improvements in the tax system and its administration, some tax increases had already caused hardship, and additional taxes, if carried too far, might well create extreme resentment and political instability. Mr. Moyer stated that ECA was anxious to give careful attention to the tax system and that a recent visit to Taiwan by a Mr. Moss, a tax expert with SCAP, had been most helpful. It is anticipated that associates of Moss may be able to visit Taiwan for a longer period in the near future. In response to Mr. Magill's inquiry, Mr. Moyer said that Moss and company were detailed by SCAP to ECA Taiwan (i.e. continued on SCAP's payroll while in Taiwan, although ECA paid travel and per diem) and that it was understood that the purpose of this detail was to enable them to do a job for ECA.

Mr. Clubb asked Mr. Moyer whether there had been any basic changes since June 27 in the ECA Mission's thinking regarding the economic aid program on Taiwan. For its part, Mr. Clubb said, the Department considered that policy regarding economic aid to Taiwan remained unchanged pending a clarification of what the long-run US relations with Taiwan would be. He said that it should be recognized that our present relation to Taiwan was a "strange interlude" resulting from military exigencies which would not, in and of itself, justify a fundamental readjustment of U.S. objectives in the economic field. Mr. Moyer observed that ECA was faced with a choice, on the one hand, of continuing a relatively passive role in providing economic assistance to Taiwan versus an effort, on the other hand, to use its position and material resources to the maximum extent possible for the creation of a stable economic base on Taiwan. He stated that ECA was now proceeding on the basis of the second alternative within such policy limitations on relations with the Chinese Government as had been indicated by the Department—thus, ECA's interest in an Economic Stabilization Board and intensive study by experts of Taiwan's economic, fiscal, and administrative problems. Mr. Clubb commented that he saw no necessary conflict between this approach and Department policy regarding Taiwan. Mr. Barnett stated that the policy limitations imposed thus far by the Department on ECA relations with the Chinese Government reflected, in part, the view that assumption by ECA of substantial responsibility for the policy and administrative decisions of the Chinese Government would result in undue dependence by the Chinese on U.S. initiative and guidance and thus, in the long run, impede rather than foster the emergence of a self-sustaining regime on Taiwan. Mr. Moyer acknowledged the validity of this consideration.

Mr. Barnett referred to a recent telegram to ECA Taiwan recom-

mending that a "military economist", which both ECA and the Department had urged that Army assign to Taiwan, should be attached to a U.S. Military Advisory Group on Taiwan rather than to the ECA Mission or the Military Attaché's Staff at the Embassy. He stated that it was his understanding that there is presently no plan for the establishment of a U.S. Military Advisory Group on the Island and suggested that such a "military economist" might best be attached to the ECA Mission in view of the fact that his *raison d'etre* would be economic rather than military and because, if he were thus assigned, he could be influenced to avoid improper participation in strictly military activities. Mr. Moyer asked whether there would be any objection to the assignment of such a man to Admiral Jarrett's staff. Mr. Clubb stated that this might be the most appropriate arrangement since, whatever the objective of his assignment, his function would be military in character. Mr. Moyer added that his attachment to the ECA Mission would lend a certain military color to the economic program which ECA had thus far been careful to avoid.

320/10–1150 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET NEW YORK, October 11, 1950—6 : 58 p. m.

Delga 106. There is given below revised UK draft resolution on Formosa upon which Department's views are requested. UK has distributed this draft resolution only to Commonwealth countries and US. UK delegation requests US views on sponsorship of resolution and states it has tentatively reached conclusion that some nation which has not recognized Communist China should be sponsor. UK also desires US views on how soon resolution should be tabled in Committee 1 as it is of opinion that mere fact of making resolution public at early date would have beneficial effect on Peiping regime. USUN officer expressed personal opinion that it would appear preferable to have sponsorship of several countries equally divided among those recognizing and those not recognizing Communist China. Following is text draft resolution:

"Noting (A) That the signatories to the Cairo declaration declared it to be one of their purposes that all the territories that Japan had stolen from the Chinese, including Formosa, should be restored to the Republic of China;

(B) That no legal change in the status of Formosa as Japanese territory has yet been effected, although at the end of hostilities with Japan, China was permitted to assume the administration of the island,

Recognizing that two parties, both Chinese, at present claim the

right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chinese mainland and that Formosa has been used as a base for attacks on the Chinese mainland, and that an attempt to settle the dispute by force or the continuance of attacks on the Chinese mainland from Formosa would heighten international tension at a time when the situation in the Pacific area is already tense as a result of events in Korea, and would be prejudicial to the interests of the people of Formosa,

Decides to establish a commission which, bearing in mind China's claims, should study the problem and submit a report to the GA containing recommendations for the future of Formosa. The commission should consult with all governments, authorities and parties concerned,

Recommends (A) That, pending consideration of the Commission's report by the GA, there should be no attempt to seek a solution of the issue by force,

(B) That Formosa should not be used as a base for attacks on the Chinese mainland;

Requests all parties (A) to act in conformity with (A) and (B) above;

(B) To render every possible assistance to the commission in the performance of its task."

Department pass London, Paris, sent Department Delga 106, repeated London 5, Paris 5.

AUSTIN

795.00/10–1250

Memorandum Prepared by the Central Intelligence Agency

TOP SECRET [WASHINGTON,] 12 October 1950.

C. THREAT OF CHINESE COMMUNIST INVASION OF FORMOSA [1]

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of Chinese Communist invasion of Formosa during 1950.

II. CAPABILITIES

2. Despite certain definite Chinese Communist deficiencies in naval and air forces and probably in amphibious training and doctrine, the Communists are now capable of launching an invasion against Formosa with about 200,000 troops and moderate air cover. The USSR could at a minimum furnish tactical advice and technical and logistic support.

3. Although Chinese Nationalist forces are sufficient in number and matériel to defend Formosa, lack of staying power, poor command

[1] This paper was one of a series prepared for background use in connection with the conference at Wake Island on October 15 between President Truman and General MacArthur, for documentation on which see vol. VII, pp. 731 ff.

structure, lack of inter-service coordination, questionable morale and shortages of some types of ammunition make their defense capabilities questionable.

4. Without direct Soviet participation and given strong naval and air assistance by the US armed forces, the Chinese Nationalist defense forces are capable of holding Formosa against a determined Chinese Communist invasion.

III. FACTORS BEARING ON INTENT

5. *Indications of Intentions.* Frequent official statements of the Chinese Communists have clearly indicated their intention to seize control of Formosa. However, available intelligence does not indicate their intention to do so in the immediate future. An unknown factor bearing upon the intent to invade is the degree of control the USSR is capable of exercising over the Chinese Communists, and the Soviet intent with respect to Formosa.

6. *Factors Favoring Invasion of Formosa.*

a. The occupation of Formosa would remove the symbol of Nationalist resistance; eliminate a potential source of coordinated opposition to the Chinese Communist regime; and would seriously diminish continued anti-Communist resistance in China and throughout Southeast Asia.

b. Abandonment or continued postponement of an attack on Formosa would result in a loss of "face" to the Chinese Communists.

c. Formosa would provide the Chinese Communists with a small but significant source of foreign exchange, and a potential source of rice, thereby contributing somewhat to Chinese Communist capabilities for economic reconstruction.

7. *Factors Opposing an Invasion of Formosa.*

a. Success would be improbable.

b. An attack involves the risk of war with the US as long as US forces are interposed between Formosa and the mainland. The Chinese Communist leadership would be reluctant to jeopardize its popular support, domestic achievements, and internal porgram by an attack on Formosa that could lead to retaliatory air attacks on Chinese cities, to a strict blockade of the Chinese coast, to strong economic sanctions, and to protracted warfare that could sap Chinese economic strength.

c. The Chinese Communists face serious domestic problems, including banditry, widespread unrest, guerrilla opposition, economic stagnation, agrarian maladjustments, and the problems involved in consolidating the Communist Party's political control. For these reasons the danger exists that, if attacks should fail or prove unduly costly, the present apparent solidarity of the Communist regime would be subjected to a severe strain.

d. In view of current UN interest in Formosa, the Chinese Communists have some reason to hope for a favorable political solution.

IV. PROBABILITY OF CHINESE COMMUNIST INVASION

8. It is believed that barring a Soviet decision to precipitate global war, an invasion of Formosa by the Chinese Communists will not be attempted during the remainder of 1950.

693.93B/10–1350 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET PRIORITY NEW DELHI, October 13, 1950—5 p. m.

918. 1. I asked Bajpai today whether GOI had confirmation re new reports of Communist Chinese invasion of Tibet. He replied in negative adding that he had yesterday despatched strong telegram to Panikkar, GOI Ambassador in Peiping, on subject. With utmost secrecy he read to me text this telegram.

2. He asked Panikkar again to inquire whether reports of Chinese invasion had any substance and when so doing indicate earnest hope GOI that Chinese would show restraint and patience in dealing with Tibet and would not be hasty in resorting to violence. Panikkar was also informed that if Communist China should indicate that it had already invaded Tibet or that it was planning to do so GOI would be compelled follow up his representation with still stronger approach. It would be pointed out to Peiping that GOI had endeavored to befriend it; that in trying to obtain admission for it in UN, to support it re Formosa, and to assure that it would have appropriate voice in settlement Korea, GOI had aroused displeasure of certain other members UN; that GOI for many years had maintained friendly relations with autonomous Tibet; that it believed it was not unduly interfering in Chinese affairs in suggesting that effecting change in status of Tibet by armed force would not be in interests of international position of China or in that of friendship between China and India for which GOI fervently hoped. Charges that great powers were bringing influence to bear on Tibet were senseless. GOI was only power which maintained representation. At present time there were no British or Americans in Lhasa.

3. Bajpai also read to me memo on subject to Nehru in which he suggested with considerable heat that if it were true that China should now invade Tibet it should be regarded as sign of indifference of Indian sensibilities and lack of appreciation of India's efforts on China's behalf. After India had aroused irritation in US and other countries by supporting China with regard to Formosa, Korea and entrance into UN, and after it had conveyed to world China's insistence

that China would intervene in Korea in case US forces should enter North Korea it would be ironical if China instead of intervening in Korea should now invade Tibet.

4. I hope info in this telegram will be closely guarded since leak would cause grave embarrassment.

HENDERSON

794A.00/10–1450 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, October 14, 1950—11 a. m.

Gadel 44. With ref Delga 106 Oct. 11 Dept believes Brit draft offers satisfactory basis for Assembly res on item "Question of Formosa". Fol is modified text of Brit draft with our additions and changes:

"Noting (A) that the signatories to the Cairo Declaration declared it to be one of their purposes that all the territories that Japan had stolen from the Chi, including Formosa and the Pescadores, shld be restored to the Rep of China;

(B) that no formal act restoring sovereignty to China has yet occurred, although at the end of hostilities with Japan the Chi Natl Govt was permitted to assume the administration of the island;

Recognizing that two parties, both Chi, at present claim the right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chi mainland and that Formosa has been used as a base for attacks on the Chi mainland, and that an attempt to settle the dispute by force or the continuance of attacks on the Chi mainland from Formosa wld heighten internatl tension at a time when the situation in the Pacific area is already tense as a result of events in Korea, and wld be prejudicial to the interests of the people of Formosa;

Decides to establish a commission composed of the representatives of (specified states) which, bearing in mind China's claim, taking into account the interests of the people of Formosa, and giving consideration to the maintenance of peace in the Pacific, shld study the problem and submit a report to the GA containing recommendations for the future of Formosa and the Pescadores. The Commission shld consult all govts, authorities and parties concerned, including both Chi claimants;

Recommends that, pending the study by the Commission and adoption by the GA of recommendations concerning this problem (A) there be no attempt to seek a solution of the status of Formosa by force, (B) Formosa not be used as a base for attacks on the Chi mainland;

Requests both Chi parties to act in conformity with the recommendation in the preceding para;

Recommends to the SC that it consider immediately any action in contravention of (A) or (B) of above recommendation with a view to adopting appropriate measures for the maintenance of internatl peace and security;

Requests all parties to render every possible assistance to the commission in the performance of its tasks."

In the first operative para beginning with "Decides" insertion of phrase "taking into account the interests of the people of Formosa" is predicated upon our belief that interests of Formosan people shld be mentioned on equal level with China's claim. In addition to China's claim and wishes of Formosans broad interest of UN in peace of Pacific area also a factor to be taken into account.

Rephrasing of first recommendation is drafting change designed primarily to define more clearly the period during which that recommendation applies.

Dept believes desirable that first recommendation of Brit draft be further strengthened. With this in mind Dept has added recommendation referring to SC action as warning to those who might violate recommendation to refrain from use of force.

We assume under Brit draft Commission wld have discretion as to when to report. In view of complexity of problem and need for thorough study all aspects, appears doubtful that final report cld be made before Sixth Session GA.

Dept considers composition of commission extremely important and is giving further consideration this subj. Wld tentatively favor US membership.

Dept agrees with USUN officer (Delga 106) that it wld be preferable to have sponsorship of several countries including some recognizing and some not recognizing Chi Commies. We believe that res cld be submitted to Comite as soon as acceptable draft developed and sponsorship question resolved.

Dept wld appreciate ur early comment on foregoing, including suggestions re composition Commission. Suggest also you obtain views UK Del re modified draft, and inform Dept re any comment made by Commonwealth countries to UK Del on Brit draft.

ACHESON

794A.00/10–1450

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET WAKE ISLAND, October 14, 1950.

Subject: Formosa

Participants: General of the Army Douglas MacArthur
Mr. W. Averell Harriman
Mr. Dean Rusk

In a private conversation among the three of us following the larger conference with the President, Mr. Harriman asked General

MacArthur whether the subject of Formosa had come up in the President's private talk with General MacArthur at breakfast.

General MacArthur said: "Yes. I told the President that I had supposed that my letter to the Veterans of Foreign Wars had been right down the line of the President's policy. Had I not thought so, I would not have sent it. The President said that he considered that a closed issue. I told him that I also considered it as closed."

The above quotation is almost exact but may vary by a few words. The meaning is accurate.

This memorandum was checked with Mr. Harriman.

DEAN RUSK

794A.00/10–2350

Memorandum of Conversation, by Mr. John M. Allison, Adviser to the United States Delegation to the United Nations General Assembly

SECRET [NEW YORK,] October 23, 1950.

Subject: Formosa

Participants: The Secretary
John Foster Dulles
Lucius D. Battle
John M. Allison

Mr. Dulles and Mr. Allison called on the Secretary at the Waldorf this afternoon to discuss the Formosan item which may come before Committee I sometime within the next two weeks. Mr. Dulles stated that he had been considering the matter over the weekend and welcomed the chance to give the Secretary his thoughts.

Mr. Allison said that as an introduction to Mr. Dulles' statement, he would like to point out that while there appeared to be general agreement in the Department with the form of the Resolution on the Formosan problem which had been prepared by the UK Delegation, nevertheless as a result of talks with members of the UK and Canadian Delegations it was clear that there was not agreement as to the final ends which it was hoped would be achieved by the passage of the UK Resolution. The Canadians and, to a lesser extent, the UK delegation seemed to assume that there was only one possible answer which the Commission, contemplated in the UK Resolution, could come up with, namely, the handing over of Formosa unconditionally to Communist China. This was not the desire or belief of the US delegation and it therefore was important that agreement he reached on the ends desired so that an unfavorable result would not be obtained by default.

Mr. Dulles then outlined his views on the position the US should take which were substantially as follows:

The US interest in the Formosan problem is a deep and legitimate

one and the US feels it has a special responsibility in view of the close connection between the ultimate disposition of Formosa and the conclusion of a Japanese peace treaty which will formally remove Formosa from Japanese sovereignty. The US being the chief occupying power in Japan and the one most deeply concerned in a Japanese peace settlement naturally has great responsibility to see that any solution of the Formosan issue is a sound one which contributes to peace and stability in the Pacific area and the welfare of the people. The US has no desire to cast doubt upon the validity of the Cairo and Potsdam Agreements with respect to Formosa and does not maintain that Formosa should not in due course be formally returned to China. However, the present Chinese Government on the mainland of China is not the one which was in power at the time of Cairo and Potsdam and it certainly is not clear that the people of Formosa desire to be placed in subjection to that government.

It would seem that before a definitive decision is implemented in pursuance of a Japanese Peace treaty, at least the following four points ought to be explored by the United Nations:

1. While it could fairly be assumed at the time of Cairo and Potsdam that the Formosan people would welcome a return to China, intervening changes have been so great that that assumption might not be valid today. In view of United Nations Charter undertakings which overide any inconsistent engagements, it would seem that the United Nations should seek to find out whether, in fact, the wishes of the people of Formosa remain as had been assumed at the time of Cairo and Potsdam and whether or not they desire to become subject to the regime that presently controls the Chinese mainland.

2. If Formosa is to become politically a part of China, should not the arrangement include some provision for autonomy which would reflect the oft-expressed desire of the Formosan people for a measure at least of self-government?

The United Nations is considering this problem in connection with the giving to Ethiopia of political sovereignty over Eritrea and is contemplating a measure of autonomy under a Federal structure. Some such formula might also be explored in the case of Formosa as being consistent with the Charter conception with reference to non-self-governing peoples.

3. Another item of importance which should be considered by the UN in reaching a just solution of the Formosan matter is the fact that for the last fifty years or so Formosa has been a part of Japan and its economy has been integrated with that of Japan. There is still a close commercial connection between Japan and Formosa and consideration should be given to the advisability of maintaining, at least for a considerable period, free trade between Japan and Formosa which would undoubtedly be in the interest of both parties.

4. In view of the strategic position of Formosa and in view of the fact that any attempt by force to settle its ultimate disposition might well prejudice the maintenance of peace and stability in the Pacific

507-851—76——35

area, it is believed that the UN might well give careful consideration to the possibility of permanently neutralizing Formosa in some manner which, while not prejudicing any particular political solution, would nevertheless ensure that Formosa would not be the cause of aggravating great power tensions or even be a precipitating cause of war. It might also be that, pending definitive action, the UN, under its Uniting for Peace Resolution, might promptly send a peace observation commission to Formosa to help preserve the *status quo* as against breach of the peace.

Secretary Acheson expressed his agreement with the approach Mr. Dulles had in mind and authorized Mr. Dulles to proceed along the lines indicated. It was pointed out that there was one possibility which had not been considered and that if the approach suggested by Mr. Dulles were adopted it would not be possible to consider this other approach which was, in brief, that new leadership might emerge among the non-communist liberal Chinese elements on Formosa, that Chiang Kai-shek might be displaced and that with this new leadership and a certain amount of American assistance it might be possible to make landings on the mainland and in cooperation with disaffected elements there succeed in overthrowing the Communist regime. Both Secretary Acheson and Mr. Dulles agreed that it would be inconsistent with US policy in the UN for this Government to plan to use Formosa as a base for military expeditions aiming at regaining control of the Chinese mainland and it was agreed that this alternative should not be considered at this time. However, if the Chinese Communist regime should take overt action in an endeavor to seize Formosa by force while UN consideration of the matter was going on it would be necessary to review the situation. It was assumed that in the meantime Formosa might be used as a base for propaganda activity and perhaps certain covert contact with resisting elements on the mainland.

With respect to the position of the Seventh Fleet, Secretary Acheson pointed out that its value was primarily psychological in as much as it had not in fact spent much of its time in the Formosa Straits but rather had been in Korean waters. It was agreed that a formal announcement of a withdrawal of the Seventh Fleet would be unfortunate and would appear to be an invitation to the Communists to take over and it was felt that for the present, until the Korean situation had been brought to a final successful close, it would probably be necessary for the orders of the Seventh Fleet to remain unchanged. At a suitable time it might well be possible for the Seventh Fleet without any public announcement to withdraw to its original base at Cavite without creating unfortunate repercussions. It was also agreed that it would be useful to consult the military on this matter and have the benefit of their latest thinking.

793.00/10–2650

Memorandum by the Director of the Office of Chinese Affairs (Clubb) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] October 26, 1950.

Subject: Project for Organization of "Free China Committee"

The history of overseas Chinese communities, which are discovered in greatest number in Southeast Asia, is of major relevancy to any study of the desirability of projecting the organization of something on the order of a "Free China Committee". The overseas Chinese contributed substantially to the Chinese revolution against the Manchu Dynasty, gave expression to their interest in the welfare of the motherland at the time when the Kuomintang–Communist Party coalition was driving (1924–1927) toward the overthrow of the warlords, and contributed to the downfall of Chiang Kai-shek by withdrawing their support in the post World War II years of civil strife.

There appears to have been in overseas Chinese communities an initial enthusiasm for a Chinese Communism which first made serious bid for power under the banner of a nationalism opposed to the Japanese control of China. It gained strength from the common disillusionment with the administration of the corrupt Kuomintang and the general hope that the advent of the Chinese Communists to power would represent in China the dawning of a new day when there would be more of probity and efficiency in government and a more rapid progress of the country toward the status of a modern, industrialized state.

The Chinese Communist display of themselves in their true colors in the year and a half since their occupation of Peiping and Tientsin has brought about much disillusionment in overseas communities. This is attested by recent reports from consular offices of the Department of State regarding the celebrations held in local Chinese communities variously on October 1 and October 10, when the non-Communist elements showed surprising strength and vigor in their turnouts. This is not to say that the Chinese overseas communities abroad have any further substantial hope in the future of the Kuomintang. The expression of independence manifested in the non-Communist demonstrations on October 10 was not to be taken as a manifestation of support for the Nationalist cause or for any particular cause so much as a reaction against the extreme policies of the Chinese Communists which, in the eyes of overseas Chinese, are operating to the detriment of the Chinese people and the Chinese State. The demonstrators would presumably sometimes carry Nationalist banners for want of a better one, or as a symbol of their resistance. At the present time there seems to be lacking both in China Proper and abroad ideology, leaders, and orga-

nization for a movement of opposition to the Chinese Communists. The "resistance", therefore, still is manifest primarily in the persons of the Chinese bandits and guerillas who are literally struggling for existence.

The advisability of organizing any such "Free China Committee" should be determined only after reference to (*a*) American overall policy respecting China and (*b*) the state of Chinese overseas opinion regarding China. American policy faces imminently at least partial new crystallization due to the operation of the following factors: (1) the impending manifestation, positive or negative, of Chinese Communist intentions with respect to Korea; (2) the UN decision regarding criteria for accrediting to the UN of representatives of a member State in which two parties alike claim authority; and (3) possibly, renewed consideration of the question of the advisability of recognition of Peiping. The value to the United States of a "Free China Committee" would obviously be dependent in good part on the political elements currently dominating Sino-American relations.

A native Chinese movement which took on the outward aspect of a committee such as that under consideration could of course do us no harm, and might in fact contribute substantially to the overall campaign against world Communism. It does not, however, at this state appear clear that the overseas Chinese have in them the conviction and determination that would be requisite to make such a general committee a going concern. It is certain that overseas activities can have real effect only in so far as there is a real relationship of the movement with the home-land. There appears to be lacking now any strong connections between the overseas Chinese communities and anything approaching a genuine "resistance movement" in China; it appears, in fact, that there is as yet no integrated resistance force either at home or abroad, and that a "Free China Committee" would therefore be an artificial apparatus introduced into the situation—by the United States. If that is true, it would fail to affect the outcome of the struggle in any substantial way.

It is of course not as yet certain that there are nonexistent the elements of real anti-Communist resistance in the overseas Chinese communities and in China. It is only to be pointed out that, as indicated in Air Intelligence Information Report of July 7, 1950 from Hong Kong,[1] it was early expected that "the overseas Chinese communities in general are expected to serve effectively the interests of a Communist-dominated Government in China" and it remains uncertain that the Chinese communities in Southeast Asia are strong

[1] Not printed.

enough to resist the temptation to take the easy way of compliance. Many Chinese in China did just that. The surveys now being undertaken by field offices will shed considerable light on the feasibility of such a project. It is recommended, however, that at least pending receipt of those surveys and collation of that new data we should limit our activities to work with existing organizations, both in Southeast Asia and in the United States. The organizations selected obviously would not serve our purpose well if they were of the Kuomintang machinery. The Kuomintang itself has proven how ineffectual it can be by following the lines of its barnacled policy and there would be little hope of our capturing Kuomintang organizations and molding them to our own purposes for so long as we continue to recognize and support the National Government at Taipei. It would be much more probable that the Kuomintang organization would capture our own efforts in so far as we put them within reach of Kuomintang chapters. The organizations that we should select for our first work would best be, it would seem, Chinese secret societies, Chinese chambers of commerce, and Chinese social organizations designed for non-Kuomintang ends. The framework for action would be the local Chinese community and its relationships with the home-land, China. The aim for the present stage would be restricted to (1) the obtaining of information regarding existing political relationships affecting the Chinese community and the trends in such relationships, and (2) thus, the assessment of the feasibiliay of contributing to such a coordination of native Chinese sentiments as would in turn be of value to the strengthening of the anti-Communist front. Such an effort, it should be stressed, will be of real value only in so far as it can affect the situation in China itself; and, further, such a project could properly be undertaken only with due regard for local conditions, including the attitudes of friendly governments, in the areas of intended action.

American contacts in this preliminary stage could be effected through local Chinese newspapers and other publicity channels which had their ultimate outlet on the mainland and by approaches to Chinese chambers of commerce and social organizations. The experience and information gained through our first contacts would obviously present us with guides for future efforts and the data supplied by consular offices should facilitate further defining of the lines of the subject in point. If events in the eastern Asiatic area so determined, and our research made clear the feasibility, we could then proceed to the next step. The first steps, it is suggested, should be taken carefully and the projected "Free China Committee" would not seem, on the basis of the scanty data in hand, best designed to serve our pur-

poses. Further survey and some initial experience with Chinese overseas thinking and attitudes would seem to be the basic prerequisites.[2]

[2] On October 30, John P. Davies of the Policy Planning Staff sent the following memorandum to Assistant Secretary Rusk:

"I concur in Mr. Clubb's memorandum of October 26, 'Project for Organization of "Free China Committee" '.

"I would only add that to set up a Free China Committee at this stage would probably be to establish a gravy train. Given the almost supernaturally sensitive Chinese nose for this type of institution, we would find ourselves with a typically overflowing Chinese load of passengers, among whom few, if any, would be willing to get out and walk off into the countryside, where the struggle must begin if it is to be won. I would recommend waiting until (*a*) we discover a handful of selfless, dedicated, hard-bitten souls, and (*b*) we ourselves acquire some political sophistication about such operations before we undertake to bring a 'Free China Committee' into being." (793.00/10–2650)

793B.00/10–2650 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET PRIORITY NEW DELHI, October 26, 1950—4 p. m.

996. Totib. 1. ReDeptel 557, October 13,[1] Calcutta informed Embassy October 4 that Konchung Lobsang Tsewang and Rimshi L. T. Surkhang of Tibet Trade Mission were arriving Delhi that afternoon and desired advice from Embassy re military aid to Tibet. Consulate advised them contact Embassy through Shakabpa.

2. Members of trade delegation called upon me unannounced twelve days later (October 16) and broached subject military aid. Since Embassy officer who has handled matter throughout was absent an appointment was made for delegation call again October 18, 11 a. m. At hour specified instead of delegation letter was received cancelling appointment because "of urgent works" and expressing hope to see me during their next visit here. Embassy had assumed from long delay in opening discussion of military aid by Trade Mission that Tibetans were being inhibited by course their discussions with Chinese or Government of India, or being directly advised by them to refrain from contacting Embassy and we therefore, considered it advisable to await developments rather than to take initiative in matter. We also expected Shakabpa sooner or later would call and bring us up to date or that favorable opportunity might open for sounding Government of India officials. These expectations completely upset, however, by yesterday's departure (Embtel 985, October 25) Shakabpa mission with nothing more than telephone advice from them.[2]

[1] The text of this telegram read as follows: "Has Emb any recent info re intended Tibetan approach to GOI for additional mil aid?" (793B.5/10–1350)

[2] The text of telegram 985 read as follows:

"Member Shakabpa mission telephoned Embassy yesterday to state mission had received instructions from Lhasa to leave for Peiping immediately. All members mission are flying Calcutta today and will spend few days Calcutta and Kalimpong making preparations proceed Hong Kong by air.

"Press reports state no difficulties anticipated over Hong Kong entry permits." (693.93B/10–2550)

3. Embassy officer therefore, called on Menon, Foreign Secretary, this morning and in course of discussion latest developments Tibet raised subject military aid and asked what had transpired while Tibetans were in New Delhi. Menon said categorically Tibetan delegation had never raised question of additional military aid with Government of India. Embassy officer doubted his word but was in no position contradict. In any event Embassy impression from conversations with Government of India and United Kingdom High Commission officials as well as with Nepalese Ambassador is that Tibetans completely lost heart from attitude of Government of India encountered in New Delhi and that this attitude was largely responsible for fact that they failed pursue matter of military aid either with Government of India or the United States. Nepalese Ambassador yesterday informed us that Government of India seemed to be "washing its hands of Tibet" and said that Shakabpa had informed him that position of Tibet was hopeless unless aid could be obtained from Nepal or India. Nepalese Ambassador said that since India was doing nothing Nepal was also helpless.

4. Embassy can only assume in circumstances that question military aid for Tibet is therefore dead, although Calcutta has been requested endeavor contact Tibetan delegation there where they might feel freer talk about what happened in New Delhi.

HENDERSON

794A.00/10–2050 : Telegram

The Secretary of State to the Embassy in China

CONFIDENTIAL WASHINGTON, October 26, 1950—7 p. m.

378. Embtel 544 Oct 20.[1] For clarity re matter in point note record shows US Govt policy stands as fols: No objection Nationalist reconnaissance (Deptel 64 July 24) or visit and search Chi vessels on high seas (Deptel 119 Aug 4) that is US Govt does not oppose mil activities directly related to defense. Shld such Chi vessels on high seas be discovered to have hostile intent of carrying mil action to Formosa or Pescadores, mil action against such vessels wld be warranted as measure self-defense. Other interference with Chi shipping, such as seizure of or armed attack against unarmed merchant vessels, wld be incompatible with June 27 *aide-mémoire* as accepted by Natl Govt.

Governing factor in situation is that of hostile intent. Function 7th Fleet be it noted is to prevent hostile action between two contending Chi parties. Natl Govt warranted in themselves taking armed action only in self-defense where there is clear evidence of Commie hostile

[1] Not printed. It related to a particular incident concerning the exercise by the Nationalist Government of the right of visit and search on the high seas. (794A.00/10–2050)

intent as shown by armament, mil complement and evident destination of vessel.

ACHESON

793.00/10–2550

Memorandum of Conversation, by Mr. John Foster Dulles, Consultant to the Secretary of State

SECRET [NEW YORK,] October 27, 1950.

Participants: H. E. Dr. Tingfu F. Tsiang, China
Mr. John Foster Dulles, U.S.A.
Mr. John M. Allison, U.S.A.

Subject: Formosa

Dr. Tsiang called, pursuant to appointment, to discuss with us the question of Formosa. He said that he was concerned lest our policy of asking the U.N. to send a Commission to Formosa on the theory that it was still a matter of international concern would weaken the Nationalist Government in two important respects: First, it would tend to increase the impression that the Nationalist Government was a "government-in-exile" and this might lead certain wavering nations to withdraw recognition; second, it would curtail the possibility of the Nationalist Government actively conducting and promoting resistance to the Communists on the mainland.

Mr. Dulles pointed out that he believed that the policy of non-recognition of the Communist regime depended more upon disqualification of that regime to speak for the Chinese people than upon the ability of the Nationalist Government now to do so, and that the disqualifications of the Communist regime as a regime which really carried out the wishes of the Kremlin rather than of the Chinese people would not, in any way, be altered by treating Formosa as still subject to treaty or U.N. action. Dr. Tsiang said he recognized the logic of this position, but that as a practical matter he felt that certain countries that were looking for an excuse to recognize the Chinese Communists might seize upon the Assembly action as giving them a pretext for doing so.

As regards the second point, Dr. Tsiang said that the Nationalist Government was not satisfied with a future whereby it might, perhaps, languish on Formosa. The future of any Chinese Government was essentially on the mainland, and he believed that there was a rising tide of opposition to the Communists there, and that it was by no means impossible that there would be large scale revolts and eventually that the Communist regime would lose control. The Nationalist Government would not want to be prevented from promoting this result. It would then be condemned to slow death.

Mr. Dulles said that he thought it must be recognized that any international concern for Formosa would probably make it impractical for the National Government to carry on actual warfare against the mainland or to launch expenditions against the mainland. It would not, he thought, necessarily prevent propaganda and covert activities, and the giving of certain guiding directions, but that active military operations might be out of the question.

Dr. Tsiang said that he wishes very much that the United States would keep an open mind as to the possibility of helping the Chinese Nationalists regain control of the mainland. He did not think this would be as difficult an operation as it seemed, because really the Chinese Communist armies were not a very effective fighting force. They had defeated the Nationalist armies, but that was largely a question of morale and the bad effect of inflation.

Mr. Dulles said that he considered this possibility presently out of the question as he understood that it was the clear judgment of our military authorities that the United States should not engage itself on mainland operations. We had done so exceptionally in the matter of Korea and had taken some serious risks, but Korea as a narrow peninsula could largely be dominated by sea and air power, and that permitted the amphibious operations which had won success. We were not, however, willing to engage in what would virtually be a war against those controlling the Chinese mainland.

Dr. Tsiang indicated that he thought that if Russian help to the Communists could be prevented, then the Communists could be overthrown without the United States becoming engaged, and he wondered whether the United Nations could do anything in this respect. Mr. Dulles stated that he felt that any attempt in this direction would react against the Nationalists as the United States would, of course, have to cut off all military aid to the Nationalists whereas it would be impossible to expect, or to verify, Soviet Union compliance with any such U.N. request.

Dr. Tsiang said that he felt he had to agree with this conclusion. Also he accepted the fact that the United States would not now adopt a course which would commit it to participation in fighting against the Communists on the Chinese mainland.

Mr. Dulles said in recapitulation that Dr. Tsiang had put his finger on the two disadvantages to his Government of the respective U.S. position, namely: (1) Possibly weakening its title to recognition; and (2) diminishing its power of operations against the mainland. On the other hand, Mr. Dulles said, the Chinese Nationalist Government must see the disadvantage of the United States adopting the position that Formosa was part of China which would mean that neither the

United States nor the United Nations could do anything in what would be a purely civil war. For the United States to take that position would be widely looked upon as virtually an invitation to the Chinese Communists with Russian help to conquer Formosa.

Dr. Tsiang indicated he was inclined to feel that the advantages of our course outweighed the disadvantages. But he urged that our Government should undertake to hold the disadvantages to a minimum. Mr. Dulles said that he personally also shared this hope, but that he was not in a position to give any future commitments of any kind. He would promptly report the conversation to the State Department and would doubtless have a further indication of the Department's views by the first of next week.

Mr. Dulles in conclusion said that he recognized that the U.N. representative of the Nationalist Government would no doubt, for the purposes of the record, have to continue to maintain that Formosa had become again a part of China. But he hoped that in taking this position he would not involve his Delegation in any vigorous opposition to the U.S. policy.

Mr. Allison, speaking for the Northeast Asian Affairs Division of the State Department, indicated his personal concurrence on the points of view that Mr. Dulles had expressed.

J[OHN] F[OSTER] D[ULLES]

320/10–2750 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, October 27, 1950—5 p. m.

Gadel 76. Further to Gadel 44 Oct 14, it now appears Formosa question will come up in Committee at such late stage of Assembly session that it would be unfeasible for GA Commission to carry out full study including inquiry in Formosa and report before end of fifth session.

Consequently, Department suggests first sentence of first operative para of draft res should be modified to read: ". . . and submit a report to the GA on or before Aug 15, 1951 . . .".

Department further believes res should state explicitly Commission's authority to operate wherever it deems useful. Consequently, we suggest last sentence of first operative para of draft res should be modified to read: "In the course of its study, the Commission may proceed wherever it deems useful and should consult . . .".

ACHESON

793B.00/10–2750 : Telegram

The Secretary of State to the Embassy in India

TOP SECRET WASHINGTON, October 27, 1950—7 p. m.
PRIORITY NIACT

632. Dept wishes GOI know soonest US desire be helpful in Tibet situation. Embtels 997 and 998.[1] You accordingly instrd subject ur discretion see Nehru and say US Govt shares GOI concern over reports CPR incursion into Tibet.

Fate of Tibet is of more direct interest to India than any other country. Moreover, for historical as well as geographic reasons people Tibet look India for help and support in maintaining traditional autonomy. Such help can, of course, only be made available from India.

US Govt wld welcome closest consultation GOI on this difficult problem and wishes cooperate with GOI in every possible way in efforts GOI may make forestall Chinese conquest Tibet which US believes wld be contrary desires and best interests great majority people of Tibet.

FYI, we shld of course avoid "I told you so attitude". Dept believes Tibetan developments so soon after Chinese Commie duplicity in dealing with GOI re Korea and in assisting Ho in Indochina shld leave no doubt re absence moral principles Peiping regime and its cynicism in conducting internatl relations. At minimum it shld cause GOI reassess its views re character Peiping regime, as it serves confirm our own views. However, we do not wish press GOI take action re Tibet. Course of events Tibet difficult foresee and if GOI took steps at our urging which subsequently left GOI in difficult position US wld be blamed. GOI must make own decision. If it decides act, we shall do what we can to help.

If you act pursuant these instrs, inform ur Brit and Australian colleagues.

ACHESON

[1] Neither printed. The telegrams, both dated October 26, reported on conversations held by Embassy officers with officials of the Indian Ministry of External Affairs in the light of press reports of an incursion into Tibet by armed forces of the People's Republic of China. The Indian reaction appeared to be one of shock and concern with indications that the Indian Government would register a protest in Peking. (693.93B/10–2650)

693.93B/10–3150 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NIACT NEW DELHI, October 31, 1950—9 a. m.

1030. 1. I discussed with Bajpai yesterday afternoon current situation re Tibet, and Tibet, China, and India.

2. Following is summary of some of information which Bajpai gave me re Communist China.

(*a*) On October 26 telegram drafted by Bajpai was sent to Panikkar in which was contained note for him to deliver to Communist Chinese Government.[1] This note, which Bajpai read aloud to me, was quite strongly worded. It intimated by contrasting statements made by Chinese to Indians re Tibet with present actions of Communist Chinese that latter had acted with certain amount deceit; that Communist Chinese had ignored Indian feelings and friendly suggestions re Tibet; that decision of Communist Chinese to use force in order solve Tibetan problem at time when Tibetan mission was starting for Peiping was "deplorable" and not in interest of China or of world peace. Note further dismissed as without foundation Chinese allegations that an unliberated Tibet presented danger to Communist Chinese security in view of ambitions of great powers in that region.

(*b*) GOI had made no decision as yet to extent to which Communist Chinese attack upon Tibet would change basic Indian policies. Bajpai intimated that he personally had lost confidence in Communist China but that Nehru would make final decision. My impression is if Peiping should write mollifying reply to GOI note, GOI, although more cautious, would continue endeavor maintain friendly relations.

3. Following is summary of information received re India and Tibet:

(*a*) Indian representative in Tibet had sent telegram suggesting that his mission be withdrawn since it would appear it could no longer serve any useful purpose in Lhasa. Bajpai's reply, approved by Nehru, instructed India mission regardless of danger to stay in Lhasa. Similarly, instructions to Indian officers giving military training to Tibetan officers in Tibet near India–Tibet frontier were for them to continue their work. Bajpai's comment was "we do not intend to withdraw as though we have no further interest in Tibet".

(*b*) GOI had instructed its representative in Lhasa to suggest to Tibetans that if they wished to appeal for foreign aid they might care to send message to UN. Bajpai remarked that it would be preferable for a Tibetan to take this matter up direct with UN rather than through India since if India took lead Communist China and Russia would probably drag out old skeleton of Hyderabad.

(*c*) GOI had also suggested that Tibet order its mission not to proceed Peiping since in light new developments such mission would clearly be working under duress.

(*d*) India was planning continue to send to Lhasa normal supply arms but doubted that sufficient arms could be sent over road to Lhasa in time to save inner Tibet. I discussed with Bajpai again readiness of US to assist with arms provided GOI would be willing allow them pass in transit across Indian territory. I asked him whether in his opinion such shipment in transit of US arms would embarrass India or would be helpful to Tibet. He said that it was too early yet to venture opinions in this regard. It would be preferable to wait for developments. He thought it would be unwise at this moment for US arms to pass across India to Tibet. Our conversation this connection was

[1] The text of the Indian note, dated October 26, is printed in *Documents on International Affairs, 1949–1950*, p. 550.

extremely informal and should not be considered as request on my part or reply to request on his part.

4. I asked Bajpai what in his opinion US could do at this time that would be most helpful. We wanted to do what we could; on other hand we realized tremendous responsibility which rested on India and did not wish to do anything which might render India's efforts less likely to succeed. Bajpai said that for time being he thought it would be preferable for US to take no action which might give Communist China chance to renew its charges that great powers were unduly interested in Tibet or which might make it appear to Indian leaders that US was endeavoring use Peiping offensive in Tibet in order create rift between Communist China and India. If rift should come, he pointed out, it should clearly come through force of events and not with help of outside powers.

5. I wish renew recommendations contained in paragraph 4 Embtel 1024, October 30 [2] and emphasize importance of our showing understanding and sympathy for India in its present difficulties with China rather than any degree of satisfaction. We must, in my opinion, also be careful not to give Nehru impression that we are trying to use this occasion to draw him into "alignment with western power bloc".

HENDERSON

[2] The text of that paragraph reads as follows:

"For time being we believe we should be cautious in manner in which we greet invasion of Tibet. For us to take 'we told you so' or 'now will you believe us' for 'this should bring India closer towards us' positions could do much harm. It would be better for us to indicate deep regret that Peiping has decided to resort to force in imposing its will on Tibet and that unfortunately this action tends to confirm our doubts that Peiping intends to live up to principles and purposes of charter. We might add that it gives us no satisfaction that recent events appear to give some justification to our doubts re Peiping's qualifications for UN membership. We would be much happier if Peiping by its actions would convince us that our doubts with regard to its purposes and intentions had been misplaced." (693.93B/10–3050)

793.5 MAP/10–3150

Memorandum by the Deputy Director, Mutual Defense Assistance, Department of State (Ohly), to the Director of the Office of Military Assistance, Department of Defense (Lemnitzer)

TOP SECRET WASHINGTON, October 31, 1950.

Subject: Military Assistance to the Chinese Nationalist Forces on Formosa

Reference is made to the memorandum from Mr. Bell to you, dated September 18, 1950, and entitled as above, in which approval was given to the initiation of a program in the amount of $9,752,000 for assistance to Formosa as submitted by you in a memorandum of September 16, 1950, similarly entitled. Reference is also made to the communication from Mr. Bell to you of September 15, 1950 with the

subject, "Political and Economic Factors Indicating the Amount and Character of MDAP Aid to the Chinese Government". The latter document sets forth certain criteria which, from the standpoint of the Department of State, should be observed in the development and execution of any programs of assistance for the Chinese Nationalist forces on Formosa.

It is our understanding that the program hereinabove referred to constituted an initial program for the purpose of assisting the Chinese Nationalist forces on Formosa, and did not purport to be a final definitive program covering all items which the Department of Defense might recommend for delivery to these forces. It is also our understanding that a survey of military requirements on Formosa was made under General MacArthur's auspices and that the initial program, as well as any immediately following programs, would be based on the recommendations stemming from this survey which, I understand, is commonly referred to as the "Fox Survey". In order that the Department of State may have a better appreciation of the amount and general nature of possible subsequent programs for the Chinese Nationalist forces, I would appreciate it if you could promptly furnish us with a copy of the Fox Survey, together with an indication with respect to its present status and as to the probable cost of implementing the recommendations contained therein which are likely to be accepted by the Department of Defense. This information is necessary if we are to make an intelligent application of available funds as among the several possible claimants therefor in Southeast Asia.

We have been advised by your office that the first shipments under the initial program were loaded on October 30, and were expected to reach Formosa in the third week of November. We would appreciate immediate advice as to the consignees of this equipment, the proposed method of delivery and distribution, and the end-use controls which are contemplated, and, in general, any other information bearing on the method by which this military assistance will actually be handled upon its arrival in Formosa.

JOHN H. OHLY

793B.00/10–3150 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET NIACT NEW DELHI, October 31, 1950—6 p. m.

1042. 1. I discussed Deptel 632 October 27 with Bajpai at noon today and left with him contents first three paragraphs to talk over with Nehru. I asked him when talking with Nehru to make clear (*a*) we were not suggesting any course of action to GOI since latter bore weight of responsibility for results action or inaction, (*b*) we merely desired to be cooperative and helpful and (*c*) if Nehru would

like to discuss this matter with me before our dinner on November 3 I was at his disposal. (Embtel 1031 October 31.[1])

2. Bajpai was courteous and apparently appreciative and frank. He repeated in utmost confidence that he personally had almost arrived at opinion that Peiping was mere puppet of Moscow and represented grave danger Asian peace. Reply to GOI note had just come in from Peking[2] (Embtel 1031 October 31). It was not conciliatory. Peiping pointed out that it had informed India of its desire to solve Tibetan problem by peaceful means if possible. It could not afford in context world situation to wait long for Tibetans to make up their minds. It still was prepared to negotiate in Peking for peaceful settlement. Regardless of whether negotiations would take place or other outcome Peking could not tolerate any foreign interference in solution of Tibetan problem which was entirely Chinese internal affair.

3. In reply my inquiry as to whether Tibetan mission planned proceed to Peking, Bajpai said he did not know. Members had gone to Kalimpong to pack their effects and he assumed would receive their final instructions from Lhasa. GOI had recommended that mission not be sent in view Peking's resort to arms.

4. Bajpai asked me what I thought China intended to do. I said that basing myself entirely on actions Communist-controlled states of past, Peking would continue conquest Tibet regardless of Indian sensibilities. After completion it would turn friendly disarming face on India; express its regret at being compelled take action disagreeable to India; reiterate feelings of friendship for India and desire as much closer neighbors to cooperate with India in ridding Asia of last vestiges of colonialism, etc. It would then quietly work out new adventures.

5. Bajpai said such course of action would not be entirely smooth. There would be some rough spots. Peking in order close Tibet entirely to India must order Indian mission out of Lhasa and Indian military training mission out of Gyangtse. It had been definitely decided to leave both missions in Tibet and he was drafting instruction to Panikkar asking latter to inform Peking at once of GOI decision. If Peking would object to presence these two missions in Tibet—and he was sure it would eventually—there would be breach which could not so easily be closed.

6. I said Peking may not concentrate all its efforts on Tibetan front. There was evidence that it was gradually increasing its aid to Ho Chi

[1] Not printed. In telegram 1031, Ambassador Henderson explained that regrettably he had not received Department telegram 632, October 27, in time for his talks on October 30 with Bajpai and Nehru. He said, however, that, as his telegram 1030 of October 31 indicated, he had followed the general line suggested by the Department. (793B.00/10–3150)

[2] The text of the Chinese note, dated October 30, is printed in *Documents on International Affairs, 1949–1950*, p. 551.

Minh and at any time mask of connections between Viet Minh and Peking might be dropped. Bajpai said that GOI was becoming more and more aware of these connections.

7. I cannot too earnestly urge that every effort be made to guard these telegrams re Peking and Tibet from leaks.

HENDERSON

794A.00/11–250 : Telegram

The Secretary of State to the Embassy in Ecuador

SECRET WASHINGTON, November 2, 1950—7 p. m.

89. Urtel 116 Oct 30.[1] On US proposal GA agreed to consider "Question of Formosa" and referred it to its First Comite where it will be reached some time in Nov. Same Comite will also consider Sov proposed item entitled "American Aggression Against China" which according to Sov explanatory memo covers also US action with respect to Formosa.

Chi Commies in cable to SYG of UN requested invitation participate in discussion of above Sov proposed item and protested inclusion of US proposed "Question of Formosa" as illegal.[2] Under past GA practice participation in plenary meetings of GA limited to states while de facto authorities and other persons not representing states heard when appropriate in GA Comites. In accordance with this practice US Del will oppose Chi Commies participation in GA plenary but will not oppose their participation in First Comite discussion of above two items concerning Formosa. In view this position further approach to Fon Min on this matter not necessary, but if FonMin raises question you may informally outline US making clear that this represents no change our position on Chi representation in UN.

ACHESON

[1] Not printed.

[2] For the text of the message, dated October 17, from Chou En-lai to the Secretary-General of the United Nations and the President of the General Assembly, see U.N. document A/C.1/590.

793B.00/11–350 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

TOP SECRET PRIORITY NEW DELHI, November 3, 1950—4 p. m.

1072. 1. During my talk with Nehru on evening November 2 (Embtel 1067, November 3)[1] we touched on problem Tibet. He said he

[1] This telegram (not printed) dealt with the question of United States-Indian relations; related documentation is scheduled for publication in volume v.

had personally been deeply disappointed in decision Peking, in spite of its knowledge of Indian sensibilities re Tibet, to launch invasion at time Tibet mission was preparing depart for China for conversations. He believed that friendly relations between China and India were in interests of Asian and world peace. He was concerned at attitude on part Peking which invasion reflected. This attitude, if adhered to, might result in considerable friction in future.

2. I did not think it would be wise at this juncture to say anything which he might construe as attempt to drive any deeper wedge between India and China. I therefore referred to recent statements made in Washington re Tibet [2] and said that US Government also deeply regretted Peking's action. It agreed with India that this action was not in interests of peace. We realized that in view of geographic and historic factors main burden of Tibet problem rested on India. US did not want to say or do anything which would increase this burden; on contrary we desired to do what we could to help. What suggestions, if any, did he have to offer as to what we might do or should not do at this juncture?

3. Nehru said he thought US could be most helpful by doing nothing and saying little just now. Series of announcements by US Government condemning China or supporting Tibet might lend certain amount credance to Peking's charges that great powers had been intriguing in Tibet and had been exercising influence over India's Tibet policies. He had seen reports that Chinese Nationalist Government was planning to present matter Tibet to UN. US could be of service in his opinion if it could prevail on Chinese Nationalist not to do so. Motives of Formosa in this regard would be suspect. Furthermore among charges made by Peking was that Chinese Nationalists had been active in Tibet. Presentation of matter by Formosa would give fresh ammunition to Peking.

4. I obtained impression that although Nehru was not planning to launch crusade against Communist China he had for time being at least lost much of his enthuiasm for Peking regime. Nevertheless, as will be indicated in another telegram he apparently is still convinced that Communist China should be admitted into UN.[3]

HENDERSON

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[2] At his news conference on November 1, Mr. Acheson had observed that very little information was available on the situation in Tibet but the United States would view seriously any new evidence of Communist aggression in that area.

[3] Reference is to telegram 1077, November 3, from New Delhi; not printed. For documentation concerning Chinese representation in the United Nations, see vol. II, pp. 186 ff.

794A.5/11–350 : Telegram

The Secretary of State to the Embassy in China

SECRET WASHINGTON, November 8, 1950—7 p. m.

414. Ur 601 Nov 3.[1] Dept anticipates that Navy may from time to time wish make changes in strength units of 7th Fleet assigned Formosa Mission and believes that it wld be undesirable for U.S. make any public statement or explanation re such changes, which of course do not affect mission of 7th Fleet. Deterrent effect 7th Fleet re Chi Commie attack believed lie more in announced mission Fleet rather than actual strength. Fleet mission remains unchanged. Dept accordingly believes any Chi nervousness re changes in composition 7th Fleet without basis. If you asked re reason for such changes you may reply informally along these lines.

ACHESON

[1] Not printed. It mentioned the possibility of serious concern in Nationalist Government circles over impending reductions in the size along with personnel changes in the high level command of the United States Seventh Fleet (794A.5/11–350).

611.94A/11–950 : Telegram

The Chargé in China (Rankin) to the Secretary of State

TOP SECRET TAIPEI, November 9, 1950—1 p. m.

634. Eyes alone Rusk from Rankin. Highly critical situation resulting from Chinese Communist aggression in Korea makes more urgent than ever that Embassy and its armed services' attachés be fully and currently informed of US policies and specific intentions re selected military assistance to Chinese Government. This question raised periodically (for example mytels 273, August 18, 492, October 9, 532, October 19 and 542, October 20)[1] but information available here to date limited to that contained Deptel 346, October 18[2] and recent report through Navy channels that some radar equipment probably would be supplied.

Embassy's senior military attaché Admiral Jarrett was given general responsibility for liaison with the Seventh Fleet (in original orders and again August 17) and for military aid (MDAP to NRC) at this end (October 27). To handle latter effectively, I consider essential Jarrett be supplied immediately with details of "MacArthur's request of August 16" (Deptel 346) and copies of all reports prepared by FEC survey group and transmitted by SCAP to Defense Depart-

[1] Telegram 273, August 18, is printed p. 443. The remaining three telegrams are not printed.

[2] Not printed. It informed the Embassy that 5,000 tons of ammunition were scheduled to be shipped from the United States to arrive in Taiwan on or about November 22 (793.5/10–950).

ment or JCS; also that he be kept currently informed of action being taken this connection in order he may make suggestions in light of rapidly evolving situation as well as keep Chinese armed forces advised to extent necessary or desirable.

Assume it generally appreciated in State and Defense Departments that Formosa holds largest body of anti-Communist military forces in Far East which second in total effectiveness only to UN forces now in Korea. Moreover quality being constantly improved by training which General Sun Li-jen claims already has made one of his men worth two Communist soldiers. While we all hope general hostilities may be avoided it would be inexcusable if lack of inter-agency coordination in Washington resulted in Chinese armed forces not having been provided with their most urgent and comparatively modest requirements prior to possible crisis involving need for these forces on Formosa or elsewhere.

RANKIN

793.00/11–1150: Circular telegram

The Secretary of State to Certain Diplomatic Offices[1]

SECRET WASHINGTON, November 11, 1950—1 p. m.

148. Recent developments in Far East, which have brought Chi Commie regime face to face with UN, have shown imperative need obtaining utmost info from mainland in order estimate Commie intentions. Question of Commie China now enlarged to include mil as well polit factors and involves safety well-being countries in UN who are joined in opposition to Commie aggression intervention in Korea. It is realized that official reps in Commie China of friendly countries, including those who have recognized, are circumscribed in activities and have limited confidential communication. Also realized some missions addressed have given particular attention to obtaining info re China from FonOffs.

Dept now desires each mission endeavor establish regular channel with FonOff for securing intelligence on China, relating particularly to Commie polit and mil moves and intentions. There will be varying difficulty in arranging procedure and everywhere utmost discretion must be exercised, as friendly countries will have natural anxiety jeopardizing own relations with Commie regime if such accommodation to US becomes known. Best argument is identity our interests and obvious advantage at this juncture US Govt and its services have fullest possible light on China situation.

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[1] This telegram was sent to the Embassies in Copenhagen, The Hague, London, Oslo, Ottawa, Paris, Rangoon, and Stockholm. It was repeated for information to the Embassies in Bangkok, Moscow, New Delhi, and Taipei.

It is hoped that such contact can be continued, to extent it developed, when and if situation becomes more normal and that systematic relay significant info can in future help fill gap caused by absence Amer representation Commie China.

ACHESON

794A.00/11–1150

The Secretary of State to the Secretary of Defense (Marshall)

TOP SECRET WASHINGTON, November 11, 1950.

MY DEAR MR. SECRETARY: The question of Formosa will shortly come before the Political Committee of the General Assembly. The Department of State considers that, if we are to have any chance to accomplish our basic purposes with respect to Formosa, we now concentrate at this stage of United Nations procedure upon (1) the military neutralization of Formosa and (2) an insistence that the question of Formosa be settled by peaceful means. The text of a draft resolution which would accomplish these purposes, to the extent that parliamentary action in the United Nations can do so, is attached for your information. Considerable advantage would be obtained by having a number of delegations, including the United States and the United Kingdom, sponsor a resolution along these lines at an early stage in General Assembly debate.

There are solid advantages in a procedure which does not require the United States or its major friends and allies to commit themselves to hard and fast positions respecting the substantive aspects of the problem at this time. At present, there is a considerable gap between our thinking and that of our major friends. It would be harmful to have these divergences given public prominence. On the other hand, it is very possible that with the passing of time as the intentions of the Chinese Communists respecting their neighbors become clearer and as certain factors in the situation such as the wishes of the Formosans are brought out and given greater prominence, these divergences may be substantially reduced or eliminated.

Under the procedure we envisage, a United Nations commission would spend the first year in studying the problem, in bringing out all relevant factors and in providing an opportunity for a full exchange of views among the governments concerned. The commission would give careful consideration to the respective Chinese claims to Formosa, to the well-being and wishes of the Formosans themselves, and to the valid interest of the international community in promoting peace and security in the western Pacific area. This interest of the world community embraces not only the need for a peaceful solution of this problem where use of force has been threatened; it necessitates taking

into account such other factors as the past use of Formosa as a base for military aggression and a possible future use of it for this purpose.

During the course of discussion in the Political Committee the question of the present mission of the United States 7th Fleet will probably be raised and it will be necessary for the United States Representative to deal with this question promptly. A draft statement for the use of the United States Representative is now being prepared and will be cleared with the Department of Defense and the President before being used.

With respect to the composition of the commission, it is believed that in the commission the proportion of members recognizing Communist China should be roughly the same as obtains in the General Assembly (17 out of 60) and that the composition of the commission should take into account the interests of the Asian Governments.

Your special attention is invited to the fact that our present purpose is to insure the neutralization of Formosa pending an extended process of peaceful settlement of the Formosa question. That is based upon the long-standing view of this Government that our primary security objective is to deny Formosa to the exploitation of an enemy. The question arises as to the position if Communist China persists in its intervention in Korea and puts itself in such an aggressive position as to require military action against the mainland of China. The Department of State considers that the procedure we now have in mind would leave the way open for further United Nations action against China which would permit the use of Formosa for operations against China in the event of clear Chinese aggression. We do not believe that we could successfully inject this issue into the Formosa question at this stage but we shall handle the case in such a way as not to foreclose our freedom of action in the event we and the United Nations decide to act against China as an aggressor.

Sincerely yours, DEAN ACHESON

[Enclosure]

DRAFT RESOLUTION ON THE PROBLEM OF FORMOSA

Noting that the signatories to the Cairo Declaration declared it to be one of their purposes that certain territories formerly held by Japan, including Formosa and the Pescadores, should be restored to the Republic of China and that no formal act restoring sovereignty over these territories to China has yet occurred;

Recognizing that two parties at present claim the right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chinese mainland and that Formosa has been used as a base for attacks on the Chinese mainland, that attempts to settle the dis-

pute by force would heighten international tension and would be prejudicial to the maintenance of international peace and security in the area as well as prejudicial to the interests of the people of Formosa; and further

Recognizing that the foregoing considerations raise questions as to the obligations and responsibilities of Members under the Charter;

Decides to establish a commission composed of the representatives of the following States (five to seven) which, bearing in mind the considerations set forth in the preceding paragraphs should study the problem and submit a report to the General Assembly containing recommendations for the future of Formosa and the Pescadores. The commission should consult all governments, authorities and parties concerned;

Recommend[*s*] that, pending the study by the commission and adoption by the General Assembly of recommendations concerning this problem, there be no attempt to change the status of Formosa by force and that there be neither (*a*) armed attack on Formosa from the Chinese mainland, or (*b*) armed attack on the Chinese mainland from Formosa;

Requests all governments and authorities concerned to act in conformity with the recommendation in the preceding paragraph and render every possible assistance to the commission in the performance of its tasks.

IO Files

Minutes of the 39th Meeting of the United States Delegation to the United Nations General Assembly

SECRET NEW YORK, November 14, 1950—9:15 a. m.

[Here follows a list of the 48 persons present.]

Formosa (US/A/C.1/2266).[1]

Mr. Allison stated that Formosa constituted one of the most controversial problems, not only in our own country, but also among our friends in the United Nations. The easiest way to illustrate this controversy was to indicate that of the nations most concerned with the Pacific war—the thirteen states on the Far Eastern Commission—six recognized the Chinese Communists. He pointed out that it had been agreed at Cairo and at Potsdam that Formosa should be Chinese. Pursuant to these agreements, the Chinese army had taken the surrender of the Japanese on Formosa, and China had maintained administrative control over the island. It was now the headquarters of the Na-

[1] US/A/C.12266 contained the text of the United States draft resolution on Formosa; the text was the same as that in the enclosure to Mr. Acheson's letter to Secretary Marshall, November 11, *supra*.

tionalist Government. He referred to the President's decision to use the Seventh Fleet to neutralize Formosa at the time of the Korean crisis.

As a result of this decision, Mr. Allison explained, the Department had believed it important for Formosa to remain neutralized, if at all possible. While he did not wish to go into the question of the strategic importance of the island, he observed that there was some controversy on this point from the defensive point of view but no disagreement as to the importance of keeping Formosa out of the hands of any potential enemy of the United States. In the past, Formosa had been used as a base for aggressive operations. We did not want it to be used as such again. There was also a problem of the native population of Formosa—some 7,500,000 people. Their rights had not been fully considered in the past. He noted that when it had been agreed at Cairo to return Formosa to China, it was a different China which was involved.

Mr. Allison stated that the United States had four main objectives in Formosa. First, it desired to neutralize it from a military standpoint. Second, it desired to avoid the necessity of taking publicly, at this time, a rigid position on the substance of the final and ultimate solution of the Formosan problem. The basis for this position lay in the divergencies of the views of our friends on this matter. Third, we wished to provide a mechanism for more thorough study of the Formosan problem and for exchange of views on its solution. In the fourth place, we were anxious to ensure that the ultimate solution of the problem should be peaceful. These objectives were not easy to achieve, nor would they be accomplished quickly.

Mr. Allison drew the Delegation's attention to the draft resolution contained in document US/A/C.1/2266 and explained its provisions. The preamble gave the background of the problem in terms of the Cairo declaration, the present conflict over the right to administer Formosa, the situation in the Far East, and thus outlined the problem. Thereafter, the operative section proposed the establishment of a commission to study the problem and submit a report to the General Assembly containing recommendations for the future of Formosa and the Pescadores. It further recommended that pending this study there should be no attempt to change the status of Formosa by force, and it requested all governments in authority to act in conformity with this recommendation and to render every possible assistance to the commission in the performance of its tasks. He noted that, while there had been some feeling that a date should be set for the report from the commission, in the end it had been decided to leave the timing indefinite so that the commission itself would decide when to make its report. This commission also would hear all parties to the case.

Turning to the possible membership of the proposed commission,

Mr. Allison said that the Department had suggested two factors should be taken into account: first, adequate representation of Asian states; and second, the proper proportion between countries recognizing the Communist Chinese regime and those which had not done so. It was difficult to follow both these injunctions literally. However, the working group had devised a tentative list. We had to consider, among other things, whether the United States and the United Kingdom should be included on the commission or whether it should be entirely made up of smaller states. It was the staff opinion that the United States should be on the commission because this matter was too important for us to permit it possibly to go by default. If both the United States and the United Kingdom were included, there might be a move to add the Soviets and France, although the USSR had taken the position that the Assembly should not discuss Formosa at all. Our present slate included that [the?] United Kingdom, India and Pakistan as the three recognizing states, and the United States, the Philippines, Thailand and Australia, as the non-recognizing states. The views of the Department on this slate had not been received.

Mr. Allison said that it was contemplated that all the above states would sponsor the resolution, together with at least one Latin-American state, perhaps Greece and Belgium, and one or two others if it appeared useful to broaden the sponsorship. It was felt, however, that the membership of the commission should be limited to those countries which were readily seen to have a direct interest in the Pacific area. Sponsorship, on the other hand, could include a wider group, representative of all areas in order to obtain broad support for the resolution.

Mr. Allison explained that we had been in close touch with the British on this resolution. The British had discussed and informally approved this draft, although we did not yet have general approval from the British Commonwealth, Canada being most skeptical, and Australia most enthusiastic. There were some indications that India would support a resolution along these lines. The British had assumed that the big powers would not be on the commission, but were willing to consider this possibility.

Mr. Allison asked the Delegation whether this resolution met the immediate objectives which we had in mind, taking account of the fact that we were not trying to arrive at a final solution, but merely to maintain the *status quo* on the Formosan situation. He also wished to have the Delegation's views regarding the composition of the commission, particularly the inclusion of the United States. Finally, he would like to receive views with respect to the sponsorship of the resolution.

Ambassador Austin asked whether part of our position would be to oppose debate at this time on the substance of the Formosan question.

Mr. Allison explained that the Department did not wish to have the substance discussed. We had talked this over privately with our friends. The British also did not want discussion since we had different positions, and had agreed upon the importance of confining the present discussion to methods for its further consideration.

Ambassador Austin inquired as to the view of the Chinese Nationalist Delegation and Ambassador Tsiang on this matter. Mr. Allison indicated that the Chinese Nationalists were much concerned about two matters. In the first place, they were concerned that this sort of action might make it easier for waverers to withdraw recognition from the Nationalists and transfer it to the Communists. Debate on the Formosan issue might cast doubt upon the status of the Nationalists. In the second place, the Nationalists did not like the fact that neutralization of Formosa meant that they would have to resign themselves to taking no steps to regain their position on the mainland. Both of these were real problems; we would not be able to satisfy the Nationalists completely on them. Yet this resolution did give the Nationalist Chinese an advantage for a temporary period. It ensured them against armed attack and gave them that much more time to strengthen their own internal position.

Mr. Dulles[2] wanted to assure the Delegation that Formosa had been discussed fully between the State Department and the Defense Department, and there was agreement as to the present adequacy of the resolution from the standpoint of our military program in the Far East. Assistant Secretary Rusk had discussed the matter in detail with Under-Secretary of Defense Lovett. He also observed that a top secret letter had been sent from the Secretary of State to the national Defense Department covering various agreements made with respect to Formosa.

Mr. Dulles went on to say that he had discussed this matter with Ambassador Tsiang. He had made clear to him that regardless of what happened, no further binding commitments could be made by any government to the Nationalist Chinese on the subject of recognition, and that, regardless of whether the United Nations treated Formosa as a subject for international concern, in the case of the United States it would not be a reason for withdrawing recognition, nor would we encourage anyone else to think it was a basis for changing his present position on Nationalist China. He had also told Tsiang, as regards the activities of the Chinese Nationalists, that the only thing which would be suspended would be open armed attack, and that neutralization would not prevent covert activity and communication with the friends of the Nationalists on the mainland. He also had noted that any other course might extend the war so that we

[2] John Foster Dulles, Consultant to the Secretary of State, was a United States Representative to the Fifth Session of the U.N. General Assembly.

would have to fight the Chinese Communists on a total basis. After all, our position would always have to take into account any change in circumstances, such as extension of military warfare.

Ambassador Austin asked whether the draft resolution represented the policy of the Delegation. Senator Lodge [3] asked where there was any statement in the resolution to the effect that it would be abrogated if the general situation in the Far East should change. Mr. Dulles assumed that new General Assembly action would be taken if anything of that nature happened. He would cover this point in his speech.[4] He certainly thought that before the United States used Formosa as a base, or encouraged the Nationalists, there would have to be fresh United Nations action. Any activities now of the United States in the Far East, he understood, could be based on Okinawa, Japan and the Philippines. In answer to a question from Senator Lodge as to whether this proposal had been approved by the Joint Chiefs of Staff, Mr. Dulles said that he did not know, but since it had been fully cleared with the Secretary of Defense, he supposed that it also had the approval of the Joint Chiefs. Senator Lodge observed that if this resolution were approved, it would assume we were not going to have a war with China. He hoped that was right. Mr. Dulles said he would not want to introduce a resolution implying on its face that we would want war in the Far East.

Senator Lodge remarked that it was still not clear to him just exactly what we would like to have happen to Formosa. Mr. Dulles said he could provide one answer to this question, but he was not sure that his answer would have the weight of authority. He thought there was no agreed solution at the moment which could be said to be the policy of the United States. He personally had in mind several objectives for our action in Formosa. First, we should effectively neutralize the island; second, we should consider the development of some measure of local autonomy for the people of Formosa, who had always been in a constant state of unrest and oppression, no matter who rules Formosa. In the third place, there should not be any abrupt change in trade relations between Formosa and Japan, where there were two highly complementary economies. Those three things, he believed, the commission would have to take into account. The actual framework of the final solution would, of course, depend on the evolution of conditions throughout Asia. What happened in China would be important. Possibly a temporary United Nations trusteeship might be the right solution for Formosa. So far as he knew, there was no firm United States policy. He thought the United States would go into this commission

[3] Senator Henry Cabot Lodge, Jr., of Massachusetts, was a United States Representative to the Fifth Session of the U.N. General Assembly.

[4] Reference is to Mr. Dulles' forthcoming speech before the First Committee on November 15.

with an open mind as regards the final result, but having in mind various factors which it would take into account. In addition to those he had already mentioned, the age-old association of Formosa with China had to be taken into account. He admitted, however, that it was difficult to see how all these factors could be woven together. He would be surprised if the commission could come to any decision by the time of the next General Assembly. He referred parenthetically to the fact that the Italian colonies, which were a far less complicated problem, had taken a great deal more time, considering not only the period during which their fate was under consideration in the Council of Foreign Ministers, but also the time—over two years—consumed in the United Nations.[5]

Senator Lodge inquired whether the United Kingdom, India and Pakistan had expressed their views on Formosa. Mr. Dulles said that India believed that Formosa should be promptly returned to the Communist regime. The United Kingdom said the same thing, but he believed it had its tongue in its cheek. The British appeared to feel that their position in Hong Kong was immune so long as they could persuade the Chinese Communists that they were trying to get Formosa back for them. That was his own interpretation of their position. He did not know Pakistan's position. Senator Lodge observed that the Indian and British views ran directly counter to those of the United States.

In response to a query, Ambassador Jessup [6] said he had nothing particular to add, noting that he had just been away on a two-week vacation. He understood our position to be what Mr. Dulles had described. He believed that it was not a proper procedure, in putting a subject into the United Nations, to say that there was only one solution which we would accept. We had to go to the United Nations with an open mind. We certainly could not start out by saying we would not agree except to a certain solution. There were several possible solutions, as he saw it. All of them might take considerable time to work out. He asked Mr. Dulles whether his speech would make clear that the proposed commission could visit Formosa. Mr. Dulles said that, before the resolution came to a vote, he expected to submit an express provision to that effect or to clarify this point in the debate.

Senator Sparkman [7] recalled that several times in the course of the discussion, reference had been made to changing conditions in the Far East. It seemed to him that once that fact was recognized, it was necessary to inquire as to the urgency of a study of the Formosan problem at this time and why it should not be postponed until conditions were more settled.

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[5] Related documentation is scheduled for publication in volume III.

[6] Ambassador at Large Philip C. Jessup.

[7] Senator John J. Sparkman of Alabama, was a United States Representative to the Fifth Session of the U.N. General Assembly.

Mr. Dulles thought the reason for dealing with Formosa now was to get a certain amount of international sanction for the present United States unilateral action in assigning the Seventh Fleet to defend, or rather to preserve the neutrality of Formosa. This had been criticized in United Nations circles. Just because the situation might be prolonged for a considerable period, it seemed wise to get a United Nations decision to the effect that Formosa was a matter of international concern and that it was to be kept out of involvement in the present Far Eastern crisis by maintenance of its present status. There was a certain amount of subtlety in the resolution to make it acceptable to our Commonwealth friends, but this was the intention, and it did sanction the maintenance of the *status quo*. Mr. Dulles referred to the statement made by the President at his press conference to a question on the withdrawal of the Seventh Fleet to which the President had responded that it was there to protect our Korean flank.[8] If we maintained our fleet there, particularly if the Korean situation should improve, we would require some international sanction, or otherwise our policy would arouse serious suspicions in Asia. The present situation was in suspense because of weather conditions and the ensuing monsoon season. After February there was another period when an invasion might be possible. It would then become important to have Formosa's neutralization sanctioned internationally.

Senator Cooper[9] referred to the provision in the resolution regarding the interests of the Formosan people. He did not believe that the second paragraph set forth clearly enough their interests. He would have thought that this item could be better covered in a separate provision. Mr. Dulles did not think this would be possible if we submitted a resolution jointly with the British. That was the reason for the present obscure language. The British simply were not willing to accept explicit language on these points. We had in mind some reference to Chapter XI of the Charter in this regard, but the British did not want such an explicit reference on the ground that it tended to prejudge the validity of the Cairo Declaration. If we wrote our own resolution, Mr. Dulles would prefer to spell out more clearly the interests of the Formosan people, but we simply could not do this and get the British to go along. They would not cosponsor a resolution which appeared to suggest that the independence of the people of Formosa should take priority over the Cairo Declaration.

Senator Lodge observed that from the standpoint of American public opinion, the draft resolution was not a very appealing document.

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[8] See the editorial note under date of August 31, p. 476.

[9] John Sherman Cooper, Consultant to the Secretary of State and former Senator from Kentucky, was an Alternate United States Representative to the Fifth Session of the U.N. General Assembly.

Without direct reference to the eight million inhabitants, it looked like the old power politics type of proposal.

It was agreed that the discussion should be continued at the next Delegation meeting.

IO Files

Minutes of the 40th Meeting of the United States Delegation to the United Nations General Assembly

SECRET NEW YORK, November 15, 1950—9:15 a. m.

[Here follows a list of the 47 persons present.]

Formosa (US/A/C.1/2266)

Mr. Allison explained that after yesterday's Delegation meeting, the Staff and Mr. Dulles had discussed further the composition of the proposed Formosan commission. The British had indicated to us their opposition to the inclusion on the commission of either the United States or the United Kingdom on the theory that the whole purpose of this resolution was to lower the temperature in Peiping and to constitute a reassurance to the Chinese Communists. They felt that the inclusion of the big powers might have the opposite effect. We had not agreed to this viewpoint but did not press our view upon the British. We had discussed the matter with the Department, and informed them of the seriousness of the situation, since the British might not serve as co-sponsors of the resolution if the United States were included on the commission, and we had stated the staff view that this was a matter of too great importance for the United States not to be on the commission. Mr. Rusk had discussed the matter at a high level within the Department, and as a result, several definite conclusions had been reached. In the first place, it had been decided that the United States should be a member of the commission. In the second place, it had been decided that the Delegation should endeavor to persuade the British to accept membership on the commission. In the third place, it had been agreed that the inclusion of the Soviet Union on the commission, if this issue were raised, should be opposed on the grounds that it had not been an active participant in the Pacific war and therefore would not have the same interest as the other proposed members of the commission. Sir Oliver Franks, the British ambassador, was being called into the Department this morning, and these views would be communicated to him. Mr. Allison said that Mr. Dulles had also discussed this subject with Mr. Younger[1] last night.

Mr. Dulles said he could not add very much. He had gotten the same impression as that reported by Mr. Allison, namely that the

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[1] Kenneth Younger, Minister of State, was a British Representative to the Fifth Session of the U.N. General Assembly.

British were afraid that the inclusion of the United States and the United Kingdom would, at the very least, increase the present tension with the Chinese Communists, which they wanted to minimize to the greatest extent possible. They thought that if we both went on the commission it would give credence to the view we desired to be sure of the result of the commission's work.

Ambassador Austin asked Mr. Allison whether he had talked with the member of the Japanese Parliament who had visited the Mission yesterday. The Ambassador noted that he had expressed great curiosity about Formosa. Mr. Allison replied that he had not seen the Japanese gentleman but observed that the final disposition of Formosa would be in the Japanese peace treaty or by some other international action. It had been assumed that in any peace treaty Japan would renounce all its claims to the island. Ambassador Austin wondered whether the Japanese were building up hopes for eventual return of the island to Japan. Mr. Allison did not believe this feeling was widespread in Japan. When he had been there last summer with Mr. Dulles he had seen no evidence of such sentiment, although the Japanese did entertain hopes with respect to certain other islands.

Senator Lodge asked what the situation would be if no resolution were adopted on Formosa. Mr. Allison explained that the situation would be very much the same as it was now, but the passage of a resolution would give an aura of international sanction to what had been a unilateral act on our part in stationing the Seventh Fleet so as to neutralize Formosa.

Mrs. Roosevelt [2] wished to know, as a matter of information, what the status of an agreement like the Cairo Declaration was when a government changed in the meantime, as had been the case in China. She wondered whether it rendered such an agreement null and void. Mr. Allison said this was a legal question to which he did not have the answer. However, he could say that our war-time statements were generally considered to be statements of purpose which had to be implemented after the war. In this connection he cited an article in the State Department *Bulletin* in which Mr. Byrnes had referred to President Roosevelt's understanding of the situation in approximately these terms. It seemed to Mrs. Roosevelt that the situation had changed entirely when the Chinese Government changed. It would be different if we still had free relations with the new Chinese Government. Until such a time she wondered whether it was appropriate to take the Cairo Declaration into account in a United Nations document.

Mr. Tate,[3] speaking of the legal question involved, said that ordi-

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[2] Mrs. Franklin Delano Roosevelt was a United States Representative to the Fifth Session of the U.N. General Assembly.

[3] Jack B. Tate, Deputy Legal Adviser, Department of State, was Legal Adviser to the United States Delegation.

narily agreements were not abrogated by changes of government; certain agreements were even carried through after a war. If conditions changed so that agreements could not be carried out, then there was reason for trying to get a modification of the agreement. In the case of Formosa, we solemnly pledged that Formosa was to go back to China. He thought this pledge still stood.

For Ambassador Austin, the question was whether in this particular resolution we should give color and substance to the Cairo Declaration by a recital of the facts involved therein. After all, the dominating force in Formosa today was Nationalist China. He wondered whether we could not recite that fact in the preamble.

Mr. Dulles returned to the meeting and said he had just talked with Mr. Rusk again on the telephone about the Formosan question. The Department continued to feel strongly that the United States should be a member of the commission. It did not share the British concern as to its bad effect on the Chinese Communists, who would do what they had planned, regardless of events. Their activities so far reflected long-range planning.

Senator Cooper asked to what item on the agenda this resolution would be addressed. Mr. Dulles explained that the agenda item was entitled "The Question of Formosa" and had been submitted by the United States. Senator Lodge asked why the item had been placed on the Assembly's agenda in the first place. Mr. Dulles explained that it was because we wanted to make the matter of Formosa and its disposition a matter of United Nations treatment like the Italian colonies. Mr. Cohen [4] suggested that it was not only this desire, but also a recognition of the fact that there had been very considerable resentment in the countries which were our allies at not only our unilateral action but also our overall policy with respect to Formosa. He referred in this connection to a London radio report last Sunday which indicated that nearly the entire British press reaction on Formosa, whether from the Right or Left, was unfavorable to United States policy. It seemed that we would not escape the problem if nothing at all were done on Formosa.

Mrs. Roosevelt thought that the purpose of the submission of the agenda item was to make Formosa a United Nations question rather than a question where the United States was simply acting upon its own policy. We were, in fact, getting international approval of our good faith in acting unilaterally in the first instance. Mr. Dulles agreed that the main purpose was to make Formosa a matter for action by the United Nations. He went on to point out that the United States was in an extremely difficult dilemma in Asia. On the one hand, we had

[4] Benjamin V. Cohen was an Alternate United States Representative to the Fifth Session of the U.N. General Assembly.

to assert our resources with strength in certain areas. When we did that we were accused of resuming imperialistic policies in Asia. We had to take what precautions we could to reassure the peoples of Asia that our power was not being asserted purely from the national viewpoint, but that it was in the interest of the United Nations and of international peace and security in that part of the world for the United States to pursue its present policies. On the other hand, in order to avoid suspicion in this area and to be able to accomplish what the military felt was necessary in the area with a minimum of repercussions, submission of the item to the United Nations seemed to be the best course of action. Mr. Dulles still thought it was the wise thing to do, although he admitted that this course was fraught with difficulties and uncertainties.

Ambassador Austin raised certain questions respecting the text of the resolution. He did not feel that the text set up the issue as it really existed. It did not reveal clearly the claims of the Nationalists, and in his opinion, it seemed to be slanted toward turning over Formosa to Communist China. He did not believe that was the purpose of the resolution, however. Mr. Allison commented that the purpose of the resolution was to find language which would not slant the resolution in any direction. It was intended to be objective. The purpose of the resolution was to postpone decision on the substantive aspects of the question until a report and recommendations were received from the proposed commission.

Ambassador Gross felt compelled to disagree with Ambassador Austin's comment that the resolution was slanted. He regarded the text as well balanced. He knew from what Ambassador Tsiang had told him that he felt Formosa should not be raised as an issue at all. The question how and when Formosa should be restored to China was a very difficult one. Both Chinese Governments would like to see something in any resolution referring to the Cairo Declaration and its statement as to the ultimate disposition of Formosa. These viewpoints could not be taken into account without mention of the Cairo Declaration. The second paragraph of the preamble simply showed the nature of the dispute between the parties.

Ambassador Austin asked whether there would be any objection to the insertion in the appropriate preambular paragraph of a phrase stating that the Nationalist Chinese now occupied and administered the island of Formosa. Ambassador Gross said he would not object to it. However, he thought the Nationalists might, since the phraseology would imply that they did not have sovereign rights in Formosa, and he believed that probably this phrase would create more difficulties than the present language. Mr. Allison commented that its inclusion would ensure that we would have no co-sponsors for our resolution.

Mr. Ross [5] was somewhat concerned by the first paragraph referring to the Cairo Declaration. He thought this set the problem in historical rather than legal terms. The average man in the street might well interpret this paragraph as slanting the resolution toward the restoration of Formosa to Communist China. That paragraph, in his opinion, would make it necessary to explain why we were not doing just that. It was perfectly clear that both Chinese Governments felt Formosa should be a part of China. He believed the interests of China must be conceived under present circumstances as being the long-run interests of the people of China. He was also troubled by the second paragraph which seemed rather negative. The fourth paragraph made the first reference to the future of Formosa. He questioned whether we ought not to try to turn the resolution around and state our objective first—the interests of China and the people of Formosa. Mr. Ross referred to Mr. Dulles's analogy between Formosa and the disposition of the Italian colonies. He thought there was a real difference in this case, however, since the General Assembly had a greater sense of the emergency of the situation. The Assembly might feel that the establishment of the proposed commission was not altogether satisfactory. The fifth paragraph he found rather namby pamby. It was only a recommendation that there should be no armed attack. There was no reference to any sanctions. He thought the resolution might at least authorize the commission to report to the Security Council or the General Assembly any information as to the threat of such an armed attack.

Mr. Allison said that in general he would like to agree with Mr. Ross, but he did not think, as a matter of practical politics, the changes which he suggested could be made. As regards the suggested reference to the Security Council, the Department had originally suggested a provision to this effect. That provision had been objected to by everybody outside our own Delegation. Mr. Allison emphasized that one of the chief purposes of this resolution was to meet very different points of view among various governments, to reduce the possibility of public friction between the United States and its chief allies, and to delay any final settlement for the present in the hope that as time went on, and the motives of the Chinese Communists became more clear, our friends would take on more and more our own attitude with respect to this situation. He agreed that the draft resolution was far from perfect, but we could not maintain our purposes and the support of our friends with any other draft.

Mr. Dulles pointed out that the basic reason for this text was to take the sting out of our present position in Korea so that its effect would not be so bad on the peoples of Asia. If that was not a legitimate

[5] John C. Ross, Deputy United States Representative in the U.N. Security Council, was also an Alternate United States Representative to the Fifth Session of the U.N. General Assembly.

objective, we could take Formosa today and do what we wanted with it. That was not considered to be sound tactics. He was fully in agreement with that policy. We could not have it both ways. We could not say it was bad for us to take Formosa by force and then believe that we could get the benefit of United Nations coverage without taking into account the feelings of other members of the United Nations, whose views had to be taken into account. Our desired result would flow from this resolution, he felt sure, but we had to proceed gradually. If we wrote a resolution setting forth our ticket in detail, it would prejudge the case, and we would immediately run into great difficulties. That was the reason why he did not think it wise to write these purposes into the original text. With proper handling in the commission, the United States views and intentions, which were eminently reasonable, would receive the support of other countries. We would destroy our influence and chances for support in the United Nations, however, unless we went to other countries on this problem and stated frankly that it required consideration, that we had no detailed program, but that we wanted them to consider it, along with us, with open minds. Otherwise, we would get nowhere.

Ambassador Jessup thought we should take account of the fact that Formosa had been put on the agenda by the United States. It had been our experience in the Assembly that if we retained the initiative in guiding the discussion, we were more likely to direct a solution along lines appealing to us than if we left the matter to the initiative of others. If we failed to submit this resolution, he believed we risked the adoption of a much less favorable resolution—even, for example, a resolution suggesting that Formosa be turned over to the Communists. He added that in the general Far Eastern situation, time was working on our side. The British position moved constantly toward our position. The policies of the Chinese Communists were bringing this about more and more. If we got a commission established, thereby buying time, he believed we would find that, before the commission reported, very much of the present opposition to our policies would be dissipated, and we would gather strength in the commission for our point of view. He also thought we needed a text which would attract co-sponsors. This text was the result of such negotiations, he understood. Mr. Dulles noted that we had consulted only with the British.

Senator Sparkman did not find any difficulty in the major portion of the resolution, but his first reaction was that the first paragraph started us off on the wrong tack. We announced there something which people would generally construe as the belief that Formosa would have to be turned over to Communist China. He thought it would be better to re-write the preamble without any implication that Formosa was to go to the Chinese Communists. He knew this was not intended,

but we were playing with a very dangerous situation as the first paragraph was now drafted. Mr. Allison thought the third paragraph threw the question wide open. The first paragraph simply noted the past statements on Formosa; the second dealt with the present situation; while the third paragraph opened up the question which the commission was to consider.

Senator Sparkman said that he received many letters saying that the Administration was simply waiting for the elections to be over to allow Communist China to come into the United Nations. According to these correspondents, a second thing we were waiting to do was to turn Formosa over to Communist China; the third was to recall General MacArthur. It seemed to him that the general public would think we were moving on the second phase right now if this resolution were submitted. Mr. Allison felt that if there were any inference at all in the first paragraph, it would be that Formosa would go back to the Republic of China, which was the Chinese Government which the United States recognized. Senator Sparkman pointed out that the other co-sponsors would take a different position. He still did not believe this language reflected accurately our position on China.

In answer to a question from Ambassador Austin, Mr. Dulles indicated that the phrase, "Republic of China," was the historical term used in the Charter to apply to the Nationalist Chinese Government. In this connection he referred to Mr. Vishinsky's proposal, in connection with the Syrian-Iraqi resolution adopted with the "Uniting for Peace" resolution, to change the phrase, "Republic of China," to "People's Republic of China."[6] He thought there was no misunderstanding as to the government to which this term applied.

Senator Lodge understood the dilemma in the Far East. On the one hand, we were trying to prevent ourselves from being overrun and, on the other, not to subject ourselves to charges of imperialism. He referred to the fact that last January he had publicly expressed his opposition to the suggestion made by Senator Taft and former President Hoover that the United States should take over Formosa for the very reasons which Mr. Dulles had mentioned. There was nothing further from his mind in the present case than that the United States should write its own ticket. However, he did not believe we should have a resolution for the sake of getting co-sponsors which at the same time would frighten away the American public, since, after all, in this government, public opinion was of primary importance. He believed the first paragraph made the resolution entirely unacceptable to the American public, and he would have to withhold his approval from the resolution for that reason.

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[6] For documentation relating to the Uniting for Peace Resolution, see vol. II, pp. 303 ff.

Senator Cooper referred to his remarks at the previous meeting on the lack of emphasis in the resolution respecting the interests of the Formosan people. The text of the preamble, in his opinion, seemed to imply that when the dispute between the two contending governments was decided, Formosa would be turned over to either the Nationalists or the Communists. He wondered whether there might not be grounds for a new decision, either upon the basis of our security, or the interests of the people of Formosa which had not been considered. He referred to the President's statement at the time the Seventh Fleet had been stationed in Formosa, when our position had been tied fully to the Korean war. We were now extending that declaration of the President to provide for the complete alienation of Formosa from China. He wondered whether that might not increase the embarrassment of our position since our Allies had appreciated the original security reasons behind our position in Formosa.

Mr. Dulles referred to the various remarks expressing concern at the reference to the Cairo Declaration in the resolution. The Nationalist Chinese had made the most insistent and urgent plea that we keep as close as we could to the Cairo Declaration. Otherwise, they contended, this resolution would be fatal to the interests of the Nationalists. The Delegation certainly would wish to pay attention to the Nationalists' views since they had indicated that they could not cooperate with us unless the resolution took the Cairo Declaration as its starting point. Their position was that the Cairo Declaration stood, and that final action on the disposition of Formosa was simply being deferred. It was important to maintain good relations with the Nationalists. If the reference to the Cairo Declaration were dropped, we would immediately antagonize them. As regards the independence of the people, the present language was inserted in an effort to meet the same concern that we were not giving the whole problem a new deal and were not implying that an independent state of Formosa should be created, to be alienated permanently from China. Mr. Dulles said that if there were a choice today, he would feel an independent trusteeship for Formosa was the best solution, but at this stage we could not commit ourselves definitely to that solution. He thought that this resolution would be interpreted in some quarters as an attempt to restore Formosa to the Communist Chinese. Any resolution not susceptible of that interpretation would be a resolution bad from the standpoint of the Nationalists and the co-sponsors. The resolution, in its present form, was written just as much to meet the Nationalists' views as anything else, and in that respect, the Nationalists and the Communists alike desired reference to the Cairo Declaration. We had experienced great difficulties with the Nationalists on this point. Mr. Dulles recalled that the British resolution had started out with the statement that whereas the population of Formosa was predominantly

Chinese, and whereas Formosa was traditionally Chinese territory, etc., which language would be even more difficult. We were steering an extremely difficult course in this case. If we should decide to submit our own resolution without seeking co-sponsorship, he then believed we would wish to re-phrase this resolution to some extent. However, if the Delegation agreed it was desirable to have co-sponsorship, he thought it would be difficult, if not impossible, to make any appreciable changes in the present text.

Mr. McKeever[7] wondered whether Senator Sparkman's points might not be met by reversing the order of the first two paragraphs. Mr. Tate said that he had intended to make a suggestion along the same line. The first paragraph might then contain a recognition that the two parties claimed the right to administer Formosa as a result of the Cairo Declaration. The second paragraph could refer to the threat of an armed attack; this would set the problem first in terms of the present conflict and second, the threat to the peace.

Ambassador Austin said it was apparent to him that there was strong disagreement within the Delegation, both with respect to the general policy and the text of the draft resolution. All seemed to agree that the resolution was slanted. The Ambassador reviewed the various disagreements which had arisen in the Delegation and inquired whether in this situation it was not wise for the Delegation to request reconsideration of the text of the draft resolution.

Mr. Dulles admitted that our position was very difficult. Formosa was simply one part of our whole policy on the Far East. In his opinion, it was hardly fair to ask the Assembly Delegation to deal with Formosa as a separate matter. He suggested it might be better to report back to the Department the different views expressed in the course of the meeting and let the Department decide whether to treat this subject as a matter which under the law could be one on which the Delegation would be instructed as to how to proceed. It was his guess that the Department would feel, because of the interdependence of this matter with other issues, that it was hardly fair to the Delegation to act independently on this. He personally shared many of the views and concerns expressed by other Delegates and agreed they should be taken into account if this subject were to be dealt with as a matter which was not interlocked with other matters in the Far East. He thought it was best to inform the Department of the Delegation views, to see to what extent these views could be taken into account and then to remove rsponsibility from the Delegation, if the Government itself, desired to introduce such a resolution.

Ambassador Austin said he had always found the Department very considerate of the Delegation's views. We could ask the Department

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[7] Porter McKeever, Public Information Officer, United States Mission at the United Nations, was Information Officer of the United States Delegation.

for its opinion on reconsidering the text of the resolution, or at least re-writing the first paragraph, and inform it of the basis for this request. If the Department still desired to put forward a resolution, the Delegation could make clear its view that from the standpoint of public opinion, nothing should be included which would give an erroneous impression that the resolution was slanted in a certain direction.

There was no objection to the suggestion that the matter be submitted to the Department in this way, with a request for as early an answer as possible. Mr. Dulles observed that the matter might arise in the Committee this afternoon.

320/11–1550 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

TOP SECRET NIACT NEW YORK, November 15, 1950—12 : 26 p. m.

Delga 290. For Secretary from Dulles. Re Formosa: Formosa matters discussed yesterday and today at delegation meeting. (Re Delga 289, November 15.[1]) At conclusion Austin summed up situation by saying it was apparent to him that there was virtually unanimous opposition on the part of the delegation to the resolution as drafted and that this should be reported to the Department.

The objections raised by Mrs. Roosevelt and Senator Sparkman could probably be met by a redrafting of the resolution which would delete or subordinate the reference to the Cairo Declaration. Objections on the part of Austin, Lodge, Cooper and Ross are more fundamental since they feel that no resolution would be acceptable to the Senate or to American public opinion unless it made clear beyond doubt on its face that under it there could be no turning over of Formosa to Chinese Communists. I expressed the opinion that the differences within the delegation were such that I doubted that there could be anything like unanimity within the delegation on a form of resolution that the British would go along with or indeed that would have much chance of adoption and that if the Department wanted us to go along the lines of the present draft it would be necessary to invoke the legal authority to instruct the delegation.

My personal judgment is that it is unwise from many standpoints to present this item in the Assembly at the present juncture. From standpoint of domestic policy, there is great sensitiveness regarding

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[1] Not printed. It transmitted a summary of the discussion at the 40th Meeting of the United States Delegation to the General Assembly, the minutes of which are printed *supra* (320/11–1550).

Formosa. There is popular belief of a divergence of opinion between Administration and some Republicans and undoubtedly the contemplated action would be misinterpreted as a desire to put the future disposal of Formosa out of the US Government's independent control just in time to prevent the new Congress from asserting its influence upon this most controversial item of American foreign policy. Also, from the purely military standpoint the proposal may have present disadvantages greater than advantages as it now seems that the need of the fleet to protect the Korean flank will persist for a considerable period of time, irrespective of fresh UN action whereas the UN action would have some tendency to make the Chinese Communists feel that they could concentrate their troops in North Korea without fear of possible attack from the Nationalists on Formosa. From the standpoint of relations with the UK and other friendly powers who disagree with us about Chinese Communists we doubt that any co-sponsorship would serve for long to conceal our present underlying differences and that the debate would be bound to bring these differences into sharper relief than if the matter were not publicly dealt with here. Under all the circumstances, recommend that we state at this afternoon's meeting that in view of the rapidly changing and unpredictable situation developing in China since the item was proposed and in view of the prospective discussion of Formosa in the Security Council, we ask that the item in the GA be dropped to the foot of the agenda and that the present consideration be suspended subject to the possibility of taking up the matter at a later date should developments make this seem the wise course in the interest of international peace and security. Austin concurs.[2] [Dulles.]

AUSTIN

[2] At the meeting of the First Committee at 3 p. m. on November 15, Mr. Dulles proposed that the debate on the Question of Formosa be deferred, and the Committee assented by a vote of 53 to 0, with 5 abstentions (U.N. document A/C.1/SR.399). This question was not taken up again during 1950; see telegram Gadel 162, December 5, to New York, p. 589.

794A.00/11–1550

The Secretary of Defense (Marshall) to the Secretary of State

TOP SECRET WASHINGTON, 15 November 1950.

DEAR MR. SECRETARY: With reference to your letter of 11 November 1950 concerning the question of Formosa in the United Nations and enclosing a draft resolution, the Department of Defense appreciates your consideration in making available to it the draft resolution and the views of the Department of State in this matter.

In view of the military implications of this problem, and particularly the points raised in the last paragraph of your letter, the letter and the draft resolution have been referred to the Joint Chiefs of Staff for their views and recommendations, as a matter of priority. For the same reason, the Department of Defense intends to reply in substance to your letter, before, it is hoped, a United States position has been officially taken on this matter or a draft United States resolution introduced in the United Nations. Therefore, the Department of Defense requests that such action be deferred until the views of this Department are available.[1]

In this connection, the Department of Defense believes that it may be timely and appropriate for the National Security Council now to review the current position of the United States with respect to Formosa. Accordingly, the Department of Defense, for its part, is considering such action in view of the serious military implications involved in the consideration of the status of Formosa in the light of present conditions in the Far East.

Faithfully yours, G. C. MARSHALL

[1] See footnote 2 to telegram Delga 290, November 15, from New York, *supra*.

794A.00/11–1650

Memorandum of Conversation, by Mr. Eric Stein of the Office of United Nations Political and Security Affairs

SECRET [WASHINGTON,] November 16, 1950.

Subject: Formosa

Participants: Mr. Dulles
Mr. Hickerson
Mr. Rusk
Mr. Allison
Mr. Clubb
Mr. Henkin
Mr. Stein

Mr. Dulles stated that in the light of the attitude taken by the United States Delegation to the General Assembly in yesterday's meeting there appeared to be two possible courses of action on the agenda item, "The Question of Formosa". First, we could let this item peter out in this Assembly and not ask for any action, and second, we could abandon the subtle attitude of not stating our views as to the ultimate disposition of Formosa and state frankly several basic principles which we would consider as appropriate framework for a plan for the solution of the Formosa question.

These principles are:

1—The United States, as a principal victor of the war in the Pacific and as the sole occupying power of Japan has great responsibility in the disposition of Formosa;

2—With the exception of the relatively brief period of Japanese domination, Formosa has been part of China for centuries. The history of the island and the ethnic characteristics of the population call for ultimate restoration of sovereignty over the island to China.

3—The restoration of sovereignty can not take place as long as the possibility exists that Formosa may become a base for a new aggression in the Pacific and the object of a bloody civil struggle.

4—The people of Formosa must be given an adequate measure of autonomy and self-government under the sovereignty of China; the relations between Formosa and China must ultimately be based on the consent of the people of Formosa and China.

5—In view of the complementary nature of the Formosan and Japanese economies a long term arrangement should be made insuring a continuation of close trade relations between Formosa and Japan.

6—Formosa should be demilitarized.

The question of Formosa should be made the subject of an inquiry by the General Assembly, not as an immediate problem of maintaining international peace and security but on the same long term basis as the United Nations consideration of the disposition of former Italian colonies. We should further declare, Mr. Dulles continued, that the above principles may not be perfect but, that in our view they provide an adequate framework for a General Assembly inquiry. These principles could either be incorporated in the resolution providing for such inquiry or expressed in our statement introducing the resolution. Under the resolution the Assembly would appoint a commission which would carry out the inquiry. Half of the members of the commission would be selected from among the Japanese treaty powers and the other half from among other members of the United Nations, such as Sweden and Belgium. The commission would study how, when and under what conditions the above principles could be put into effect.

Mr. Dulles suggested that any new draft resolution should not contain a recommendation that there should be no use of force pending an inquiry by the commission; the Defense Department people believe, Mr. Dulles said, that this recommendation would work in favor of the Chinese Communists: they would assume that we shall abide by the recommendation and not permit an attack from Formosa on the mainland pending the study, which would leave them free to shift their troops from the invasion coast to Manchuria and then return them to the invasion coast if and when they decided to invade Formosa in disregard of the recommendation.

Mr. Rusk pointed out with respect to the 5th [*6th?*] principle mentioned by Mr. Dulles that a neutralization of the island, with some Formosan armed forces on the island for at least nuisance value against an invasion, might be better than a complete demilitarization which would invite invasion.

Mr. Hickerson thought that it is important for a commission to be appointed and that in any terms of reference for the inquiry a possibility shoud be left open for independence or United Nations trusteeship over Formosa.

Mr. Rusk stated that Mr. Dulles' views are of great interest and will be further explored.

320/11–1650 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

SECRET PRIORITY NEW YORK, November 16, 1950—2 : 05 p. m.

Delga 304. Re postponement consideration of Formosan item. At Pakistan dinner last night considerable number delegates expressed interest in "real reason" behind our motion in First Committee to postpone consideration Formosan item and our views in general as to where do we go from here on complex of Chinese items in Assembly and SC. Ross responded as follows:

At beginning of Assembly it seemed probable that Korean war would be successfully liquidated in fairly short time and that UN might then reasonably turn its attention to two constructive programs: (*a*) unification and rehabilitation of Korea, and (*b*) initiation at least of consideration of problem of future status of Formosa. Korean Commission was on its way to Korea and would do what it could in light of circumstances in pushing forward towards unification and rehabilitation. On other hand, did not seem wise to us in light of changed military situation in North Korea to plunge into consideration Formosan question. On contrary, seemed wiser to us to play for time pending clarification military situation. Furthermore, pending clarification military situation Korea, it seemed essential maintain protection Formosan flank.

Chauvel, Berendsen, Entezam and Santa Cruz,[1] with whom conversations held, expressed full agreement course taken.

AUSTIN

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[1] Jean Chauvel of France, Sir Carl Berendsen of New Zealand, Nasrollah Entezam of Iran, and Hernán Santa Cruz of Chile, Representatives to the Fifth Session of the U.N. General Assembly.

320/11–1650 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, November 16, 1950—6 p. m.

Gadel 117. Fol outlines in greater detail than Gadel 113 Nov. 15 [1] Depts position re El Salvador's request "invasion of Tibet by foreign forces" be added to GA agenda:

1. You should support El Salvadoran request as item of important and urgent character under Rule 15. We have always taken the position that when a complaint of aggression is made to the UN, there should be an opportunity to have the complaint heard and considered if any state so desires.

2. We do not, however, wish to take initiative on this question. We doubt UN can bring effective pressure upon Chi Commie Govt to withdraw or agree to respect Tibet's autonomy. Nevertheless, we think that GA consideration of the problem may be of some value, as propaganda in exposing Chi Commie actions.

3. If India's special interest, due to proximity Tibet and past Brit Empire relations with Tibet, induces Indians to play active role in supporting El Salvadoran request, we would wish to support them. To this end, you should consult with InDel and ascertain UKDel's reaction to Tibet complaint, explaining our position and that we wish consult with UK and India in working out joint position. USDel shld of course avoid giving Indians impression that by this action we are seeking to bring about worsening GOI-Chi Commie relations.

4. We see fol possible advantages from UN consideration:

(*a*) Propaganda advantage in public debate demonstrating the aggressive tendencies of the CPR Govt and falsity of the position which seeks to justify its actions in Tibet by saying that imperialist powers threaten the country. This might aid us in Korean situation and in hearings on question of Formosa and air force bombings of territory of China. It might assist in marshalling of world opinion against Chi Commie aggressive actions in Far East.

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[1] The text of telegram Gadel 113 reads as follows:

"Re Tibet. Confirming instructions telephoned by Hickerson, Dept feels question is one of concern primarily to India and that any leadership given to its management in GA shld come from India. US Del wld therefore fol Indian lead in handling of item and shld consult Indian Del before initiating any action itself. This shld not be construed as suggesting any course for Indians to fol or needling them to take the lead on this item.

"Re Salvadoran proposal inclusion Tibet item GA agenda, US wld of course vote in favor its inclusion in line with our historical policy of not objecting free discussion controversial questions. Indian Del shld be so informed." (320/11–1550)

The text of the Salvadoran proposal is contained in U.N. document A/1453.

(*b*) FYI India, assuming it wld be a principal proponent of action, wld have a first-hand opportunity to learn what it is like to deal with USSR in matter in which USSR undoubtedly wld be in opposition. A widening breach in India–Commie China and India–USSR relations, probably resulting from active Indian opposition to Chi actions in this case, might induce India to be less neutral and more realistic about Communism in general. Hence India might be more willing to support US on Major issues against USSR and its satellites.

(*c*) FYI US support of Indian lead wld aid in developing better US–India relations.

5. A position paper will be prepared and forwarded shortly.[2]

ACHESON

[2] Not printed. Concerning United Nations handling of the Tibetan matter, see telegram 794, November 28, to New Delhi, p. 583.

793B.00/11–2050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, November 20, 1950—7 p. m.

1276. 1. Bajpai read to me today excerpts from telegram sent Rau [1] November 19 re Tibet.

2. This telegram instructed Rau since no suitable member SC apparently prepared introduce resolution re Tibet he should support Salvador resolution. He was not to enter into legal niceties situation but to emphasize importance attainment peaceable solution between China and Tibet.

3. Bajpai told me Rau had telegraphed GOI that apparently no member SC desired take initiative re Tibet and therefore suggested matter be dropped in UN. GOI however could not agree to "letting Tibet down". There had been some sentiment among various members Indian cabinet opposing GOI taking any action UN. However overwhelming majority sentiment was regardless effect on India–China relations GOI could not afford take uninterested position re Tibet.

4. Tenor telegram as read me would indicate Rau has been endeavoring prevail on GOI take no action in UN re Tibet which might dispel Soviet Union and Communist China. Apparently Rau was under impression that by not criticizing Communist China in UN re Tibet he might play more helpful role in mediating between Communist China and western powers following arrival Communist Chinese delegates in Lake Success.[2]

HENDERSON

[1] Sir Benegal N. Rau, Permanent Representative of India at the United Nations.

[2] See the editorial note on the U.N. Secretary Council meetings of September 28 and 29, p. 522.

793.5 MAP/11–2150 : Telegram

The Secretary of State to the Embassy in China

TOP SECRET WASHINGTON, November 21, 1950—3 p. m.

451. Eyes only Rankin from Rusk. Urtel 634 Nov 9. Dept was in receipt only Nov 1 of copy of report Fox Survey Mission. Defense has still not yet indicated its own attitude toward question mil aid Chi Govt. That attitude presumably will have to be determined with due consideration for priorities of demands from other quarters for US mil aid. Fox Report now under consideration in this Dept. No decisions yet reached. Dept requesting extra copy Fox Report which when recd will be transmitted you for info. You cld of course make it available at ur discretion to Jarrett. Dept will endeavor keep you currently informed policy laid down this gen connection for info urself and staff, but feels it undesirable, particularly in view fact Govt policy still unestablished re matter in point, suggest to Defense that latter Dept need increase flow info and directives to Jarrett.

MacArthur's request of Aug 16 related only to ammo. You will appreciate from Deptel 346 Oct 18 that US Govt is giving consideration to establishing needs Formosa forces. FYI however there is at present very heavy pressure on Amer mil stocks and production for use in areas high priority.

This is only initial reply to indicate to you matter is in course. Additional info will be sent as developments occur. [Rusk.]

ACHESON

794A.00/11–2450

The Acting Secretary of Defense (Lovett) to the Secretary of State

TOP SECRET WASHINGTON, 24 November 1950.

DEAR MR. SECRETARY: I refer to your letter of 11 November regarding the question of Formosa, in which you enclosed a draft resolution to be introduced in the United Nations. As indicated in my letter of 15 November, I have requested the views of the Joint Chiefs of Staff on the proposed resolution. Their views, in which I concur, are as follows:

"The Joint Chiefs of Staff feel that the military implications involved in the Formosa situation and in its settlement are of the gravest importance to the United States. Passage of this resolution, as currently drafted, would neutralize Formosa strategically and thus would considerably improve the Communists' strategic position, would release some of their defense forces for build-up elsewhere, and would substantially reduce our own strategic position in the area. From the military point of view, the language in which the recommendation of the resolution is couched, if adopted, would restrict our future freedom of action.

In the event political considerations are overriding, and action must

be taken in the United Nations, the Joint Chiefs of Staff perceive no objection to the 'Draft Resolution on the Problem of Formosa' if the penultimate paragraph of the resolution is deleted and if in the last paragraph the words 'act in conformity with the recommendation in the preceding paragraph and' are deleted. Without such deletion it is felt that the resolution, if adopted, would restrict freedom of action in the event the military situation requires that an armed attack against the Chinese Communists on the mainland be mounted. The Joint Chiefs of Staff consider that such limitation would place an undue and unwarranted restriction on possible future military operations and, conversely, they perceive no commensurate gains in exchange."

It is recognized that political relationships in the United Nations may be a consideration of the first importance. However, I strongly recommend that the amendments proposed by the Joint Chiefs of Staff be incorporated in any resolution which is introduced by the United States.[1]

Faithfully yours, ROBERT LOVETT

[1] See footnote 2 to telegram Delga 290, November 15, from New York, p. 573.

Editorial Note

The First Committee of the United Nations General Assembly met on the morning of November 24 to take up the question of the "Complaint by the U.S.S.R. regarding aggression against China by the United States of America." For the record of the meeting, see U.N. document A/C.1/SR.405. The Soviet Representative introduced a draft resolution (A/C.1/630) inviting a representative of the People's Republic of China to attend the sessions dealing with this item. Debate continued into the afternoon session of the First Committee on November 24; see U.N. document A/C.1/SR.406. Ultimately, after voting down a Chilean amendment (A/C.1/635 and Corr.1) which would have made clear that any invitation to a representative of the People's Republic of China in no way prejudged the general question of Chinese representation in the United Nations, the First Committee approved the Soviet resolution by a vote of 30 to 8, with 22 abstentions (including the United States).

The People's Republic of China was informed of the invitation by the United Nations Secretary-General on November 24 and responded on November 26 by appointing General Wu Hsiu-chuan as its representative in the First Committee meetings (U.N. document A/C.1/636).

On November 27, the Committee resumed debate, with the People's

Republic of China delegation entering during the meeting, and heard a long statement by the Soviet Representative condemning United States policy in regard to Formosa and charging attacks by the United States against mainland China, particularly Manchuria. Mr. Dulles responded for the United States, after which the meeting rose (A/C.1/SR.407).

The Committee did not sit again until December 7, at which time it voted to suspend debate on this item in favor of discussion on the question of "Intervention of the Central People's Government of the People's Republic of China in Korea;" for documentation, see volume VII, pages 1237 ff. The representative of the People's Republic of China then released a statement prepared for delivery in the First Committee, the text of which is printed in U.N. document A/C.1/661. No further discussion took place during 1950 on the question of the "Complaint by the U.S.S.R. regarding aggression against China by the United States of America."

Meanwhile, the U.N. Security Council at its 525th–530th meetings, from November 27 to November 30, had taken up simultaneously the questions of "Complaint of armed invasion of Taiwan (Formosa)" and "Complaint of aggression upon the Republic of Korea;" for documentation, see volume VII, pages 1235 ff. These were the final Security Council meetings for 1950.

611.93/11–2750

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] November 27, 1950.

I believe that our fundamental policy execution with respect to Communist China is confused. The reasons for this confusion are understandable and require no discussion. I feel strongly, however, that the confusion must be cleared away because many of our actions are mutually antagonistic and self-defeating in the absence of clarity in our own minds as to what we seek.

I think this is a time for over simplification of the problem.

Our objective, of course, is to destroy the basis for a durable alliance between the Soviet Union and China. Three policies or courses of basic action could logically advance us toward this objective.

First, we could make an effort to replace the present Communist regime by another Chinese government. The only possible available substitute is Chiang Kai-shek and the National Government. I do

not think anyone who knows China believes that in the foreseeable future Chiang Kai-shek could return to the mainland and reinstall himself as the national government unless accompanied by American forces, including infantry, on a scale which the world situation and our military resources would make impossible. Such a judgment, of course, does not exclude the very real possibility that under certain circumstances we might encourage him and within reason support him in making such an effort.

Second, we could seek to change the character of the present Peiping government first to neutrality and then to a neutrality benevolent to us, and lastly to a firm friendship. Such a course would seek to exploit the historic conflicts of national interest between Russia and China, and it would rely on the asserted nationalistic orientation of the Chinese people. It was on this course that from the outset the British launched themselves with more precipitance than judgment. It was this course, I believe, which we visualized we would accept a year ago as a long-term pattern for action. The attitude and actions of the Chinese Communists themselves, however, by this time a year ago had made clear that this avenue was closed.

Third, we could seek to destroy China as a useful ally to Russia by concentrating our efforts on fragmentation. There are powerful traditional and current centrifugal forces at work in China.

The fact that we cannot pursue simultaneously all three of these basic courses or any two of them is self-evident. Obviously, we cannot attempt to wean Peiping from Moscow while we recognize Chiang, nor can we give political assurances to potential defectors on the mainland while we support Chiang for ultimate return to the mainland.

I believe that the third course holds by far the greatest promise of success and should be pursued without regard to the fact that its pursuit would foreclose the other two possibilities. It would not require, however, withdrawal of recognition or support from Chiang on Formosa, nor would it mean that we were abandoning any ultimate hope of a successor government in Peiping which would be anti-Russian. The difficulties are great. Not least of them is the fact that this policy would require heavy reliance on . . . measures, in the execution of which we are still inexperienced and inept. It would also require conscious restraint, e.g., we should not encourage rebellion where the odds of failure were too great.

The decision which I feel is required does not necessarily have to be published. The important thing to my mind is that a handful of men (you, Doc Matthews, Phil Jessup and the Secretary; the JCS,

General Marshall and Lovett; General Smith [1] and the President) should be agreed among themselves on one of these three policies and test against it every move before important action is taken.[2]

[1] Walter Bedell Smith, Director of the Central Intelligence Agency.
[2] The Department of State file copy of this document bears the following manuscript notation by Mr. Merchant: "Slightly OBE [outdated by events] but I think still contains germ of an idea."

793B.00/11–2550 : Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, November 28, 1950—5 p. m.

794. UN Gen Comite voted unanimously Nov 24 to postpone consideration Tibet problem. This action based largely upon Indian Rep's assertion latest note from Peiping to his Govt indicated hope still exists for peaceful settlement.[1] Such settlement, he believed, cld best be promoted by deferring for present placing item on agenda. UK Rep gave as additional reasons postponement desirability consider further whether question Tibet was problem for SC or GA, need for obtaining further info, and obscurity of legal situation.

Fol Comite's vote, Gross said he had supported postponement because India had advised Comite there was still hope for peaceful settlement. Otherwise US, consistent with its policy in UN, wld have voted to place question on agenda.

In pre-mtg discussion Rau informed Gross he was encouraged by "second note" his Govt had recd re Tibet of more friendly character,[2] by statement of CCP Rep on arriving in US,[3] and by CCP release of US POW's in N. Korea [4] as showing more friendly attitude than expected which gave some hope for negots. Rau read tel from his FonOff stating CCP now indicated willingness negotiate, that their advance has not been beyond boundaries of China and Tibet, as CCP understands them, and that this situation will most effectively be negotiated on bilateral basis outside UN.

Indian Rep's recommendation that Tibet problem be postponed apparently based upon Peiping note dated Nov 16 (urtels 1281, Nov 21 and 1316, Nov 25).[5] Presumably change in position from that

[1] Reference is to a note dated November 16 to the Government of India from the People's Republic of China; text in *Documents on International Affairs, 1949–1950*, p. 554.
[2] Reference is to the note cited in footnote 1, above.
[3] For related documentation, see vol. VII, pp. 1237 ff.
[4] See *ibid.*
[5] Neither telegram printed; they conveyed the text of the Chinese note of November 16.

taken Nov 19 (urtel 1276 Nov 20) result of delay in receipt of Nov 16 note or reconsideration policy. Dept desires you continue evince active informal interest in Tibet situation and suggests in ur discretion you informally review present situation with Bajpai with view obtaining indication future Indian attitude and actions.

ACHESON

330/11–3050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, November 30, 1950—3 p. m.

1350. Occasion taken to show Bajpai Depintel November 27, 1 a. m.[1] re USGA advice from Rau on GOI attitude toward Tibet question since information was not consistent with our understanding GOI attitude.

Bajpai expressed astonishment at information attributed GOI FonOff and read to Steere last instructions on Tibet MEA sent to Rau. These clearly indicated that GOI favored postponement decision on inclusion Tibet GA agenda because of belief discussion at this time could only exacerbate feelings and perhaps jeopardize efforts for agreement on more important issues. Cable indicated GOI had only "a faint hope" of Tibet question being resolved by negotiations.

Bajpai said GOI understood that Lhasa authorities are not negotiating or endeavoring to negotiate with Chinese authorities but that latter are endevoring to negotiate with local Tibetans in areas under Chinese control.

Presumably Rau free wheeling on basis his own interpretation final paragraph second Peiping note[2] which MEA (at least Bajpai) has not taken as indicative of change Peiping attitude re Tibet. Bajpai openly suspicious and cynical re Peiping.

HENDERSON

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[1] Not printed. It conveyed the information contained in the second sentence of the third paragraph of Department telegram 794, November 28, to New Delhi, *supra*. (700.00(S)/11–2750)

[2] The paragraph under reference reads as follows:

"The Central People's Government of the People's Republic of China welcomes the renewed declaration of the Indian Government that it has no political or territorial ambitions in China's Tibet and that it does not seek any new privileged position. As long as our two sides adhere strictly to the principle of mutual respect for territory, sovereignty, equality, and mutual benefit, we are convinced that the friendship between China and India should be developed in a normal way, and that problems relating to Sino-Indian diplomatic, commercial, and cultural relations with respect to Tibet may be solved properly and to our mutual benefit through normal diplomatic channels." (*Documents on International Affairs, 1949–1950*, p. 556)

794A.00/12–150

Memorandum by the Director of the Office of Chinese Affairs (Clubb) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

CONFIDENTIAL [WASHINGTON,] December 1, 1950.

Subject: Handling of Formosa Question in the General Assembly

Attached hereto is UNP's telegram giving new instructions to our delegation respecting the handling of the "Question of Formosa" in the General Assembly.[1]

In substance, under the new instructions our delegation would seek to have the question of Formosa dropped from the agenda of this Assembly and to prevent consideration of the question by the United Nations for a year. This constitutes a complete reversal of our position, as outlined by the Secretary in his statement at the opening of this General Assembly and permits the direct inference that we propose to continue the course of action with respect to Formosa which we initiated in June and which has since that date caused considerable uneasiness among friendly governments. The action proposed would, in the circumstances, probably create the widespread impression that we are no longer agreeable to UN consideration of the question on its merits and that we intend come what may to follow an intimate power relationship with the Nationalists on Formosa (Ref. CA's memo of November 22, 1950, subject: Draft Progress Report on Formosa).[2] Even if we have decided upon such a course, there would seem to be strong arguments against giving public emphasis to it until those countries supporting UN action in Korea have convinced themselves that there is no possibility of a negotiated settlement there.

The attitude of the Chinese Communists as recently revealed in Korea and New York probably creates a more understanding attitude on the part of our friends and allies for such a course. However, it is by no means clear that, at the present juncture, we could count upon material, or even moral support from them. It seems likely that, if the Chinese Communists continue their present course, support for a strong U.S. position respecting Formosa may grow. If we wish to have such support we should have the requisite patience and demonstrate a willingness to make concessions to the views of our friends and

[1] A note on the file copy indicates that the reference is to a telegram drafted on November 30 in the Office of United Nations Political and Security Affairs. Presumably, this draft telegram was sent out by the Department of State as telegram Gadel 162, December 5, to New York, p. 589. Telegram Gadel 162 bears the drafting date November 30 and the notation by Mr. Clubb that he cleared it for the Office of Chinese Affairs subject to the qualifications set forth in his memorandum of December 1.

[2] Not printed.

allies. CA is of the opinion that before the U.S. takes the position set forth in the attached telegram, the views of our friends and allies should be sought.

We must consider the possibility that within the next months there will again be a concentration of Communist strength for an attempt to invade Formosa. If the question of Formosa's status is under study by the UN, this circumstance in itself might tend to deter Communist action; at least, it would enable us to say that in using U.S. forces to oppose the invasion we were maintaining the *status quo* while the UN is considering the problem. On the other hand it would seem that having ourselves in effect removed the question from consideration by the UN, we would deny ourselves even that indirect UN cover for our action. The weight of these considerations is obviously lessened by developments in Korea during the past week, but it is not yet clear that they have disappeared. Nor is it clear that study of the question of Formosa by the GA would seriously restrict our freedom of action, if hostilities with Communist China should expand.

It is to be considered, further, that the "question of Formosa" must be clarified to a degree before we can expect to achieve any progress toward the signing of a peace treaty with Japan to which either the United Kingdom or the National Government would accord.

CA remains of the view that our interests would be best served by providing for continuing and, at least, nominal study of the question of Formosa by some organ of the General Assembly, such as recommended in the draft position paper on Formosa,[3] unless it is clear that we should, for one reason or another, be unable to support such a line of action without prejudging the proposed study during preliminary debate. If, on the other hand, we should have to take an adamant stand on the substance of the question at variance to the known views of our friends and allies and thereby provide another public evidence of disagreement, we had better permit the matter to drop, providing this, in turn, is agreeable to our friends and allies.

In summary, CA believes that we must exercise the utmost care lest our unwillingness or inability to make the slightest concession to the views of our allies as regards Formosa give new aid and comfort to the USSR in its campaign to isolate the United States in the West Pacific area.

[3] Not printed.

320/12–150 : Telegram

The Chargé in China (Rankin) to the Secretary of State

CONFIDENTIAL PRIORITY TAIPEI, December 1, 1950—3 p. m.

723. Chinese Government hopes that view current developments US can see its way clear to withdraw if possible or at least arrange in-

definite postponement beyond present GA session of any discussion future of Formosa and on truce action affecting island. Willing continue abide by their undertaking to US in connection President's neutralization action June 27 but feel that adding UNO stamp to neutralization and discussing in UNO whether island should belong to Nationalists or Chinese Communists would place Chinese Government on same footing as Chinese Communists whom US has now officially branded as aggressors.

Forgoing transmitted on request of Foreign Minister.

RANKIN

Executive Secretariat Files : NSC 37 Series

The Secretary of State to the Secretary of Defense (Marshall)

TOP SECRET WASHINGTON, December 4, 1950.

MY DEAR MR. SECRETARY: Reference is made to your letter of November 15, 1950, requesting the United States to defer taking an official position or introducing a resolution respecting Formosa in the United Nations until the Joint Chiefs of Staff have had an opportunity to comment on the draft resolution enclosed with my letter of November 11 and expressing the view that it might be timely and appropriate for the National Security Council to review the current position of the United States with respect to Formosa.

Consideration of the status of Formosa in the United Nations General Assembly has been deferred through a rearrangement of the order of agenda items in the concerned committee and the views of the Joint Chiefs of Staff contained in Mr. Lovett's letter of November 24 will be given full consideration in formulating any official United States position or draft resolution respecting this question.

The Department of State concurs in the view of the Department of Defense that it would be desirable for the National Security Council to review United States policy respecting Formosa. The Senior Staff of the National Security Council has already discussed this problem briefly.

The present views of the Joint Chiefs of Staff would of course be an important factor in such a study. In this connection, it is noted that the comments of the Joint Chiefs of Staff contained in Mr. Lovett's letter of November 24, 1950 indicate that the military neutralization of Formosa would not, under present circumstances, meet United States military strategic needs. This appears to be a substantial modification of the views of the Joint Chiefs of Staff contained originally in their memorandum of November 24, 1948.[1] It is not known to what extent existing circumstances may have caused the Joint Chiefs of

[1] Text in *Foreign Relations*, 1949, vol. IX, p. 261.

Staff to revise their opinion respecting the strategic importance of Formosa set forth in NSC 37/3 [2] and reaffirmed by the Joint Chiefs of Staff in their memoranda of April 2, 1949 [3] and August 17, 1949.[4]

The Department of State accordingly recommends that the Joint Chiefs of Staff be asked to review their previous estimates respecting Formosa in order that their current views may be available for the consideration of the National Security Council in its examination of the Formosa problem. The present views of the Joint Chiefs of Staff on the following questions would be particularly helpful:

(1) Would denial of Formosa as a base to the Chinese Communists meet the military strategic needs of the United States, in so far as these needs can be foreseen? If not, what are the additional United States strategic needs respecting the island?

(2) If these military needs cannot be met through diplomatic and economic measures, should the United States accept a commitment of its armed forces to insure that they are met?

It is believed that the Joint Chiefs of Staff should consider these questions both from the short-term viewpoint, taking into account special circumstances arising from hostilities in Korea, and from the long-term viewpoint.

Sincerely yours, DEAN ACHESON

[2] Dated February 11, 1949; text in *Foreign Relations*, 1949, vol. IX, p. 284.
[3] Not printed.
[4] Text in *Foreign Relations*, 1949, vol. IX, p. 376.

Editorial Note

British Prime Minister Clement Attlee and President Truman held discussions in Washington between December 4 and 8, 1950, dealing with a wide range of topics but principally the Far East. For the most part the discussions related to Korea, but the question of China was also taken up. For documentation on the Far Eastern matters, see volume VII, pages 1237 ff.; the talks as a whole are scheduled for publication in volume III. That portion of the joint communiqué issued on December 8 by Prime Minister Attlee and President Truman dealing with Formosa reads as follows:

"On the question of Formosa, we have noted that both Chinese claimants have insisted upon the validity of the Cairo Declaration and have expressed reluctance to have the matter considered by the United Nations. We agree that the issues should be settled by peaceful means and in such a way as to safeguard the interests of the people of Formosa and the maintenance of peace and security in the Pacific, and that consideration of this question by the United Nations will contribute to these ends." (Department of State *Bulletin*, December 18, 1950, page 960)

320/12–550 : Telegram

The Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL WASHINGTON, December 5, 1950—8 p. m.

Gadel 162. Subject is Question of Formosa in GA. When item comes up for consideration in First Committee USDel should suggest postponment of consideration of this item until the sixth session of the Assembly.

US Rep might refer to statement by Dulles of November 15, 1950 in First Committee [1] and point out that situation created by increased Chinese Communist intervention in Korea which was the reason for our suggestion for putting this item to a later place on the agenda has now assumed critical character. Since the Soviet veto has prevented the SC from dealing with this intervention the General Assembly will have to consider it as a matter of urgency and priority.

US Rep should reaffirm US view restated by Dulles on November 15 that international community has legitimate interest and concern in having Formosa question settled by peaceful means. He should state that, if the Assembly now decides to postpone the item until the sixth session, the Interim Committee will be able if the circumstances warrant to undertake preparatory study in anticipation of GA consideration.

Dept assumes that committee will have to make a decision on suggestion to postpone and send its report to GA for approval. The most advisable course would be, after US Rep makes his suggestion, for Chairman to state consensus of committee is to agree to postponement to sixth session and thus obviate further debate. If that is not possible USDel or other friendly del would have to submit formal proposal for postponement until sixth GA which would be voted upon in committee.[2]

ACHESON

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[1] See footnote 2 to telegram Delga 290, November 15, from New York, p. 573.

[2] When the First Committee met on the morning of December 7, the French Representative proposed that item 76 on the General Assembly agenda, "Intervention of the Central People's Government of the People's Republic of China in Korea," be taken up as a matter of priority. After debate extending into the afternoon session, the First Committee adopted the French proposal by a vote of 42 to 5, with 4 abstentions. (U.N. documents A/C.1/SR.408, 409) The question of the "Complaint by the U.S.S.R. regarding aggression against China by the United States of America" was not taken up by the First Committee again until February 2, 1951 during the resumed Fifth Session of the General Assembly (U.N. document A/1773).

This arrangement satisfied the Department of State which, in telegram Gadel 187 to New York, December 16 (not printed), indicated a preference for postponement without specification of debate on aggression against China rather than a postponement until the Sixth Session of the General Assembly, since the latter course appeared too inflexible and too indicative of a desire for a long term sidetracking of thir question (320/12–1650).

794A.5/12–850

Memorandum by Mr. Richard E. Johnson of the Office of Chinese Affairs to the Director of the Office of Chinese Affairs (Clubb)

TOP SECRET [WASHINGTON,] December 8, 1950.

Subject: Fox Survey Group Report

Attached is a paper summarizing the highlights of the Fox Report,[1] section by section. This summary is believed useful in that it extracts from a mass of detail certain Survey Group conclusions which may be of interest to CA.

It is particularly interesting to note that the Group concludes (page 33) that the Chinese military establishment "although the product of expediency . . . is nonetheless also the product of and consistent with Chinese tradition and, accordingly, should be accepted as that most likely to satisfy the diverse tangible and intangible elements that comprise and motivate resistance to Communist aggression."

This statement, and the Group's failure to indicate that any changes in the Chinese command structure might be in order, are somewhat surprising in view of the generally adverse findings contained in the detailed discussion of the operating efficiency of the individual services. For example, the Survey Group failed to make the requested recommendations for additional aid to be furnished the Army and Air Force if the Seventh Fleet is removed, indicating that "limitations of personnel, training, etc." would tender it impossible for these services to absorb the additional aid which would be required. The Air Force is said to be in a "very low" state of combat readiness, unprepared (in its present state) to provide adequate air defense even in conjunction with the Seventh Fleet. This deficiency is reportedly due in part to a lack of uniform training policies and tactical doctrine. The Navy, it is noted, has no plans for coordination of command, with individual ships apparently wandering about more or less independently. Navy training methods are said to be "generally deficient." Although these deficiencies are noted, the Group's report seems to conclude that the Chinese military organization should be "accepted" . . . as is.

It appears from my fairly hasty reading that the Survey Group's report does not ignore any of the factors mentioned as relevant to military aid planning for China in our letter to Defense dated September 15:

(1) It is expressly stated in the description of the Survey Group's mission as well as in other parts of the report that aid is to be furnished for the defense of Taiwan. The Survey Group says it "studiously avoided" considering requirements for the defense of the Nationalist offshore islands, although it is pointed out that they are

[1] The "Fox Report" is not printed.

important as points of contact with the mainland and that the defense of Formosa is but a "means to an end"—the return to the mainland. The items listed in the "requirements" section (Appendix E) all seem (to my untutored eye) logical enough for defensive operations. The amphibious craft listed in the Chinese Navy's request to General MacArthur are not included.

(2) The report makes frequent reference to the limitations on the ability of the Chinese armed forces to "absorb" US aid, and states specifically that these limitations have been considered in drawing up the requirements of the individual services. As noted above, such limitations made it impossible for the Survey Group to recommend additional aid to be furnished if the Seventh Fleet were removed.

(3) It is stated in the requirements section of the report that needs have been adjusted to reflect assets available through stocks on hand. The Nationalists are said to have "laid bare" their military establishment, willingly opening any warehouse, arsenal, etc., without forewarning for inspection by Survey Group members. The Nationalists' production capabilities have also been taken into consideration in determining requirements (Annex G).

(4) The Survey Group's list of requirments is not limited primarily to "spare parts, ammunition, and maintenance equipment or services", as suggested in our letter of September 15. There are many items of new material and equipment, including approximately 27,000 rifles, 22,000 carbines, 8,000 trucks, 110 medium tanks, 220 fighter aircraft, and a wide variety of new radio equipment. However, under the circumstances I don't suppose the Department is in a position to attack the inclusion of these individual items—described by the Fox Group as "essential" to the defense of Taiwan (*with* Seventh Fleet support). And if our grant aid program is to be based on the Fox Survey Group's findings, it would be difficult for the Department to find a basis for attacking the overall figure of $158.2 million unless we have specific deletions in mind. In any event, I believe we can withhold comment until we have seen Defense's recommendations regarding grant military aid, which, I understand, will total considerably more, viz: $212 million.

[Annex]

Memorandum by Mr. Richard E. Johnson of the Office of Chinese Affairs

TOP SECRET [WASHINGTON,] December 7, 1950.

HIGHLIGHTS OF REPORT OF FAR EAST COMMAND SURVEY GROUP TO FORMOSA DATED SEPTEMBER 11, 1950

I. MISSION

The Survey Group had a two-fold mission. Its instructions were to make recommendations regarding the need of military assistance to enable the Chinese Nationalist Forces to prevent the capture of Formosa by the Communists, both (1) with and (2) without the Seventh

Fleet. However, the Group largely ignored the second phase of its assignment. In the case of the Chinese Army and Air Force, it is stated that the requirements developed on the assumption of Seventh Fleet assistance were "the maximum within the limitations of personnel, training, etc". In other words, the Survey Group appears to believe that the Chinese Army and Air Force are incapable of absorbing sufficient military assistance to defend the Island without the Seventh Fleet, and requirements listed for Army and Air Force are based on the single assumption of continued Seventh Fleet protection. Chinese Navy requirements are shown under both assumptions, with the recommendation that 54 escort vessels and patrol craft be furnished if the Seventh Fleet is removed. Here too, however, the Survey Group appears to have doubts regarding "ability to absorb" sufficient units to defend the Island alone.

II. SCOPE, CHARACTER AND CONDUCT OF SURVEY

Since its instructions were to survey requirements for the defense of Formosa and the Pescadores, the Survey Group "studiously avoided" any consideration of the Nationalists' off-shore islands. However, in stressing the importance of these islands as points of contact with the mainland, the report emphasized that "the Nationalists' will to fight is directly proportional to their hope of return to the Asiatic mainland," and that the defense of Formosa is merely a "means to an end".

The Survey Group reports that the Nationalists "laid bare" their military establishment, willing to open any installations and answer any questions with no forewarning. Their eagerness to cooperate is termed "astounding".

III. DISCUSSION OF FACTORS BEARING ON THE PROBLEM

Surveying enemy capabilities, the report states that it is considered doubtful that the Communists will attempt to launch an amphibious assault against Formosa and/or the Pescadores "in the near future" unless substantial Soviet air and naval forces are made available. The continued occupation of Kinmen and Little Kinmen Islands by the Nationalists hampers Communist egress for a Formosa assault and poses a threat to the mainland. Nationalist garrisons at Ma-tsu and Ta-Chen Islands are of less tactical value, but serve as outposts for contact with guerrillas and for the collection of intelligence. It is estimated that the Communists will attempt to eliminate the Nationalist outposts, especially Kinmen and Little Kinmen, before launching an amphibious assault against Formosa and/or the Pescadores. After examining various geographical factors, the Survey Group concludes that the most likely points for Communist landings on Formosa are between Hsinchu and Tansui in the north and between

Tainan and Fangliao in the south. It is estimated that 19 divisions would be employed in the initial landings.

There follows a discussion of the structure of the Ministry of National Defense, the Supreme General Staff, and the four departments of the MND: (Army, Navy, Air Force, and Combined Service Forces), reaching the conclusion that the command structure of MND "appears to be sound", although it has not been battle-tested.

Army

The Chinese ground forces are characterized as an "important deterrent" to the Communist invasion of Formosa. The armored brigade is stated to be the most effective organization of the ground forces "in view of its counterattack potential". Although training is sound and morale appears to be good, infantry divisions are hampered by a lack of automatic weapons and by the wide variety of arms on hand which complicates re-supply of ammunition and spare parts. Effective anti-tank defense appears to be lacking and radio communications are generally inadequate. The Army organization that has been established "is the product of an attempt to reconcile available means with the situation posed not only by the potential enemy but by many interior political and psychological factors". The Survey Group concludes that "units as now disposed will be capable of containing and expelling Communist landings on Formosa if provided with the material aid and personnel assistance recommended elsewhere in this report" (NB: report contains no detailed listing of "personnel" assistance required). This conclusion is presumably reached on the assumption of continued Seventh Fleet protection.

Navy

The Survey Group's comments regarding the Nationalist Navy are far from complimentary. The report states that the Chinese Navy has done little toward the preparation of war or operational plans, with ships generally operating independently and with no specific plans for coordination of command. Of the 41,000 officers and enlisted men in the Chinese Navy, only 15,000 are eligible for sea service. Manpower suitable for naval training is said to be limited and training methods are generally deficient. The report estimates that the Navy would require "many times its present number of ships" to carry out its mission of destroying an enemy armada without Seventh Fleet assistance, but indicates that the Navy is unable to expand sufficiently to absorb these additional fleet units. With the Seventh Fleet present, the Chinese Navy could be used for inshore patrol, dealing with any ships which might get by US units. In this case, it is estimated that the maintenance of operability of presently available Chinese ships is the only requirement. This would involve the furnishing of ammuni-

tion, fuel, and certain critical ordnance, electronic, and diesel spare parts, but no new vessels.

Air Force

The Survey Group also describes the Chinese Air Force in unflattering terms. Although Air Force training concepts appear to be sound, the general state of combat readiness is rated "very low". This is due to (1) limited training, owing to the lack of aircraft spares and other supplies, and (2) lack of uniform directives to cover training and tactical doctrine. While morale appears to be good, virtually all pilots lack proficiency in most technical phases of flying, such as instruments, gunnery and bombing. In its present status, the Air Force is not considered to be prepared, either alone or in conjunction with the Seventh Fleet, to provide adequate air defense for Formosa and the Pescadores. However, the Air Force does have the organizational structure and the necessary personnel to absorb and utilize the additional equipment (including 220 fighter-type aircraft) necessary to make it an effective force for the defense of Formosa, "within a reasonable period of time".

Combined Service Forces

It is interesting to note that in its treatment of CSF procurement procedures, the report makes no mention whatsoever of the role of Commerce International (China).

IV. REQUIREMENTS

Requirements (listed in detail in Annex E) are said to represent "minimum essential needs, considering limitations of trained personnel for operation and maintenance, terrain, facilities, etc.," adjusted to reflect assets available through stocks on hand as well as local production. It is conceded that "in many cases" requirements recommended by the Survey Group exceed those estimated by the Chinese Government itself.

V. CONCLUSIONS

"Although the product of expediency, the current organization of the Chinese Armed Forces is nonetheless also the product of and consistent with Chinese tradition, and accordingly, should be accepted as that most likely to satisfy the diverse tangible and intangible elements that comprise and motivate resistance to Communist aggression and should be used as a basis for computing aid requirements. There exist today, within the Chinese Military Establishment, certain major shortages, primarily in automatic weapons, artillery, tanks, fighter aircraft, combatant vessels, motor transportation, signal communications and ammunition, that seriously endanger the defense of Formosa. Various stocks must be built up to an operating level if the

Chinese Nationalist forces are to be expected to repel a determined invader. As equipment and matériel are provided to the Chinese, United States technical assistance will be needed. Many additional combatant ships would be required for satisfactory defense of Formosa by Chinese Nationalist forces *alone*. However, the Chinese Navy, through shortage of trained personnel, is severely limited in its ability to absorb additional units. Should the Chinese Communist Forces launch an all-out amphibious operation against Formosa and the Pescadores, using 19 divisions in the initial lift, the intervention of the Seventh Fleet would seriously cripple the invading fleet but it probably could not prevent a considerable number of Communist troops from getting ashore. Furthermore, the effectiveness of the Seventh Fleet in this operation would be reduced proportionately should it have other commitments at the critical period. On the other hand, the current Chinese Navy, operating alone, would be practically impotent against such an offensive. In either case, a maximum effort on the part of the Chinese Air and Ground Forces would be required to expel the invaders. There can be no significant increase or decrease envisaged in the military manpower available to the Chinese Nationalists on Formosa nor can any significant redistribution among the four services be anticipated. Given material and moral aid, the probability of a successful defense of Formosa by the Chinese Nationalists will be greatly enhanced."

VI. RECOMMENDATIONS

"It is recommended that the attached list of major items (Annex E) and all supporting accessory equipment, maintenance tools and spare parts for ninety days maintenance be furnished to the Republic of China with the least practicable delay. It is further recommended that appropriate United States technical assistance be provided as required by the Chinese Nationalists.["]

VII. ANNEXES

A, B & C:—Detailed review of organization, personnel, training, equipment, etc. of Army, Navy and Air Force.

D. *G–2 Estimate of Situation:*

This section includes an analysis of Communist troop deployment and capabilities (most of which has become obsolete in the three months since the report was published) and an estimate of the probable nature of a Chinese Communist operation against Formosa and/or the Pescadores (summarized under Part II above).

E. *Items required by the Chinese Nationalist Forces*

This annex is divided into two sections. Part I, indicates Army, Navy, and Air Force requirements for the defense of Taiwan *with* Seventh Fleet support, and includes a wide variety of ammunition,

weapons, vehicles, tanks, aircraft, radio equipment, and quartermaster, engineer and medical supplies, as well as petroleum requirements for thirty days combat operations. Part II indicates requirements (Navy only) for the defense of Taiwan *without* Seventh Fleet support, including 4 destroyer escorts, 20 patrol craft, 20 small personnel landing craft and 10 26-ft. motor launches, together with necessary ammunition, weapons, parts, accessories and petroleum.

Note—The Survey Group did not price these estimated requirements, but they have since been priced in the Pentagon as follows (in millions):

Part I	*Army*	*Navy*	*Air Force*	*Total*
Maintenance and Replacement	$ 3.0	$10.0	$26.4	$39.4
New Equipment	55.0	———	41.8	96.8
Packing, Handling and Transportation	8.0	2.0	12.0	22.0
	$66.0	$12.0	$80.2	$158.2

Part II (additional ships to be furnished if Seventh Fleet is withdrawn): $100 million

F. *General Plan of Combined Operations by (Chinese) Army, Navy and Air Force for the Defense of Taiwan* (furnished by the Chinese MND and reproduced without change):

"*Purpose*—In order to annihilate the invading enemy, to hold Taiwan, and to prepare for a counter-offensive on the mainland, the air force will seek to attack the enemy air and naval forces and its ship installations; and the navy will carry out repeated attacks on the ships along the coast line of the mainland, so that the enemy's preparation for a landing operation may be destroyed. In case that the enemy commences his voyage for an invasion of Taiwan, the ground force will concentrate rapidly its superior mobile troops, supported by air and naval forces, to launch severe and determined attacks simultaneously on many fronts so as to destroy the enemy during its initial landing. After the landing enemy is destroyed, some of the points along the coast line of the mainland will be selected as limited objectives for a pursuit landing and the remnants of ships and ship installations will be wiped out so as to dismantle its ability of resuming any offensive."

Note: This statement appears to contradict unevaluated information previously received indicating that MND did not plan to defend the beaches, but would launch its counterattack well inland.

G. *Indicated Production Capabilities of Formosa.*

[Mr. Johnson's memorandum ended here. There were no comments listed under heading "G".]

293.1122/12–850

Memorandum by Mr. Robert C. Strong of the Office of Chinese Affairs to the Director of the Office of Chinese Affairs (Clubb)

CONFIDENTIAL [WASHINGTON,] December 8, 1950.

Subject: American citizens on the China mainland

Mr. Perkins [1] asked me several days ago to dig into the question of American business men being held hostage in Shanghai and to bone up on it for a possible conference with Mr. Merchant.

Since our telegram 2961 June 19 to London [2] requesting the Embassy there to have the Foreign Office instruct its Chargé in Peking to make representations to the Communist authorities regarding these men, little has been achieved, and the problem apparently remains basically the same.

Discussions held at various times (the latest one November 1) between representatives of the interested companies in the US and of the Department included the possibility of cutting off "duress" remittance by legal action, widespread publicity, some kind of action through the United Nations, use of the Indian Ambassador in Peking to press the issue, employment of the issue as an argument against recognition of the Chinese communist regime.

The approach through the British Chargé has had no apparent result (we might ask for a follow up to his first *démarche* although the time does not seem propitious), the company representatives as well as the Department considered blocking of remittances a cumbersome and undesirable move, publicity which named names was deemed unwise, our UN delegation pointed out that the Charter left little margin for taking up individual cases, no use has been made of the Indian Ambassador in Peking (and probably cannot be at this time), and the question of nonrecognition now entails much larger issues than the fate of a few men.

It seems to me that we need to consider the problem from a broader view point now that we are in direct combat with the Chinese communists and the chances of extricating ourselves therefrom may be slim. Continuance of hostilities in one form or another will probably lead to consideration of strong economic sanctions and possibly implementation thereof as well as other measures which would have a direct effect on all Americans under communist control on the mainland.

I should like to raise the question, the prospects being what they are (not to mention the possibility of another world war), whether the Department should at this time urge all American educational,

[1] Troy L. Perkins, Deputy Director of the Office of Chinese Affairs.
[2] Not printed.

philanthropic and business institutions having American representation on the mainland, to order such personnel to attempt to leave for a safehaven, and to make whatever financial sacrifices are necessary to facilitate their departure. To delay, in the hope of a reasonable attitude on Korea on the part of the Chinese communists, would probably waste valuable time in an all too lengthy process. The Chinese communists are quite capable of stimulating our hopes for an extended period without any intention of fulfilling them. If such a measure in large measure fails, we might then consider use of the Indian Ambassador in Peking, provided circumstances are then at all propitious.

With regard to the businessmen specifically, it would appear that the concerned companies are going to have to pay heavily to bail ther men out. At this stage, publicity and UN measures can have little or no effect, and imposition of economic sanctions would at a future date probably preclude necessary remittances.[3]

[3] A manuscript note by Mr. Clubb on Mr. Strong's memorandum reads as follows: "Believe answer to project of general withdrawal should be negative: missionaries and businessmen have been 'warned' repeatedly, only 'hard core' remain, and they were recently presumably warned by British."

An additional note by Mr. Merchant reads: "I think we have done all we could to warn these people in the past. Further advice by us now would appear to risk arousing hopes of our being able to help them get out—and on that we are in fact helpless."

793.00/12–1250

Memorandum by Mr. Robert C. Strong of the Office of Chinese Affairs to the Director of the Office of Chinese Affairs (Clubb)

SECRET [WASHINGTON,] December 12, 1950.

Subject: Information Regarding Guerrillas on the Mainland of China

In view of the possibility that consideration will be given to support and increasing the scope of guerrilla activities on the mainland of China, it might be advisable at an early date to inaugurate systematic efforts to gain the most accurate possible information regarding existing guerrilla (and bandit) forces, including names of leaders, strength, armament, communications, location, methods of operation, means of supply, liaison between or among groups, relations with nationalists (if any) and any other pertinent data.

The Chinese Communists have stated publicly, recently, that 200,000 bandits exist on the mainland, whereas the nationalists say 1½ to 2 million. The nationalists claim great guerrilla activity while the communists recognize the bandits as a nuisance. In each instance the truth may be somewhere in between.

The suggestion which follows would entail considerable work for various of our field offices. It would also run the risk of revealing pre-

maturely a suspicious interest in the guerrilla movement, suspicious to the communists, to the British who would fear our use of Hongkong, and to the Nationalists around Chiang who would fear that we were trying to develop a force to supplant the KMT and siphon off aid which the KMT now receives.

The best approach to the problem appears to be through our Embassy in Taipei, Consulate General in Hongkong, Consulate in Hanoi, Legation in Saigon and Embassy in Rangoon, which would endeavor to obtain official and unofficial information on the subject, in as standard form and content as possible. The various results could then be compared in the Department or by another agency to find where reports agree and where they disagree. Naturally in Hongkong and other posts, efforts should be made to avoid Nationalist-oriented sources in order that Taipei's information would not be compared with that of other Nationalist agents.

As a corollary, Hongkong and Hanoi might prepare a list of organizations and leaders and persons claiming a direct interest in the active opposition to the communist regime, and evaluate them from the standpoint of activity, purpose, possible leadership and utility.

Admittedly the foregoing is a big task, would take some time and would require caution. On the other hand, the undertaking of positive action in this field would require the effort, and our present information is sketchy and most unreliable. We should be able to come up with rather satisfactory data at least on South-Southeast China, which is most vulnerable anyhow from several standpoints.

In such a project, armed services attachés and controlled American sources would be able to pool their efforts under direction of the Chief of Mission or Principal Officer.

794A.00/12–1350 : Telegram

The Chargé in China (Rankin) to the Secretary of State

SECRET TAIPEI, December 13, 1950—5 p. m.

795. Eyes only Rusk from Rankin. Reaction here to final communiqué on Truman–Attlee meeting reserved by [*but*] generally favorable as evidenced in press telegrams 782 and 783, December 11.[1] It was widely anticipated UK would advocate tossing Formosa to Chinese Communists in vague hope of buying time or favor. US was expected stand firm and fast US won over British to its position except on Chinese Communist recognition and UNO seat is regarded as net gain. However, in view situation in Korea and elsewhere judgment on future prospects will be reserved in Chinese Government

[1] Neither printed.

circles and among public here until clearer picture available of intended course US action.

Local opinion fails see how further consideration by UNO of Formosan issues can contribute to peaceful settlement and maintenance of security in Pacific unless supplemented by effective and continuing measures to counter Communist aggression. Without such measures, in face unyielding Communist position and avowed intention take Formosa by force further UNO discussion at best would bring no substantial result and at worst produce appeasing compromise opening way for Communists to gain control of island.

There is general appreciation in Chinese Government circles of soundness US policy in continuing maximum use UNO channels, in welcoming discussion of any topic and in avoiding use of veto every possible way. However, no one expects UNO as such to produce and implement practical program of safeguarding "interests of the people of Formosa and the maintenance of peace and security in the Pacific" except as such program is put forward and supported by US. As Prime Minister Chen Cheng said to me last Sunday,[2] "very existence of free world depends upon unity of free nations, which in turn depends upon American leadership. We are all looking for that leadership and stand ready to follow it." By "all" he meant all free nations.

In actual fact US is already embarked on positive course of action re Formosa and its seems to me from this end that Truman–Attlee agreement provides basis to carry it through to logical conclusion. This could be done without fanfare and without doing violence to our UNO and other commitments. It is question of stepping up and clarifying action already underway:

1. While welcoming UNO or other international discussion of "future of Formosa" I believe we should use every appropriate occasion to reiterate and make clear our position that whatever may be said and done we shall resist [use of?] force to change island's status and that its legal position can be settled only by Japanese treaty. These two points are not new but their significance has been beclouded by mention of various less specific alternatives and qualifications involving "international action" et cetera. (Chinese Government now inquires whether US request November 15 to postpone GA discussion of Formosa indicates we will not take initiative in reviving question island's future status during current session.)

2. ECA Formosa program calling for increased aid and assignment of modest number US technical experts should be accelerated in every possible way to produce maximum results at earliest date. This is already in process and most logical and satisfactory aspect of US effort here.

3. Present Defense Attaché Staff of 50 Americans should be ex-

[2] December 10.

panded to permit detail of qualified officers and enlisted men to various Chinese Army, Navy and Air units where they would advise on training and use of equipment besides keeping US Government informed on Chinese military effectiveness, on their equipment and other needs and on end-use of American aid. This would represent simply expansion of what already being done and need not be heralded as "despatch of US Military Mission". Personnel could be sent as available to meet specific needs signaled by senior Military Attache and would be subject his orders; they probably never would exceed 200. Such action much preferable to setting up formal "mission" with inevitable but unwanted overhead and political implications here and in US.

With foregoing political, economic and military steps we should be well on way to making Formosa capable of resisting aggression, economically self-supporting and, in event hostilities spread, a military asset. Equipping and training forces here should be for defensive purposes; this leaves plenty to be done while avoiding encouragement of independent adventures (mytel 674, November 20).[3] However, when equipped and trained for defense of this island Nationalist Forces could readily fit into possible combined offensive operations in event of general conflict. In this respect we should look ahead as far as Chinese Communists who apparently expected quick North Korean victory last summer but neverthless planned long in advance for use of their own troops if needed.

Above shown to Moyer and Jarrett who concur.

RANKIN

[3] Not printed. It reported on certain indications and rumors to the effect that Chinese Nationalist forces might be planning an early landing on the mainland (793.00/11–2050).

320/12–150 : Telegram

The Secretary of State to the Embassy in China

CONFIDENTIAL WASHINGTON, December 14, 1950—6 p. m.

525. Urtel 723, Dec 1. Dept's present view is that UN consideration status of Formosa shld be postponed perhaps until next session GA and USDel has been instructed accordingly (see Dept info agam Dec 8).[1] While foregoing is present view this Govt you shld bear in mind that settlement nr outstanding problems in Far East has become major concern of other members UN whose views may influence to some degree at least timing and methods of settlement.

You may in your discretion convey substance foregoing orally and confidentially to FonMins.

ACHESON

[1] Not printed, but see telegram Gadel 162, December 5, to New York, p. 589.

793B.00/12–1450 : Telegram

The Secretary of State to the Embassy in India

SECRET WASHINGTON, December 14, 1950—6 p. m.

912. Dept desires explore possibility of joint US–UK–India position aiming at obstructing or halting Chi Commie assault against Tibet, which now seems slowed or stalled by winter and heavy commitments elsewhere. Projected travel of Tibetan del to UN points up possibilities inherent in situation.

Prior to Dept approach to Brit ur views requested on (1) possibility of getting active Indian support of Tibetan case in UN; (2) probable reaction of GOI to a proposal for quiet US support of more positive measures designed to stiffen Tibetan resistance; and (3) suggestions as to possible measures and means of implementation of both measures.

Feel free discuss (1) with Bajpai but pls do not inform GOI of US interest (2) until further instrs recd from Dept.

At same time Dept requests ur views re advisability of taking up with GOI, as corollary to assistance to Tibet, question of release to Tibet of part of fon exchange accruing to India from reexport of Tibetan commodities.

ACHESON

793.00/12–1950

Memorandum by the Director of the Office of Chinese Affairs (Clubb) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

SECRET [WASHINGTON,] December 18, 1950.

Subject: Department's Letter of December 4 to Defense

Mr. Young telephoned Friday and in guarded language said that there were various questions brought forward in the Secretary's letter of December 4 to Secretary Marshall which were unclear to Defense in their implications. It had been originally proposed to have a meeting at lower levels between representatives of Defense and State for clarification of some of those questions—some of which he, Mr. Young, had personally felt perhaps had better not be raised at this time. He now noted, however, that the subject had been submitted to the NSC for consideration. In those circumstances he thought that perhaps the best procedure would be for Defense to present its considerations to the NSC direct, particularly in view of the circumstances that the NSC was scheduled to consider the matter in the relatively near future. Mr. Young said that he, of course, took into consideration the circumstance that Defense would not want to be remiss in failing to reply to the Department of State's request for reconsideration, but it was

felt that the problem had best be considered in its over-all aspect so that there might be over-all clarification.

Mr. Young made it clear that he was not setting forth any official position, and I said that I was, of course, not in a position myself to advise him in respect to procedure. I took the opportunity of asking him, however, whether there was general opinion in Defense that the question in point (Formosa) should not be discussed and a position established at the present time. Mr. Young reported that opinion in Defense was divided on the subject.[1]

[1] No reply to Mr. Acheson's letter of December 4 was received from the Department of Defense before the end of 1950.

793B.00/12–1850 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, December 18, 1950—5 p. m.

1509. During talk with Bajpai today I explored position of GOI re Tibet as suggested in Deptel 912 December 14. Bajpai told me GOI was still interested in Tibet case before UN but had delayed action pending outcome its efforts assist in achieving cease-fire in Korea. GOI had decided that criticism by it of Communist China in UN just now might adversely affect India's ability exert influence on China in direction cease-fire.

Bajpai said that GOI would probably re-examine whole problem of Tibet just as soon as it had done all it could in matter of cease-fire. I obtained impression from him that India was not as yet prepared cooperate with US or UK in endeavoring obstruct or halt Chinese Communist assault. He seemed to feel that militarily Tibet was in hopeless position and there was little likelihood of any foreign power being able lend it assistance which would enable it halt Chinese Communist invasion.

Nevertheless Bajpai said that he would talk with me later about Tibet.

HENDERSON

793.5/10–2350

The Secretary of State to the Chinese Ambassador (Koo)

The Secretary of State presents his compliments to His Excellency the Chinese Ambassador, and has the honor to refer to his note of October 23, 1950, requesting assistance in procuring twenty-five F–51D aircraft which it is understood are to be used by the Chinese Government.

The Secretary of State regrets to inform His Excellency that F–51D

aircraft are not available for sale to the Chinese Government due to other requirements of the United States Government for all aircraft of this type.

However, it is understood that a representative of the Chinese Embassy has indicated informally to representatives of the Department of Defense that the Chinese Government is interested in procuring from 50 to 100 F–47-type aircraft, should the F–51 type aircraft not be available.

The United States Government approves the sale of fifty F–47D aircraft to the Chinese Government under the provisions of Section 408(*e*) of the Mutual Defense Assistance Act, as amended, subject to the conclusion of arrangements between the Chinese Government and the United States Department of the Air Force covering the details of this transaction, including rehabilitation and preparation for shipment of the aircraft.

If such arrangements are concluded, it would be appreciated if His Excellency would advise the Secretary of State to that effect in writing, enclosing a check made payable to the Treasurer of the United States to cover the total cost of the equipment to be transferred under such arrangements.

This approval will remain valid for a period of thirty days from the date of this note.

WASHINGTON, December 19, 1950.

794A.00/12–1950 : Telegram

The Consul General at Hong Kong (McConaughy) to the Secretary of State

SECRET HONG KONG, December 20, 1950—9 a. m.

1568. Re Depintel December 7, 7 a. m.[1] ConGen inclined believe British overemphasized adverse effect on Asian opinion resulting from our refusal turn Formosa over to Chinese Communists and fail to give sufficient weight to effect of such action on Chinese themselves. There is certainly not inconsiderable body Chinese opinion Hong Kong and elsewhere which would be dismayed and disheartened by surrender of Formosa. Regardless of direction in which predominant

[1] Not printed. This telegram summarized the discussions on the Far East during the first two Truman–Attlee meetings. For the minutes, see vol. VII, pp. 1361 and 1392. With regard to Formosa, the telegram stated in part as follows:

"Under no circumstances would we agree to turn over Formosa as condition for settlement [in Korea]. Brit said Asians now thought we were wrong about Formosa and that our proposed position would further alienate them. We replied that we did not think we should pay price for Asian opinion." (700.00(S)/12–750)

Asian [leaders?] of opinion may lean on this question we feel effect of any type of appeasement of Chinese opinion including Chinese Communists themselves should be considered of overriding importance. Support by rest of Asia of our objectives in UN is obviously desirable but it is rulers of China who today represent dynamic force in Asia and who have already demonstrated by initial defeat UN troops that they dispose of most powerful army in this part of world with possible exception USSR. To yield under pressure and appease them with Formosa or any other concession would simply further confirm Chinese Communist belief in effectiveness of their present policy, dangerously increase their contempt for our military capability in Far East and greatly strengthen and embolden elements in CCP who advocate intimate alliance with USSR.

Peiping would be encouraged to proceed immediately with further aggressive plans in Southeast Asia. Psycho advantage gained by pro-USSR group and corresponding damage to position of moderates in Peiping regime an anti-Communist China within an outside China would be incalculable particularly enormous unorganized group anti-Communist Chinese who would feel abandoned. Surrender Formosa would only further [convince?] Chinese Communists of value close cooperation USSR and far from weaning them away from Soviets as some have suggested would be more likely strengthen bond.

Asian opinion which holds that Chinese should be placated and refrain further aggressive action if appeased with Formosa and recognition is based we believe on erroneous conception of nature Chinese Communists and their degree commitment to Soviet plan world domination. Do believe so long as Communism gaining ground Asia there is no hope whatsoever that Chinese Communists will be satisfied to sit back and attend own internal problems. Their public pronouncements on coming liberation Asia and leading part to be played by CCP therein should be taken seriously as representing their future program. Not until thus far victorious advance of Communism in Asia can be checked will there be any conceivable hope of convincing Chinese Communists it is not China's advantage to hitch their wagon to Russian Star. Since Chinese Communists are playing chief role in Communist aggression in Asia today, advance Communism can hardly be checked except by exerting sufficient military, economic and political pressure against Chinese with view either to displace present leaders China or decisively demonstrate to them that fighting Russia's battles can in long run only bring disaster to CCP and China. If there ever was time when concessions could alter view of Chinese Communist leadership, that time long since past. Mao has packed bit in his teeth.

Sent Department 1568, repeated information Taipei 198.

McConaughy

793.00/12–2050

The Chargé in China (Rankin) to the Deputy Assistant Secretary of State for Far Eastern Affairs

SECRET TAIPEI, December 20, 1950.

OFFICIAL INFORMAL

DEAR MERCHANT: The Department's telegram 466 of November 27, regarding alleged Nationalist attacks in Wenchow Bay, and our telegrams 711 of November 28 and 805 of December 15 on the same subject,[1] remind me of our exchange of letters a year ago (mine of December 9, 1949, and yours of January 20)[2] regarding resistance activities. On rereading my letter I see no reason to modify any of the statements it contains, but it would seem that the time for more aggressive—perhaps even overt—action has now arrived.

The Wenchow Bay operation of November 20 last was evidently a "guerrilla" affair. I doubt that Nationalist planes were involved and any participation by a naval vessel presumably would have been incidental or unintended. As to the planning and leadership of the operation, the Ministry of National Defense here in Taipei may or may not have been directly involved. Their official repudiation of responsibility may well be technically justified. Probably our Departments of State and Defense would deny any knowledge of or responsibility for various guerrilla activities in South China. I wouldn't know.

The fact is that here in Taipei a committee exists which is supposed to supervise, support and coordinate resistance movements on the Mainland. The Chairman is the Chief of Staff, General Chow Chih-Jou, although in view of his manifold responsibilities it seems doubtful that he could give more than cursory attention to the matter. As a rule, very little is said here about the details of guerrilla activities, and responsible Government officials have expressed to me the opinion that even less should be said. The statement attributed to Major General Lu Wei-hsiang (mytel 805) is therefore rather unusual.[3]

My impression is that the Chinese Government actually is extending a minimum of support and encouragement to resistance movements on the Mainland. The Wenchow Bay affair seems to have been typical of what little is being done. As you know, the Nationalists hold several small islands along the China Coast, of which the only important one is Chinmen, near Amoy. The others, which include Shang Ta Chen and Hsia Ta Chen, are for the most part lightly held and sparsely populated. They have long been resorts of smugglers, and the same

[1] None printed.

[2] Neither printed.

[3] Telegram 805 had transmitted the text of a news story from Taipei on a statement by Major General Lu Wei-hsiang, "commander of strong guerilla unit in Eastern China" but presently in Taipei, who gave details of the Wenchow Bay raid in which more than 2,000 Communist troops were allegedly killed (793.00/12–1450).

methods are in use today. Small vessels transport arms and supplies from Formosa or the Pescadores to these islands, whence the guerrillas or their representatives transfer them elsewhere in still smaller craft. Tangible aid from Formosa at present seems to be limited almost entirely to the resistance groups having access to these islands.

While Senator H. Alexander Smith was in Hong Kong just over a year ago, he interviewed a number of persons in my office. Also, he and Mrs. Smith stayed at our house during part of their visit, so I saw a good deal of him. Before leaving, the Senator asked my views as to what should be done in the Far East. I protested that I had been in Hong Kong only a few weeks, but ventured to sum up the consensus of informed opinion, among those whom he had interviewed, somewhat as follows:

1. *The United States should draw a line against further Communist expansion in Asia.* This did not mean that we should announce and define such demarcation, with the effect of inviting the Communists to undertake aggression against states which were excluded and at the same time daring aggressors to step over the line. It did mean that we should persuade all concerned that any further aggression would be highly dangerous to the perpetrators. Meanwhile, the United States should make secret but substantial preparations to extend military assistance, including direct armed support if necessary, at such points and under such circumstances as would be most effective.

2. *Our informational program in the Far East should be greatly expanded and intensified.* While the Communists have conquered China largely by the psychological warfare in the fullest sense, we have as yet barely scratched the surface in this field.

3. *A highly qualified group should be set up to study and report on the possibilities of supporting what remains in the way of anti-Communist forces on the China Mainland.* A year ago it seemed premature to implement such support on an effective scale, if only because strong influences in the United States favored recognition of the Chinese Communist regime and presumably would have blocked any action which might have interfered with a *rapprochement.* But it was obvious that we ought to be ready if and when the time should come.

It seems clear to me that the time is now. Surely no responsible Americans can retain illusions about the Chinese Communists who are killing thousands of our men in a war of wanton aggression. And only a fatuous optimist can fail to appreciate the extreme gravity of the danger which confronts our country. At the time of Pearl Harbor, and subsequently during World War II, I never entertained a doubt but that we should win. This time I am only certain that we can win through if we exploit to the full every method which promises to help our cause. One of these is the effective support of resistance movements inside the Iron Curtain, and particularly in Communist China.

But we cannot expect to show significant results if we embark on a program of this kind with one or both hands tied behind us. No

holds are barred in this game. We must make full use of the potential facilities in Korea, in Japan, in Formosa, in Hong Kong, in the Philippines, in Indo-China, in Thailand, in Burma. These must be coordinated, so that we can take well timed action, as needed, in Manchuria, in Kwangtung, in Yunnan. It probably will be necessary to have a coordinating authority somewhere out here in the Far East. There is the question as to what cooperation can be expected from the British and others, and particularly how the probably unequaled potentialities of Formosa can be utilized. The latter undoubtedly can be most fruitful in obtaining intelligence, in supplying operatives for the Mainland, and in flying arms, supplies, leaflets, etc., to guerrilla bases in connection with "routine reconnaissance." One of the notable weaknesses of present guerrilla operations in China is the virtual absence of supply centers, with the minor exception of the few islands already mentioned.

Finally, if we are to exploit this program fully, we must be prepared to come out in the open at least to the same extent as the Communists. Clandestine operations are all very well, but they are necessarily restricted in size and therefore in effectiveness. By all means, let us operate secretly as far as possible, but when occasion requires we must not handicap ourselves. Certainly we cannot afford to overlook the psychological effect of making known our active sympathy with anti-Communist resistance movements. This probably will require a high policy decision, and the sooner the better so that we may be prepared for any eventuality.

I understand that a good deal of preparatory work has been done during the past year along the lines mentioned above. Now is the time to go into action on an effective scale and to show results. Formosa seems to offer the most immediate opportunities, yet there are no evidences of activity here on our part other than for a certain amount of clandestine intelligence work, punctuated with the occasional swish of a cloak and gleam of a dagger. With none-too-obvious American assistance, for example, raids of varying magnitude could be mounted against the South China Coast from Formosa. Properly planned and carried out, such raids could relieve the pressure on Indo-China and perhaps even Korea. Lines of communication could be cut and valuable intelligence obtained, while opportunities would be afforded for selected officers and men from Formosa to join guerrilla groups, bringing with them money, supplies, arms and other equipment.

When Hanson Baldwin [4] was here the other day he questioned me on the prospects for supporting resistance operations on the Mainland. I replied, in effect, that it seemed to me a most promising field. How-

[4] Military editor of the *New York Times*.

ever, I went on to say that such operations were so foreign to normal American ways and thinking, and our past record in such activities had produced such questionable results, that I doubted whether the United States would implement an effective campaign of this kind in China. In part, my reply was in the interest of discretion, but my doubts are real nevertheless. Unless we do it well, it would better be left undone. We must not expect to succeed unless our hearts are in it.[5]

Best wishes for the holiday season.

Sincerely yours, K. L. RANKIN

[5] Mr. Merchant's reply, dated January 23, 1951, expressed general agreement with the views expressed by Mr. Rankin. It read in part as follows:

"I fully agree with you that time is important, and that if efforts are to be made to embarrass the Communist regime, to divert its attention and energies from other fields, and to weaken to it with the maximum effect, early implementation of a well-considered program is required." (793.00/12–2050)

793.00/12–2750: Circular airgram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, December 27, 1950—1:05 p. m.

The Department is interested in obtaining at an early date as full and concrete information as possible concerning groups on the mainland in armed opposition to the Chinese Communist regime. Information from the field has been of a continuing nature during the past months but there has been no overall program for reporting, no uniformity has been provided for, and satisfactory evaluation has not been possible.

Effective on receipt of this instruction, it is requested that the concerned posts undertake to compile a study of guerrilla and bandit forces on the mainland of China, setting forth the following information in the order given below. Tabular form is preferred.

1. Location.
2. Title used by group, if any.
3. Name of leader.
4. Estimated strength and composition (whether former KMT soldiers, rebellious peasants, professional bandits, secret societies such as Green Gang, Red Spear).
5. Types of weapons possessed.
6. Communications equipment available.
7. Means of supply.

[1] Sent to the Embassies in Bangkok, Rangoon, and Taipei; the Legation in Saigon; the Consulate General at Hong Kong; and the Consulates at Hanoi and Chieng Mai.

8. Liaison with other groups.
9. Relations with Nationalists or other outside elements, if any.
10. Source of the information.
11. Evaluation of the information given.
12. Type and intensity of Communist efforts to suppress respective groups.

Chinese characters should be given for names of leaders and titles of groups.

Overall estimates by areas of guerrilla strength (including potential groups now "lying low") would also be of interest. The Department realizes that in many cases it will not be possible to provide the information called for under each of the foregoing headings but has listed them to indicate the type of information of value and to standardize reporting.

It is suggested that an effort be made in each case to tap official sources as well as unofficial sources provided that in the opinion of the post this can be done discretely [*discreetly?*] and without the exhibition of undue interest in the subject. It is desired that all efforts connected with the preparation of the study be made insofar as possible in a manner to stimulate the minimum curiosity over the interest of the Department.

Inasmuch as one of the main benefits to be derived from the various studies is an opportunity to compare reports from the various concerned posts which might overlap in their coverage it is suggested that the concerned posts, except Taipei, avoid using sources known to have official relationship with the Chinese Nationalist Government.

In addition to the foregoing study, it is desired that each post submit a list of organizations and/or persons claiming a direct connection with or interest in active opposition to the Chinese Communist regime and evaluate them from the standpoint of reliability, activity, purpose, leadership, and utility.

The Department recognizes that these projects entail considerable effort for each reporting post. It also recognizes that a period of perhaps several weeks may be required for their completion and that this instruction might appear to require the duplication of much of the work done in past months, such as that reported in Hong Kong's despatches Nos. 490 of May 22 and 237 of August 16.[2] The Department does not minimize the attention devoted to this subject previously but wishes to bring its information thoroughly up-to-date.

It is desired that information of spot reporting value uncovered during the compilation of the study be forwarded to the Department without delay. Following completion of the study, spot reporting on this subject should follow the general outline provided above.

[2] Neither printed.

To facilitate completion of both requested studies, it is considered desirable that the assistance of the Armed Services Attachés and Liaison Officers and controlled American sources be utilized under the general supervision and coordination of the Chief of Mission or Principal Officer.

ACHESON

793B.00/12–2550 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, December 27, 1950—7 p. m.

1557. 1. Showed Bajpai today letter from Tibet delegation to UN and asked whether GOI had received similar communication from delegation (Embtel 1554, December 26)[1] and what current attitude GOI reference Tibetan case before UN.

2. Bajpai replied no communication similar character received by GOI from Tibet although there had been informal conversations between GOI officials Kalimpong and Tibet. GOI attitude reference Tibetan case unchanged. If GOI should press Tibetan case just now in UN Communist China would be alienated to such extent GOI would lose all ameliorating influence on Peiping re Korea and related problems. Therefore Tibetan case would remain temporarily in abeyance so far GOI concerned.

3. Bajpai stated great confidence Dalai Lama left Lhasa for India overland about nine days ago and should arrive Gyangtse in few days. GOI endeavoring enshroud departure great secrecy lest he be stopped en route by Chinese Communist scouts or sympathizers. GOI temporarily treating stories his departure as mere rumors. Approximately ten days ago 150 Chinese Communist cavalry unexpectedly appeared vicinity Lhasa. Friends Lama insisted he leave before escape route cut off. Order still prevails Lhasa in which most Tibetan officials continue remain and continue in charge government. Certain however in short time Chinese Communists will have full control over all Tibet, probably with minimum fighting.

4. Lama will probably remain India. GOI will insist, however, that he reside at spot remote from Tibet.

HENDERSON

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[1] Telegram 1554, not printed, transmitted the text of a letter dated December 21 to Ambassador Henderson from the Tibetan Delegation, currently at Kalimpong, which had been instructed to go to the United Nations and urge that body to take up the question of the Chinese incursion into Tibet. The letter asked the help of the United States particularly in bringing the question before the United Nations. (793B.00/12–2650)

793B.00/12–3050 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET PRIORITY NEW DELHI, December 30, 1950—noon.

1582. We have been giving considerable thought this end to problem Tibetan case before UN. Thus far seemed preferable India take lead this matter UN. Representatives GOI had repeatedly assured us it intended do so. Now appears views B. N. Rau and other Indian officials who do not wish India make any move in present world context which might offend Communist China have prevailed and GOI continues postpone taking initiative re Tibet in UN. Seems likely Communist China will have taken over Lhasa and have fastened firmly its grip on Tibet before GOI prepared take lead in UN. We seem faced with choice supporting some power other than India taking initiative or of continuing postpone hearing Tibetan pleas until autonomous Tibet ceases exist. We are wondering whether this would be to credit UN. Is it logical for UN which gave Indonesia which was under Dutch sovereignty hearing to ignore Tibet? Will India, for instance, have greater respect for UN if merely out of deference to it, UN gives Tibet no opportunity present case? We do not feel qualified make any fast recommendations because we are not acquainted with all ramifications international situation this particular moment. Nevertheless, we suggest Tibetan question be reviewed before substantive reply is made to letter from Tibetan delegation (Embtels 1554, December 26, 1557 December 27). Pending instructions from Department re character this reply, we are acknowledging letter stating we have telegraphed contents Washington.

HENDERSON

793B.02/1–951

The Department of State to the British Embassy

SECRET

AIDE-MÉMOIRE

The attention of the British Embassy is invited to the Department's *aide-mémoire* of April 29, 1943 summarizing the United States attitude toward Tibet, that is, that the United States had borne in mind the Chinese claim to suzerainty over Tibet, that this Government had never raised a question regarding that claim, and that it did not at that time desire to open a discussion of the matter.[1]

In 1943 likewise, however, the United States sent a mission to Tibet, with the invitation for the mission to visit Lhasa negotiated through the Indian Government and channeled through the British Political

[1] Presumably the date given for the *aide-mémoire* is incorrect. For the text of a Department *aide-mémoire* of May 15, 1943, setting forth the position outlined above, see *Foreign Relations*, 1943, China, p. 630.

Officer in Tibet. At that time no application was made to the Chinese National Government for a permit to visit Tibet.

It does not appear that the United States has ever taken an official public stand in respect to the legal position of Tibet. It is observed, however, that the Chinese claim to authority over Tibet would have been derived through succession to rights exercised previously by the Manchu Dynasty in China. Tibet itself successfully undertook in 1912, after the Chinese Revolution, the expulsion of Chinese troops by force, declared its independence in the same year, and at the Simla Conference in 1914 Tibet was a party to an agreement accepted likewise by the Chinese and British representatives, which provided for the autonomous status of Tibet. It is understood that the Chinese Government's refusal to acknowledge the signature of its representative at the Simla Conference derived from border questions, and was not due to opposition to the proposal that the Tibetans should enjoy an autonomous status. It is recognized universally that Tibet has exercised *de facto* autonomy from 1914 particularly, to the present date.

The United States, which was one of the early supporters of the principle of self-determination of peoples, believes that the Tibetan people has the same inherent right as any other to have the determining voice in its political destiny. It is believed further that, should developments warrant, consideration could be given to recognition of Tibet as an independent State. The Department of State would not at this time desire to formulate a definitive legal position to be taken by the United States Government relative to Tibet. It would appear adequate for present purposes to state that the United States Government recognizes the *de facto* autonomy that Tibet has exercised since the fall of the Manchu Dynasty, and particularly since the Simla Conference. It is believed that, should the Tibetan case be introduced into the United Nations, there would be an ample basis for international concern regarding Chinese Communist intentions toward Tibet, to justify under the United Nations Charter a hearing of Tibet's case in either the UN Security Council or the UN General Assembly.

WASHINGTON, December 30, 1950.

795.00/12–3050

The Ambassador in India (Henderson) to the Officer in Charge of India–Nepal Affairs (Weil)[1]

SECRET PERSONAL NEW DELHI, December 30, 1950.

DEAR ELIOT: I wish to thank you for your thoughtfulness in sending me a copy of Mr. Mathews'[2] memorandum of December 14 to Mr.

[1] A note on the source text indicates that this letter was seen by Mr. Acheson.
[2] Elbert G. Mathews, Director of the Office of South Asian Affairs.

Rusk [3] regarding the change in the degree of frankness with which Sir Girja Bajpai discusses with us the activities of the Indian Ambassador at Peiping. I agree in general with the statements contained in the memorandum. I am convinced that Sir Girja's attitude of genuine friendliness towards the United States has not changed. He at times indulges in fits of pique from which he rapidly recovers. He has had these fits for many years, and I do not take them too seriously.

I do not believe, however, that he is giving us as frankly as he did formerly the contents of messages received from Panikkar. A number of reasons, in my opinion, are responsible for this reserve on Sir Girja's part, some of which I shall set forth below.

1. Some of the material which he gave me in confidence, and which I believe he was not authorized to give to me, has on occasions appeared in the American press, particularly *Newsweek*, with resultant embarrassment to himself and to the Government of India. He therefore does not trust fully the discretion of the Department of State. The person in the Department who is supplying Weintal of *Newsweek* with secret information from Delhi is doing us and the American Government a distinct disservice.

2. Sir Girja has made it clear to me on several occasions that if the United States Government should be aware of all of the contents of Panikkar's telegrams, United States attitude towards Communist China might stiffen. He therefore is withholding some of these contents, since the policy of the Government of India is to prevail on Communist China and the United States to come together. From various quotations from Panikkar's telegrams which Sir Girja has read to me from time to time, with the understanding that I am not to repeat them to the Department, I am inclined to believe that Panikkar is denouncing the United States in his telegrams almost as much as Communist Chinese leaders, and that Sir Girja does not like for us to know how far Panikkar is going in trying to sell to his Government the Communist Chinese point of view. I have been particularly strict in keeping my word about not repeating some of Panikkar's statements to the State Department, because if I should repeat them in confidence and they should later be published in the American press, I would have no credit left in New Delhi.

3. Another reason for Sir Girja's reserve, in my opinion, is that he believes the United States Government would not relish some of the arguments which India is using in its discussions with Communist China, and it is not easy to tell me part of these discussions without disclosing some of the features which might cause irritation of the United States.

4. It is clear that the British and the Indians are engaging in a number of maneuvers vis-à-vis Communist China with which they do not wish us to be acquainted. We might as well face the fact that the United Kingdom shares much responsibility for India's attitude towards the Far East problem during the last four months, and the

[3] Not printed.

British and Indians do not care to have us know the extent to which they have gone in order to placate the Chinese Communists.

Sir Girja, on a number of occasions, has told me in confidence that he is not at all satisfied with the policies of his Government with regard to Communist China. In fact, I am inclined to believe he is almost as much ashamed of some of the instructions which have gone to Panikkar as he is of some of Panikkar's reports.

An interesting feature of Indian-British collaboration with regard to China is that the British tell us in Washington and London that one reason for their inability to give us full support in our Korean policy is that they must take into consideration the views of their Asian allies and friends. At the same time the British have been making great effort to prevail upon their Asian friends to adopt policies with regard to the Far East opposed to ours. For instance, Sardar Patel [4] told me last spring that Nehru would not have rushed so quickly into the recognition of Communist China if he had not been convinced by the retiring British Ambassador to China, and other Britishers who came to Delhi, that China should be recognized and that the United Kingdom expected to recognize China. Nehru, therefore, according to Sardar Patel, took the position that since under British leadership the whole Western world would eventually recognize Communist China, India should move first. In fact, the British, according to Sardar Patel, told Nehru that they had informal assurances from high American officials that just as soon as a suitable set of circumstances could be brought about, the Government of the United States would recognize Communist China.

During the last month, as you are aware, Mr. Dening, British Ambassador at Large, spent some time in New Delhi. During a chat which I had with him he made no secret of the fact that in British opinion the United States had made a great error in not recognizing Communist China and favoring its admission into the United Nations. He was particularly caustic, in a friendly way, at the American attitude towards Formosa. When I intimated to him that Formosa might be to us what the Suez was to Great Britain, he said that responsible British military authorities did not believe that Formosa had any great military value and that many American military experts agreed with the British military point of view. He said that he had been assured in the United States by high American officials, when he was there some months ago, that after elections the United States would proceed to recognize Communist China and to permit it to take over Formosa. He was afraid, however, that as a result of

[4] Deputy Prime Minister of India who died on December 15, 1950.

the elections, internal political exigencies would prevent the Americans from following a sensible course. He also referred to the unfortunate hysteria in the United States and indicated the fact that emotion rather than reason seemed to be dominating the course of American foreign policies.

I have been told by American newspaper men here that in his discussions with Indian journalists Dening followed a somewhat similar line. I do not know what he said to Nehru during his various conversations with the Prime Minister, but I have little doubt that he talked to him in the same way. If he followed such a course in talking with Nehru, he undoubtedly found a sympathetic listener.

Dening was also extremely critical of General MacArthur during his conversations with me. He said that he failed to understand why General MacArthur put the South Koreans in the center of the line during the offensive, because General MacArthur had told him personally in Tokyo that the South Koreans could not be depended upon. He also was highly critical of American military intelligence, as well as the failure of General MacArthur's staff to give proper evaluation to intelligence reports received not only from American but from other sources. While Dening was here, some of the newspapers carried criticisms of General MacArthur of a character so similar to those made orally by Dening to me that it is difficult for me not to believe that he did not inspire them either directly or through conversations with Indian officials.

I am writing this to you in the utmost confidence, with the idea that various members of the Department might be interested in my remarks. I do not want these remarks, however, to be made a part of the Department's files. As you know, I am convinced that unless there can be basic cooperation between the British and ourselves, the world outlook will be extremely dark; and therefore I do not wish to be guilty of sending in material to the Department which might stir up anti-British feelings. Nevertheless, I believe that it would be helpful for members of the Department who have a broad view of the situation to realize that the British sometimes utilize the special position which we help them to hold in South Asia in criticizing our policies and belittling our efforts. I suppose it is sometimes a temptation for the British, when they do not wish to give us offense by opposing some of our policies openly and frankly, to create a screen of opposition to those policies among the members of the Commonwealth and among other countries over which they have influence, behind which they can operate with some effectiveness.

With kindest personal regards, I am

Sincerely yours, LOY

793.5/11–1050

Memorandum by the Deputy Director, Mutual Defense Assistance, Department of State (Ohly), to the Director of the Office of Military Assistance, Department of Defense (Scott)

SECRET WASHINGTON, January 4, 1951.

Subject: Political Criteria Applicable to U.S. Reimbursable Aid to Chinese Nationalists Under Section 408(*e*) of the MDAA, as Amended.

Reference is made to your memorandum of November 16, 1950,[1] calling the attention of this office to a possible conflict between our recommendations to the Department of Defense regarding political criteria applicable to reimbursable aid to the Chinese Government and those applicable to grant aid to the same Government.

In memoranda dated November 10 and 13, 1950,[2] on the subject of Chinese requests for reimbursable aid, I indicated that certain political factors, set forth in my memorandum dated September 15, 1950, to you should be kept in mind in acting on reimbursable aid requests from the Chinese Government. Included in my September 15, 1950 memorandum was the statement that any program of grant aid should concern itself primarily with the filling of known important deficiencies in spare parts, ammunition, and maintenance equipment or services. Your memorandum of November 16, 1950, above cited, states that this reference is in apparent conflict with the recommendation contained in the letter of July 24, 1950,[3] from the Secretary of State to the Secretary of Defense that the Chinese be authorized to purchase any matériel under United States control, including tanks and jet aircraft. Your memorandum of November 16, 1950 adds that the Department of Defense is therefore assuming that the reference to my September 15 memorandum does not apply.

That part of my September 15 memorandum concerning a limitation of aid to spare parts, ammunition and maintenance spares is of course subject to modification in the light of the facts contained in the Fox Report, as indicated in my memoranda dated November 10 and November 13 above cited.

The Department of State is of the opinion that the following main points made in the September 15 memorandum also apply in general to reimbursable aid to the Chinese Government.

(1) Under existing policy directives, United States assistance should be designed to contribute to the defense of Taiwan, and,

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[1] Not printed.
[2] Neither printed.
[3] See footnote 1 to the letter from the Secretary of Defense to the Secretary of State dated July 19, p. 383.

(2) Chinese requests should be considered in light of the urgency of need and a prior judgment in each case that the Chinese military establishment has the intention and capacity to utilize effectively any equipment furnished for the defense of Taiwan.

The Department of State recognizes that each future request for military assistance by the Chinese Nationalist Government will have to be considered on its own merits and in light of the then existing factors bearing on the situation.

JOHN H. OHLY

793B.00/1–651 : Telegram

The Secretary of State to the Embassy in India

TOP SECRET WASHINGTON, January 6, 1951—3 p. m.

1047. Re urtel 1582 Dec 30. Pls inform Tibetan delegation Kalimpong that its Dec 21 appeal noted by Dept which interested in continuance Tibetan autonomy and views sympathetically Tibetan appeal to UN.

Separate msg conveys directive for forwarding Tibetan Del re application for visas.[1]

In view GOI unwillingness support Tibet in or out of UN at this time Dept requesting Emb London make approach to FonOff with view ascertaining whether they consider any action now feasible. Despite lateness in time Dept considers matter shld not be permitted go by default, particularly in light UN action re Korea and also need for checking Chi Commie advances where feasible. Dept accordingly requests ur views re (1) effect on Tibetan resistance of flight Dalai Lama to India and whether he wld have any utility as center support internal resistance event polit turnover Lhasa, (2) best course now to be adopted by US re UN appeal, (3) positive measures which might be presented shld GOI modify present position.

Dept of opinion Chi Commie conquest of Tibet near future probable unless new and unexpected factors appear but believes every feasible effort shld be made to hinder Commie occupation and give case appropriate hearing in UN.

FYI US Govt still stands ready extend some material assistance if appropriate means can be found for expression Tibetan resistance to aggression.

ACHESON

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[1] Telegram 1015, January 3, 1951, to New Delhi, stated that the Tibetan Delegation should be advised that application for visas for temporary entry into the United States could be made to the Consulate General at Calcutta which had appropriate instructions on the matter (793B.00/12–2650).

EFFORTS TO PREVENT SHIPMENT OF STRATEGIC GOODS TO MAINLAND CHINA AND NORTH KOREA; IMPOSITION OF A TRADE EMBARGO AND FREEZING OF CHINESE COMMUNIST ASSETS IN THE UNITED STATES[1]

493.94/1–1350 : Telegram

The Department of the Army to the Supreme Commander, Allied Powers in Japan (MacArthur)

TOP SECRET WASHINGTON, January 13, 1950—7:52 p. m.

War 98471. From SAOUS cite OUSEU. Reurmsg May C 50099 Nov C 53666.[2] Subj is Trade With China and Adjacent Communist Areas.[3] This cable in 3 parts.

Part 1. After urgent and prolonged consideration problem trade Japan with Commie China and adjacent areas Depts State and Army have accepted your views contained in Paras 1A thru 1E urad C 53666. 30 Dec President apd NSC 48/2[4] dealing with trade US and occupied Japan with China and adjacent areas, thus making possible State and Army acpt, in principle, recms 2(1) and 2(2) urad C 53666. Further, in view of SCAPS concurrence as expressed in C 50099 to close coordination between SCAP and US on US Export Control Program for Far East, it is our op that you will wish to control the export by Japan of strategic items to the USSR, Communist China and other Sov satellites. Your gen views now supported by US policy concerning trade with Communist China as stated in Para 3F(4) of NSC 48/2. This para is quoted below for your info:

"The US should, as a security meas, seek to prevent the USSR, its European satellites, and North Korea from obtaining fr abroad thru China supplies of strategic materials and equip which are currently denied them by the US and its European allies thru direct channels. The US should also use every effort to prevent the Chinese Communists fr obtaining fr non-Sov sources supplies of materials and equip of direct mil utility (1 A items).[5] The US should, on the other hand, permit exports to China of 1 B items[6] within quantitative limits of normal civilian use and under controls which can be applied re-

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[1] For previous documentation, see *Foreign Relations*, 1949, vol. IX, pp. 817 ff. Documentation on the general question of East-West trade during 1950 is scheduled for publication in volume IV.

[2] Neither printed.

[3] For previous documentation on United States interest in Chinese Communist efforts to revive trade with Japan, see *Foreign Relations*, 1949, vol. IX, pp. 973 ff.

[4] For text see *ibid.*, vol. VII, Part 2, p. 1215.

[5] I–A items were those usually considered to be of direct military utility, licenses for the export of which were required from the Department of Commerce under the so-called R procedure designed to control trade in strategic materials with the Communist countries.

[6] I–B items generally consisted of capital goods of multipurpose character which might be of military or strategic value; licenses for the export of I–B items were required from the Department of Commerce under the R procedure.

strictively if it becomes nec to do so in natl interest and should place no obstacle in the way of trade with China in non-strategic commodities. The US should seek the support and concurrence of its principal European allies in these policies. The US should not extend governmental economic assistance to Communist China or encourage private investment in Communist China."

Part 2. Fol for your info and guidance is US pos re treatment of Japanese trade with USSR, its eastern European satellites, China, including Taiwan and Manchuria, and adjacent areas:

A. Jap exports of 1 A items to USSR and eastern European satellites should be denied.

B. Jap exports to Commie China, including Manchuria, and North Korea of items appearing on the 1 A list should be presumptively denied. Exceptions should be made only fol reference particular cases Wash where such cases may be made subj consultation UK, Neth, France, Belgium.

C. Orders for Jap exports of 1 A and 1 B list goods to Jugoslavia and Finland should be referred to Wash for advice.

D. Orders for Jap exports of 1 A list goods to Taiwan should be referred to Wash for advice.

E. Jap exports to North Korea, USSR, and eastern European satellites of 1 B items should be permitted only when, in your judgment, the advantage fr a particular transaction to Jap economy is sufficiently important to justify whatever contribution to North Korea or Sov and European satellite industrial potential might result.

F. Jap exports of 1 B items, to China, including Manchuria and Taiwan, should be permitted on basis usual commercial considerations provd:

(1) Such exports are denied when, in your judgment, they would be used for direct mil purposes or would be transshipped via China, particularly Manchuria, or adjacent non-Commie areas to USSR, eastern European satellites or North Korea.

(2) Controls are imposed at least as restrictive as may hereafter be imposed by the UK or western Europe. Although no multilateral agreement on limitative controls to China over 1 B list items of the R Program now exists, US hopes to develop comparable action by certain European countries. In this connection we will advise you restrictive actions other govts and any gen restrictive agreement if obtained.

G. Trade transaction now pending Tokyo should be acted upon in accordance with principles stated above.

Part 3. Request monthly reports re Jap trade transactions pending or completed with China, Korea and Hong Kong involving any 1 B exports. Also interested trade proposals for 1 A and 1 B items denied. This info desired prov a comprehensive basis for overall consideration (both here and with certain European countries) of effective limitation by the individual countries including the US. For your info, UK, Denmark and Italy now prov such info on a reciprocal basis.

493.119/2-350

The Secretary of State to the Secretary of Commerce (Sawyer)

TOP SECRET WASHINGTON, February 3, 1950.

MY DEAR MR. SECRETARY: The approval by the National Security Council on December 29, 1949 of NSC 48/2 (The Position of the United States with Respect to Asia), the conclusions of which were signed by the President the following day, does away with considerable uncertainty that had arisen regarding implementation of NSC 41 (United States Policy Regarding Trade with China).[1] Paragraph 48*g* (4) of NSC 48/2 has the effect of reaffirming the principles of NSC 41. The Department of Commerce is responsible for implementing the export control aspects of these two papers in so far as exports from the United States are concerned. The procedure of the National Security Council requires that the coordinating agency, in this case the Department of State, should "notify all departments and agencies of the actions for which each is responsible in implementation of the paper, and ensure that such actions are taken in a coordinated manner." In accordance with this procedure, the following observations may be helpful.

It is my understanding that your Department, by its action of November 4, 1949 and subsequent actions to expand the "positive list" of exports controlled to all countries except Canada, has made substantial progress toward establishment of the export control machinery required. The policy recently reaffirmed calls for further action to bring under control the export from the United States to China and adjacent areas of all 1B list items which the United States Government denies or restricts to the USSR and its eastern European satellites. The question of whether such additional controls are created on a universal basis or made applicable only to China and adjacent areas is immaterial from the point of view of the policy set forth in NSC 48/2.

Paragraph 48*g* (4) of NSC 48/2 sets forth the principles that should govern the application of the controls referred to above and clearly provides the policy basis for unilateral denial by the United States Government of such export applications as are not allowed by its terms.

Your Department has been informed of steps which have been and are being taken to secure the cooperation of Belgium and of the United Kingdom, the Netherlands, and France, with respect to both their metropolitan and Far Eastern territories, in the application of controls over an agreed list of strategic exports to China and adjacent

[1] NSC 41, dated February 28, 1949, was approved by President Truman on March 3, 1949; see *Foreign Relations*, 1949, vol. IX, pp. 826 ff.

areas. This Department also intends to seek the cooperation of the Philippine Government, although it appears that action by the Philippine Legislature may be necessary before parallel action can be obtained. The Department of Commerce will be notified of the outcome of these efforts.

There is enclosed for your information a copy of a message, drafted jointly by the Departments of the Army and State, that was sent to SCAP on January 13, 1950 [2] advising him of the policy decision referred to above and of the criteria regarding the conduct of Japanese trade with the USSR, its satellites and adjacent areas which are consonant with this and other United States policies.

Sincerely yours, DEAN ACHESON

[2] *Supra.*

893.2553/3–950

Memorandum of Conversation, by Mr. Stephen C. Brown of the Office of Chinese Affairs

SECRET [WASHINGTON,] March 9, 1950.

Participants: Standard-Vacuum Oil Company—H. F. Seitz
Caltex Co—Mr. Keany
CA—Mr. Sprouse [1]
CA—Mr. Barnett [2]
CA—Mr. S. C. Brown

Messrs. Seitz and Keany came in at the Department's request to discuss the proposed joint three-company shipments of petroleum products to Communist China. Mr. Seitz had telephoned the day before to request an answer.

After some desultory conversation which took place while awaiting Mr. Sprouse's arrival, Mr. Barnett explained to them that our decision had been made in the light of an estimate of 3.5 million barrels of motor gasoline, kerosene, diesel fuel and lubricating oils required for civilian use in Communist China in 1950. This estimate had been made on the basis of information received from the companies.

Further, our decision had been made in the light of our knowledge and understanding of the difficulties under which they were operating in China. We did not wish to embarrass them in their efforts to protect company properties, continue operations on a minimum basis, and secure exit permits for key personnel.

With these considerations in mind we had decided that we would raise no objection to the three companies jointly shipping to Communist China the minimum quantities of products specified in the

[1] Philip D. Sprouse, Director of the Office of Chinese Affairs.
[2] Robert W. Barnett, Officer in Charge of Economic Affairs, Office of Chinese Affairs.

proposal; that is, 15,000 tons of motor gasoline, 5,000 tons of diesel and 800 tons of lubricating oils. This was on the understanding (1) that no further shipments by the companies are presently planned, (2) that the Department will be consulted by them prior to planning any additional shipments, and (3) that these shipments will be included in any program of permissible shipments to China for 1950 that may be agreed on with other Governments.

Mr. Keany of Caltex inquired whether these conditions meant that his company's proposed shipment of 35,000 barrels of diesel was "out". Mr. Barnett said that the Department did not intend to reverse its position on that shipment, and since we had raised no objection to it, it would stand so far as we were concerned but amounts under that shipment would be taken in account as representing a part of Caltex's share in future quarterly allowable imports. The conditions did mean, however, that the other two shipments mentioned by Mr. Keany on the same occasion were, as such, "out". Mr. Keany volunteered the information that Caltex did not yet possess a copy of the crude oil contract and that it appeared that operation of the contract might remain in indefinite suspense.

Mr. Barnett explained that we expected very shortly to reach understandings with the British on the question of petroleum supplies to China,[3] and that the Department's decision on the immediate proposal had been made with that in mind. We felt the quantities approved were well within our estimates of permissible quarterly shipments. He asked Mr. Brown to explain what our estimates were and how they were arrived at.

Mr. Brown indicated that on the basis of the minimum estimates of civilian requirements in 1950 received from the companies, we had arrived at the following suggested quarterly quota of permissible shipments for the named products:

Motor gasoline	(42 gallon barrels)	125,000
Kerosene	(42 gallon barrels)	250,000
Diesel	(42 gallon barrels)	300,000
Lubricating oils	(50 gallon drums)	4,200
Lubricating greases		nil

With reference to the figure for lubricating oils, he explained that it was low because we had taken into account company stocks in China, which according to our information were substantial, and in Hong Kong as well. In terms of 42 gallon barrels the figure would be 5,000 barrels, which gave an equivalent of 4,200 50 gallon drums. With reference to greases, our information was that the companies hold 17 months stocks in China, and the zero quota was obvious.

[3] For previous documentation on this subject, see *Foreign Relations*, 1949, vol. IX, pp. 1002 ff.

In comparing the proposed transaction with these suggested quarterly quotas it had appeared to us that generally it was well within the suggested limits. We objected, however, to the higher figure on motor gasoline because it appeared to represent 6 months' supply at estimated rates of consumption, and preferred to approve only the minimum quantities in the proposal.

Mr. Seitz said that the companies did not propose to ship all at once, and that deliveries would be strung over a period of time. Mr. Brown replied that we were aware of this and had taken it into consideration, and that we had also taken into consideration the fact that two months of the first quarter were now past.

With reference to the question of our estimates generally, Mr. Brown said that we were well aware that Chinese requirements of petroleum products for civilian purposes might change substantially even over a period of one year, and that we realized that they might have to be revised. We would of course appreciate any information the companies might have indicating a need for revision.

Mr. Sprouse agreed that Mr. Barnett and Mr. Brown should prepare an informal memorandum for Messrs. Seitz and Keany summarizing our information regarding stocks in China, our estimates of civilian requirements for 1950, and all other pertinent information. We might at some future date want to discuss it with them. Mr. Seitz said that they would be glad to discuss the subject together with us, but that they could not very well discuss it privately together because of certain possible legal embarrassment it might cause their companies.

Several questions were raised aside from the main topic. Messrs Barnett and Brown inquired whether the Communists had indicated any desire to take over company stocks of aviation gasoline, by purhase or otherwise, to which the reply was that they had not, and had shown no interest whatever in the subject. Mr. Barnett said we would like to know if any approach were made to the companies regarding aviation gas in the future. Mr. Brown inquired whether it would be correct to assume that stocks in China in other than company hands are very small, to which Mr. Seitz replied that he thought this was correct; he did not feel stocks in Commie hands could amount to as much as one month's supply, on the average. He felt the Commie willingness to allow foreign exchange on a cif basis in this transaction, plus an allowance for local currency margin, was an indication that they were feeling the pinch.

Mr. Barnett asked whether Hong Kong was normally a transshipment point for petroleum serving any areas other than China. The answer was that it was not normally used for serving other areas. Mr. Barnett then asked whether the companies could give any estimate of Hong Kong's own petroleum requirements, and whether they had any information concerning the source of Hong Kong Government

and British military Hong Kong requirements. Neither Seitz nor Keany could provide information regarding Hong King requirements, but said they thought in practice most of British Government requirements for Hong Kong were supplied by Shell, although the American firms were permitted to bid. In reply to a question, both agreed that from their point of view it was preferable, if possible, to have a single quota set up for administrative handling of shipments to China and Hong Kong (exclusive of British Government requirements). Seitz pointed out it was almost impossible to control transshipments from Hong Kong to China otherwise.

493.419/3–2450

The Secretary of Defense (Johnson) to the Secretary of State

SECRET WASHINGTON, 24 March 1950.

DEAR MR. SECRETARY: I am informed that the HICOG has been authorized to license up to 15,000 tons of steel rails for export to Communist China during the balance of the calendar year, and that SCAP was informed of this action. It is understood that this action was taken because the UK had indicated its intention to accept a Chinese bid for the supply of 87,000 tons, in spite of representations made by the U.S. Embassy at London requesting British denial of the transaction.

This lack of accord among friendly countries in the export of highly strategic commodities to Communist areas is unfortunate. The British are well aware of the vital strategic importance of the lines of communications within the Communist areas. It is quite evident that the absence of adequate British export controls is the factor responsible for increasing the security hazard to both our countries.

As you may recall, in his letter of 7 February 1950 [1] to the Secretary of Commerce, the Acting Secretary of Defense noted that "the strategic implications of . . . transportation systems of the communist area are such that from the short-time viewpoint the lines of communication in China, including Manchuria, are a most important means for the consolidation of recent gains and for expansionist activities, particularly in South and Southeast Asia." Recent intelligence reports now indicate that such expansionist activities may be developing. I have noted the concern expressed by the Department of State in its report to the National Security Council (NSC 64) which points out that "the presence of Chinese Communist troops along the border of Indochina makes it possible for arms, matériel and troops to move freely from Communist China" and concludes that Indochina is under

[1] Not printed.

immediate threat.[2] Under such circumstances, the Chinese Communists would clearly require adequate transportation to bring troops and supplies to their southern borders.

The Department of Defense is now giving priority consideration from the military viewpoint to the whole problem of the Communist threat to Southeast Asia, with a view to acting upon your suggestion in NSC 64 that "Departments of State and Defense should prepare as a matter of priority a program of all practicable measures designed to protect U.S. security interests in Indochina." In view of the rapid development of the situation in Southeast Asia, it now appears that a shipment of steel rails or any transportation equipment to Communist China might eventually frustrate whatever measures may be decided upon by our respective departments as necessary to prevent further communist encroachment in this area. I therefore recommend for your consideration the following steps:

a. The strongest possible further representations be made to the British to deny the Chinese bid for 87,000 tons of steel rails and that the authorization for export of 15,000 tons given to HICOG be rescinded. SCAP will be advised of the action taken and of the U.S. position in the matter.

b. The Department of State join with the Department of Defense in urging the immediate reclassification of railway transportation equipment to 1A in order to prevent such occurrences in the future.

c. Efforts to obtain parallel action by the British and other participants in the ERP program on controls of exports of all strategic commodities to Communist areas of the Far East be accelerated.

d. As a matter of urgency, the Departments of State and Defense, and other interested government agencies, consult and reach a final and workable understanding of the practical implementation of export policy to China under NSC 48/2 in the light of the situation now confronting the United States in Asia and the U.S. national interest.

Sincerely yours, LOUIS JOHNSON

[2] For the text of NSC 64, dated February 27, and related documentation on Indochina, see pp. 690 ff.

493.419/3–2750 : Telegram

The Secretary of State to the Embassy in Belgium

SECRET WASHINGTON, March 29, 1950—6 p. m.

422. Re London Embtel 1641, Mar 27, to Dept, repeated Brussels 73.[1] Text Dept memo to be presented Mar 30 by Emb Brussels shld read as follows:

[1] Not printed.

"The US Govt and the Brit Govt, in the course of recent discussions, agreed on the desirability of taking steps to insure that western trade with China and North Korea shld not result in any increase in the mil strength of the Chi Commie regime, and that certain Eastern European countries shld not be enabled to obtain, by transshipment via China and North Korea, supplies of goods now denied them by the Western Govts in direct channels of trade; and it was considered that one essential measure wld be the imposition of controls over the export or re-export to China and North Korea of goods of the highest security significance.

The US already controls the export of such goods from the US to all destinations, except Canada. The Belgian Govt will recall that mtgs were convened in Paris by the Fr Govt most recently in Jan to consider with certain other govts the adoption of a common policy for the denial to certain Eastern European countries of goods to be included in an agreed list. In view of the possibility that such denial might be ineffective if agents of those countries were permitted to obtain such goods freely through China and North Korea, and in view of the dangers to western interests in Asia and the Pacific in permitting the Chi Commies unrestricted access to materials that will directly increase their mil strength, the US Govt suggests the extension of the common policy of control to cover the whole of China, including Manchuria and Taiwan, and North Korea.

The U.S. Govt accordingly hopes that the Belg Govt will be prepared to impose controls over the export or re-export to China and North Korea of goods in the agreed list referred to in the second para above, as it may be subsequently amended by agreement. It is believed that such control shld be for presumptive denial to the Chi Commies and North Koreans of all exports on the agreed list, with the possibility of exceptions on a case by case basis after consultation among the cooperating govts. On the other hand, exports to areas controlled by the Chi Natl Govt, although subj to control and scrutiny, wld be licensed where it served the interests of one or more of the cooperating govts to do so. The US is prepared to arrange that the Belg Govt receive reports on such exports actually licensed by the US Govt.

The US Govt and the Brit Govt have also agreed on the desirability of watching closely, and of exchanging info on, the export to China and North Korea of a selected list of items considered to be of especial importance to the Chi economy. A suggested list is under consideration and it is proposed that its exact composition shld be the subj of later consultation and agreement.

The US Govt is prepared to seek the cooperation of the Govt of the Republic of the Philippines, and it is understood that strategic exports to China and North Korea from Japan are being controlled. It is also understood that the Brit Govt is approaching certain members of the Brit Commonwealth of Nations on the same subject.

A similar communication is being addressed to the Fr and to the Neth Govts which are being invited to cooperate and to secure the coop of the Vietnam, Laos, Cambodian, and Rusi Govts."

ACHESON

493.419/3–2450

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Secretary of State

TOP SECRET [WASHINGTON,] April 20, 1950.

Subject: Policy Regarding Trade with Communist China

Problem

To determine the treatment to be accorded 1–B exports, particularly steel rails and other transportation equipment, to Communist China under the terms of existing NSC policy papers.

Background

1. Attached for your signature is a draft letter (Tab A) to Secretary Johnson [1] responsive to his letter to you of March 24, 1950 (Tab B).[2] Also attached for your signature is a letter to Secretary Sawyer (Tab C)[3] which would transmit for his information your letter to Secretary Johnson.

2. The letter from Secretary Johnson recommends, in effect, that a previous authorization for export of 15,000 tons of steel rails from western Germany to Communist China be rescinded, that the export from the United States to Communist China of all railway transportation equipment be embargoed, that SCAP be informed of the United States position in this regard and that strong pressure be brought to bear on western European governments for parallel action in controlling exports of all strategic commodities to Communist areas of the Far East. These recommendations reflect Defense views regarding policy towards China which conflict, basically, with those of the Department and represent a challenge to the principles contained in NSC 48/2 ("The Position of the United States with Respect to Asia").

3. NSC 48/2 provides that "the United States should permit exports to China of 1–B items within quantitative limits of normal civilian use and under controls which can be applied restrictively if it becomes necessary to do so in the national interest . . ." (Tab D).[4] Despite the President's recent approval of this policy, the interpretation of this sentence has become an important issue between State and Defense. Defense has recently submitted to the NSC Staff a revision of NSC 41 ("United States Policy regarding Trade with China"), on which the China trade aspects of NSC 48/2 were based, designed to place an embargo on the export to China of a considerable number of 1–B goods, and to increase and subject to very tight restrictions those exports to China for which licenses are required. These

[1] For the text of the letter as sent by Mr. Acheson to Mr. Johnson on April 28, see *infra*.

[2] *Ante*, p. 625.

[3] See footnote 5 to the letter to Mr. Johnson, *infra*.

[4] For the text of NSC 48/2, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.

Defense proposals would in effect prevent the export to China of a large number of goods that historically have moved in the China trade, and they would appear to represent a policy towards China even more severe than is now pursued towards the Soviet Union and its eastern European satellites. Defense representatives maintain that their proposals are consistent with the intent of NSC 48/2 by reference to the "national interest" clause cited above.

4. The position taken by Defense representatives in the Interdepartmental Advisory Committee structure responsible for actual export licensing decisions has tended to subvert the intent of NSC 48/2. With a view to obtaining a flat embargo on the export of steel rails and other transportation equipment to China, Acting Secretary Early addressed a letter dated February 7, 1950 to Secretary Sawyer recommending strongly that such goods be upgraded from the 1–B to the 1–A list (Tab E).[5] Secretary Sawyer replied on February 17 to this letter, indicating his willingness to have the Advisory Committee structure review the strategic rating of transportation items under control, but suggesting that the importance of multilateral action to effective restriction probably would limit the extent to which U.S. embargoes could be justified (Tab F).[5] Secretary Sawyer's response, while entirely correct, does not dispose of the difficulties created by the basic difference of view between State and Defense with respect to the China problem.

The general issue is most immediately related to the question of steel rail exports from western Germany to China, our treatment of which thus far has produced serious political repercussions in Germany. It is believed that a clear decision on the question of steel rails, the principle of which would apply to the treatment of transportation equipment generally as well as other 1–B exports to China, would go far to correct misapprehensions regarding the implementation of NSC China policy papers. The following analysis is therefore directed primarily to an examination of the steel rail problem.

5. The export of steel rails as a 1–B list item is governed by the provision of NSC 48/2 which calls for licensing of such exports to China in accordance with the normal civilian requirements of that country. The Chinese economy has for decades made use of a few major trunk railway lines for passenger and freight transportation. Inadequacy of rail transport has been a major cause of China's recurring famines. Military campaigns in China, particularly those of the Chinese Communists, have not been dependent primarily on rail transportation. It is unlikely, therefore, that China's imports of railway equipment to meet normal civilian requirements would contribute appreciably to the Chinese Communist military potential. China's im-

[5] Not printed.

ports of steel rails in the mid-thirties averaged approximately 80,000 tons, a quantity sufficient to lay approximately 590 miles of track. In view of the vast destruction of railways in China, annual exports to China of this magnitude would not appear excessive.

6. No effective multilateral agreement has as yet been obtained for quantitative restrictions over exports of 1–B list items either to eastern Europe or to China. Information is exchanged, however, with the U.K. and certain other western European governments on 1–B exports to eastern Europe and such an exchange is in prospect for 1–B exports to China. We intend in the near future to renew our efforts for multilateral adoption of limitative controls over 1–B exports (including steel rails) to eastern Europe and would urge that such progress as is attained by these efforts be extended to trade with China.

7. SCAP has been advised by Defense and State jointly of the principles deriving from NSC 48/2 that should govern Japanese exports to Communist China and was authorized to exercise his discretion in controlling 1–B list exports in accordance with these principles. SCAP was informed that he would be expected to apply as a minimum such export restrictions as were or might be adopted multilaterally. It was believed, however, that SCAP should not be expected to place Japan at a competitive disadvantage by imposing restrictions on exports for normal civilian use within Communist China more severe than are applied by the U.K. and major western European governments.

8. The Chinese Communists have for several months been exploring in a number of countries the possibility of placing an order for about 87,000 tons of steel rails. We prevented Japan and Germany from accepting any such order until NSC 48/2 was approved by the President on December 30, 1949. The general policy guidance referred to above (para 7) was then sent to SCAP. With respect to western Germany, we authorized acceptance of Chinese Communist orders for steel rails but suggested that the quantity be limited to 15,000 tons for the time being. Defense concurred in this action. However, the previous denial and the current limitation of German steel rail exports, in the absence of any parallel action by Germany's competitors, has aroused considerable resentment in Germany. High Commissioner McCloy has urged strongly either that multilateral agreement on steel rail quotas for China be obtained promptly or that western Germany be permitted to accept the entire order if it can be placed there.

9. We believe that an attempt to obtain multilateral restrictions on any 1–B exports to China in advance of western European agreement to 1–A controls for China would seriously prejudice the joint approach we are now making with the British to this end. Moreover, it would clearly be unrealistic to expect that European governments would control 1–B exports to China prior to their institution of 1–B

controls to eastern Europe. In the absence of multilateral quantitative limitations on exports of steel rails to China, the continued imposition of quotas on such exports from western Germany to China would not constitute an effective restriction since the orders would undoubtedly be placed elsewhere. The net effect of such action would be to add unnecessarily to the cost of U.S. financial assistance to western Germany and to create increasingly adverse political repercussions among the Germans. Unilaterally imposed quota restrictions on German exports to China might lead to imposition of similar restrictions on Japan for which the above observations would apply with equal validity but with greater significance in view of the very great importance to Japan of trade with China.

10. It is believed that the Chinese Communists' present extreme shortage of foreign exchange constitutes an effective limitation on their import of high cost capital goods. It is estimated, for example, that payment for the rail order in question would require use of 10 to 15% of the present foreign exchange resources of the Chinese Communists. Exchange of information by the principal western suppliers on actual exports of steel rails and other 1–B goods would reveal any movement of excessive quantities should it develop and thus provide a clearer basis for vigorous efforts to obtain multilateral restrictive action.

Conclusions

1. The export to China of all 1–B list goods, including steel rails and other transportation equipment, should, in accordance with NSC 48/2 and NSC 41, be permitted from the U.S., Japan and western Germany for normal civilian use within China unless they are upgraded by the U.S. Government to the 1–A list.

2. Continuing efforts should be made to obtain effective multilateral agreement for limitative controls over the export of 1–B goods (including steel rails) to eastern Europe, with the understanding that we would urge that such agreement, if achieved, be extended to cover such 1–B exports to China within the terms of NSC China policy.

3. U.S. authorities in western Germany should be subject to the same policy and procedural guidance regarding exports to China as is applied to SCAP for Japan. Thus, pending multilateral agreement on 1–B controls for China, the U.S. High Commissioner for western Germany should be permitted discretion in determining permissible exports of steel rails and other 1–B goods for normal civilian use within China, subject to such decisions by the U.S. Government as may be indicated in the light of information exchanged among major western suppliers on actual exports. The Department would, of course, provide such advice and information as may be helpful to the High Commissioner, particularly in determining China's normal civilian requirements.

507–851—76——41

Recommendation

It is recommended that, in accordance with your responsibility for coordination of NSC 48/2 and NSC 41, you sign the attached letter to Secretary Johnson, which interprets these policies in the sense of the Conclusions above, and the accompanying letter of transmittal to Secretary Sawyer.

If the Department of Defense does not accept this interpretation, it would be necessary, in accordance with NSC procedure, for the issues to be considered by the Council and, if they cannot be resolved there, for the matter to be submitted to the President for his decision.

Concurrences

EE, RA, GEA, E, ER, G (Mr. Rusk), and U (Mr. Webb) concur in this memorandum and the draft letter to Secretary Johnson.

493.419/3–2450

The Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, April 28, 1950.

MY DEAR MR. SECRETARY: I have examined carefully the suggestions which you have made in your letter of March 24, 1950, with respect to licensing action on steel rails, the strategic classification of railway transportation equipment, the negotiation of parallel action, and our export control policy toward China. I have considered your suggestions in the light of the recent developments in the Far East to which you have referred, the world-wide responsibilities we bear and objectives we must seek because of the fact of the cold war, and the opportunity I will have of discussing with the Foreign Ministers of our major western European allies some of the underlying problems which give rise to your suggestions on China trade policy.[1]

If I may deal with the last of your suggestions first, I should like to say that I am in full agreement with you that in the light of the effect upon United States national interest of the situation in Asia, some clarification should be achieved amongst the interested government agencies regarding the practical implementation of export policy to China as it is now embodied in NSC 48/2. It is my view that Communist China should be treated as a satellite of the USSR and controls over exports to that area should be identical in scope and governed by the security principles now applied to the USSR and its eastern European satellites. However, the accomplishment of this objective clearly must, as a practical matter, be modified in those cases where the unilateral denial by the United States would merely surrender the Chinese market to the British or other suppliers.

[1] Documentation of the Foreign Ministers meetings is scheduled for publication in volume III.

I am also in full agreement with you that this Government should make every reasonable effort to obtain the concurrence of the United Kingdom and other of our western European allies in export controls paralleling our own, applicable uniformly to the USSR, eastern Europe, and, now, Communist areas in the Far East.

As you are well aware, we have for some time been negotiating with Canada and the western European countries to obtain their agreement to prohibit exports to the Soviet Union and Soviet eastern European satellites of items the denial of which would affect key sectors of the Soviet war potential economy. These negotiations have resulted in the acceptance by eight countries of substantially all of our 1A items, as well as items defined as arms, for embargo treatment. We have good reason to believe that similar treatment is extended to arms, and to a number of other items, by Sweden and Switzerland as well.

Our negotiating efforts, in which representatives of the Department of Defense have participated, have led to the formation of the so-called "Paris Consultative Group." The agenda of the current and forthcoming meetings of this Group includes such matters as proposed additions to the embargo list (i.e., all items the United States desires to classify 1A), and suggestions made for limitative controls to parallel those now in effect for 1B shipments from the United States. The intergovernmental group is proceeding to consider our proposals as expeditiously as could be expected. I am sure you are familiar with our instructions to our people in Paris, on the 1B control problem; they are contained in telegram No. 1365 of March 29, 1950, to Paris, a copy of which is enclosed (Tab A).[2]

It is my view that these negotiations should go forward as planned. The problem of Communist China should not, at this stage, be introduced into these proceedings. We have, as you know, been discussing bilaterally with the British for some time the question of an embargo on 1A goods for Communist China and we have their agreement to such an embargo, on condition that France, Belgium, and the Netherlands establish similar controls. These three governments have now been approached and there is every prospect of success in this venture. Once this initial agreement is achieved we are confident that this government, in concert with these four western European countries with important trading interests in the Far East, can put China trade controls on the multilateral basis which will have been decided upon for trade with eastern Europe. We will then have a common western security control policy applicable to all countries of the Soviet orbit. While I do not consider it appropriate that the Foreign Ministers, who will be meeting in early May, should concern themselves at this time with the negotiating details, I do intend to find an occasion to

[2] The text and related documentation are scheduled for publication in volume IV.

place before them some of the considerations which lead us to attach very great importance to the successful outcome of the negotiations now proceeding.

This leads me to the question of controls established by Germany and Japan over exports to countries in the Soviet orbit. As you know, we have tended to hold German controls at a level which is more restrictive, in the 1B category, than that maintained by countries which are Germany's principal competitors, because our objective is to bring the controls of other European countries up to the level now maintained by Germany. In War #98471 of January 13, 1950, we informed SCAP that his controls on 1B should be at least as restrictive as "may hereafter be imposed by the United Kingdom or Western Europe." In practice SCAP's 1B controls have paralleled our own and have been substantially more restrictive than those of the United Kingdom.

I feel certain that you will agree with me that it would be politically and economically unwise, from the standpoint of long-term United States interests, to require Germany and Japan to pursue a course of commercial self-denial which their principal competitors are unwilling to accept as being in their individual and collective interests. Pending the outcome of the negotiations described above, Japan and Germany should, of course, continue to be governed by the guidance contained in War 98471 of January 13, 1950, to SCAP and in the comparable directive from the High Commission to the German Government. It is my opinion, however, that when these negotiations are concluded, the control of exports from Germany and Japan should be conformed to the terms of such agreement as has been reached multilaterally.

When we can see and judge the results of the discussions of the Paris Consultative Group it may be that the importance of common security control policies with our Western Allies will lead us to the conclusion that some modifications should be made in our own security controls. This, however, is not a question which need be prejudged at this juncture. Meanwhile, our negotiators will press firmly towards the successful development of multilateral limitative controls over items for which, in the United States view they are appropriate.

The particular problem of railway transportation equipment for Communist China should, it seems to me, be considered in the context of the foregoing factors in our trade control problem as a whole. The question of the strategic rating which this Government should assign to any commodity must be considered in the light of its possible importance for the Soviet Union, the eastern European Soviet satellites, and the Communist-controlled areas of the Far East, taken together. On this basis we have examined the proposal to reclassify railway equipment to 1A, and have concluded that it does not meet the agreed

criteria for this classification, but does warrant the 1B rating now assigned to it, because large shipments to the Soviet bloc might represent a security threat. I am attaching herewith as Tab B [3] a statement prepared by the Department of State and the Economic Cooperation Administration, for circulation in the interdepartmental committees now considering the rating problem, in which our reasons for favoring a 1B rating are set forth.

We have examined carefully your suggestion for rescinding the authorization for export of 15,000 tons of steel rails from western Germany to China as recently approved by the State and Defense Departments and the Economic Cooperation Administration. In view of the fact that steel rails are classified 1B, and in view of the status of our multilateral negotiations on 1B items, it is our judgment that the best security interests of the United States would not be served by requiring the High Commissioner for Germany to reverse his position on this matter. The repercussions which such a reversal would produce in Germany might exacerbate the difficulty of enforcing other and more important aspects of our security program over the longer period ahead.

There is a question of immediate and possibly of critical importance which is posed by the general line of the argument which I have developed. That is the question of the attitude of the United States Government towards shipments of petroleum to Communist China. We have obtained agreement, in principle, from the British with respect to Shell, the principal competitor of the American companies in China, to impose an embargo on shipments to Communist areas in the Far East of aviation gasoline and certain high grade lubricants. Most other petroleum products are rated 1B. Within the framework of our NSC 48/2 policy, we have for some time had an understanding with the major American oil companies, and are now in the process of arranging with the British, for limitation by the companies of all 1B petroleum shipments from off-shore sources to China to amounts consistent with current levels of civilian economic activity in China.[4] It is, I believe, a matter of fact that petroleum products are rarely if ever licensed for shipment from the United States to the USSR and its eastern European satellites. Notwithstanding that fact, I believe that we should continue our efforts to secure cooperation of American and British firms within the framework we have established. As you

[3] Not printed.

[4] On May 10, 1950, the Department of State sent to the British Embassy a memorandum outlining its position on the subject of an informal system of control for petroleum supplies to China, in connection with proposed exchanges of views between the United States and the United Kingdom on appropriate measures for effecting such a system of controls (493.569/5–1050). The United States memorandum replied to a British memorandum of December 19, 1949. For the text, see *Foreign Relations*, 1949, vol. IX, p. 1035. No real progress was made on further discussions prior to the outbreak of hostilities in Korea on June 25, 1950.

know, American oil companies have a considerable investment in China and have personnel who, under present circumstances, are at the mercy of the Chinese Communist authorities. Unilateral United States self-denial would turn the market over to the British and expose American personnel and properties to extreme jeopardy. When either of these same considerations exists with reference to other 1B commodities hitherto involved in the China trade, our 1B controls should be applied in accord with the principles now embodied in NSC 48/2 pending the outcome of the negotiations indicated above.

I am sending a copy of this letter to Secretary Sawyer for his information.[5]

Sincerely yours, DEAN ACHESON

[5] A copy of Mr. Acheson's letter to Mr. Johnson was sent to Secretary of Commerce Charles Sawyer under cover of a brief note of transmittal (not printed) on April 28.

493.119/6–650

Memorandum by Mr. Max W. Bishop of the Office of the Deputy Under Secretary of State (Matthews) to the Ambassador at Large (Jessup)[1]

TOP SECRET [WASHINGTON,] June 6, 1950.

Subject: U.S. Policy Regarding Trade with China

The history of the NSC review of the above subject is briefly:

The President last fall spoke to Secretary Acheson regarding NSC 41 and said that he felt that the policy of NSC 41 was out of date and should be revised. On November 4, 1949, the Secretary requested Mr. Souers (NSC 41/1, November 7, 1949, file attached)[2] to "arrange for appropriate NSC Staff studies of the attached report, as a matter of urgent priority, with a view to ironing out any difference of view that may appear". In the Department's report, it was concluded that because "NSC 41 provides a sufficiently broad scope for a flexible policy, it not be revised at this time". The NSC Staff immediately took up this project and has had considerable number of meetings all without making any substantial progress. In spite of our Secretary's request last November that this be treated as a matter of "urgent priority", I am afraid we have ourselves been somewhat derelict in pushing for the completion of a paper or the submission of differences to the highest level. The differences which are primary among State, Defense, and Commerce, are, I believe, differences of implementation and of interpretation rather than differences of our policies or objec-

[1] Mr. Bishop was State Department representative on the National Security Council Staff, while Ambassador Jessup was the Department's representative on the National Security Council Consultants.

[2] For the text of NSC 41/1, see *Foreign Relations*, 1949, vol. IX, p. 889.

tives. In February of this year, I prepared the following brief summary of the State and Defense positions for Mr. Rusk:

"As I see it, Defense position is essentially that the security position of the United States in Asia in particular and in the world in general requires that every effort be made to deny to Communist-China any economic assistance from "non-Soviet sources", that accordingly all trade between the United States and Communist-China in strategic items (new 1A and 1B lists to be prepared specifically for China) should be presumptively denied and should be allowed only in those instances where it can be shown on a case-by-case basis that no benefit would accrue to Communist-China. On the other hand, the Department of State position would seem to be to allow trade covering "normal civilian requirements" in non-strategic items (as presently defined under the 1A and 1B lists drawn up for "East-West trade") and to allow certain other trade, on a case-by-case basis where it would be in our interest to do so or where the trade would not contribute to the military strength of the communist bloc."

As you are undoubtedly aware, this problem is inextricably bound up with the broader problems of United States export controls policies and "East-West trade" policies. I have never been able to understand why FE felt so strongly that we should refuse to revise NSC 41, particularly when the points at issue were those of implementation and interpretation of policy rather than of the policy itself. I would recommend that when this item comes up for discussion at the Consultants' Meeting, you point out that this particular paper has had a long and difficult history, that it is obviously related to other similar but broader problems, that we are making good headway with our efforts to obtain a greater measure of cooperation from our allies in the application of export controls and that we hope for similar success in obtaining more cooperation in controlling exports to China and that in the light of these developments you are considering recommending to your Department that NSC 41/1 be withdrawn and the project dropped for the time being. This, of course, would put us in a rather embarrassing light so far as the formal record goes because of the President's request last fall. You might point out to the Consultants that while the NSC Staff has been unable to make progress on revising the policy, its failure to do so may to a considerable degree stem from the fact that questions of policy are not at issue but merely questions of implementation and interpretation of agreed policies and objectives. While the Staff has been considering this problem, there has been, of course, a continuous exchange of information, views, and suggestions among the Departments of State, Defense, and Commerce, and others interested in the export control program. It has been the hope of some of the officers in the Department of State that the exchange of correspondence between the Secretaries of State and Defense regarding this question would be helpful in clarifying some of

the issues. Notice to the NSC that NSC 41/1 was no longer considered by this Department as a proposed paper would remove the requirement that it be treated as a matter of "urgent priority" and would give us a chance to start with a clean slate, either to prepare a new policy paper on trade with Communist-China or to recommend that NSC 41 be considered as out of date and no longer applicable and that economic policy should be governed by the appropriate programs of NSC 48/2—the overall policy paper on Asia.

M[AX] W. B[ISHOP]

493.119/6–850

The Secretary of State to the Secretary of Commerce (Sawyer)

TOP SECRET WASHINGTON, June 8, 1950.

DEAR MR. SECRETARY: I refer to my letter of February 3, 1950 to you concerning the policy of the United States Government with respect to exports of strategic goods to China and other areas of the Far East, as outlined by the National Security Council paper Number 48/2 dated December 29, 1949. Reference is also made to the Department's letter of April 28, 1950 to Secretary Johnson with respect to the strategic rating of steel rails, a copy of which was sent to you.

As coordinator of policy under NSC 48/2, the Department of State has recently reviewed the situation in China and has reached the conclusion that our previous interpretation of the export control policies toward Communist China outlined in Paragraph 48*g*(4) of that paper should be modified along the following lines.

The Department of State now believes it necessary to apply export licensing controls over strategic materials for shipment to Communist China on a more restrictive basis than hitherto, and in general believes that where application of such criteria can be made effective the export of both 1–A and 1–B materials to Communist China should be governed by the same principles that now govern the export of such materials to the USSR and its eastern European satellites. The following paragraphs outline the general criteria which the Department of State believes should apply, and outline the limits of the above-mentioned qualification with respect to the effectiveness of the resulting controls.

With respect to the export of 1–A materials, the Department of State now believes all applications for shipments of such materials to Communist China should be uniformly denied, as in the case of applications for shipment to the USSR. Formerly the view of the Department was that exceptions might be made on grounds of the national interest.

With respect to the export of 1–B materials, the Department of

State now believes that, with two exceptions, the licensing of applications covering shipments to Communist China should be governed by the same principles and criteria that now govern the export of such commodities to the USSR and its eastern European satellites.

The first of these exceptions relates to the question of the effectiveness of unilateral United States restrictions on exports of 1–B materials to Communist China. Where the denial of licenses to American exporters for export of 1–B materials to Communist China would merely divert the trade to alternative suppliers in the United Kingdom or western Europe, and where those alternative suppliers are known to be supplying substantial quantities of the particular items to Communist China, the United States should continue to license exports of such commodities within the limits of current normal civilian requirements in China, subject to the other licensing criteria laid down in NSC 48/2. When there is no clear evidence that such diversion of trade will take place, either because alternative suppliers are known not to be supplying substantial quantities, or because the United States is the sole or almost the sole source of supply of a 1–B item, the licensing standards governing applications for export to the USSR and its eastern European satellites should apply.

The second of these exceptions is the following. When denial of export licenses for shipment of 1–B materials to Communist China would place American nationals or property in China in serious jeopardy, such licenses should be approved within the quantitative limits of current normal civilian requirements.

It is the view of the Department of State that the adoption of the licensing standards outlined in this letter will result in bringing the export control policy of the United States Government with respect to Communist China somewhat nearer to the general policies followed with respect to exports to the Soviet bloc in general, but that it will still permit the licensing of some 1–B exports on a current normal civilian requirement basis, which may, therefore, make necessary estimates of such requirements.[1]

Sincerely yours, DEAN ACHESON

[1] In a reply dated June 13 (not printed), Mr. Sawyer stated that the requested changes were being implemented (493.119/6–1350).

Editorial Note

Effective June 28 at 4 p. m., the United States Government, by way of implementation of the United Nations Security Council resolution of June 25 requesting United Nations member states to refrain from aiding the North Korean authorities, imposed an embargo of all ex-

ports to North Korea. For documentation relating to the Korean conflict, see volume VII. The United States Government formally notified the United Nations Secretary-General of its embargo on June 30 (U.N. document S/1531).

893.2553/6–2950

Memorandum of Telephone Conversation, by the Deputy Director of the Office of Chinese Affairs (Freeman)

RESTRICTED [WASHINGTON,] June 29, 1950.

Subject: Cessation of POL Shipments to Communist China

Participants: Mr. H. A. Graves, Counselor, British Embassy
Mr. Freeman, CA

I telephoned Mr. Graves this morning and informed him that the Department was today approaching the two principal American oil companies, Caltex and Stanvac, with respect to shipments of petroleum products to Communist China. I stated that we were requesting both companies to suspend all shipments of petroleum products to Chinese Communist ports for the time being as well as discontinue all discussions of contracts or additional shipments with the Chinese Communist consignees. I indicated that we were quite confident that the oil companies would act in accordance with our request and suggested that the British might wish to take up the matter similarly with Shell.

Mr. Graves said that he would report our action immediately to his Government as well as the suggestion that Shell be similarly approached and would inform me as soon as a reply was received.

In response to his question whether he might state that we would "bring pressure" to bear on the American companies to act in accordance with our request, I told Mr. Graves that, although I was quite confident that no pressure would be needed, I had no objection to his stating that we might apply pressure if such was necessary.

493.009/6–2950 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, June 29, 1950—5 p. m.

3721. Embassy today requested to Makins Deputy Under Secretary State that UK impose at once export controls China North Korea in

accordance Deptel 3153, June 27 (repeated info Paris 3047, Brussels 849, Hague 664).[1] Embassy officer emphasized matter of utmost urgency and stressed importance UK action not be postponed until ministerial consideration of matter scheduled for next week (Embtel 3686, June 28, repeated Paris 1105, Brussels 160, Hague 150).[1] Makins stated that present ministerial policy against UK taking lead in matter this kind without assurance of parallel action by continental countries concerned. Embassy officer indicated full understanding that policy but pointed out that UK moved quickly individually in supporting US moves re North Korean aggression and that logical corollary UK action would be immediate imposition strategic trade controls as requested by US. Makins promised "to look into matter" immediately and to inform Embassy as soon as possible concerning British decision. If no action forthcoming soon Embassy will take matter to highest government level.

Foreign Office today confirmed that UK Government sent telegraphic instructions to Paris, Brussels and Hague in accordance reftel 3686.[2]

Sent Department 3721, repeated info Paris 1113, Brussels 164, Hague 153.

DOUGLAS

[1] Not printed.

[2] The telegraphic instructions referred to authorized British representatives to make a coordinated approach to the French, Belgian, and Netherlands Governments on the question of imposition of export controls toward Communist China and North Korea (493.009/6–2850).

493.119/6–3050

The Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Assistant Secretary of Commerce (Blaisdell)

CONFIDENTIAL WASHINGTON, June 30, 1950.

DEAR TOM: Confirming my telephone conversation with you earlier today, it is the request of the Department of State that for the time being action be suspended on export license applications for 1B items destined for mainland China now before you or which may be submitted and upon which favorable action otherwise might be taken. The State Department representative on the R–Procedure Committee has been instructed to take this position.

I am sure you understand the reasons for this request at this time. We will keep in close touch with you on the matter.

Sincerely, LIVINGSTON T. MERCHANT

493.009/7–150 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET PRIORITY LONDON, July 1, 1950—1 p. m.

5. Embtel 3733 June 29 repeated Paris, The Hague and Brussels.[1] It was suggested to Tomlinson Foreign Office, this morning that in view favorable response France, Belgium and Netherlands there appeared to be no obstacles to immediate application export controls to China and North Korea.

Tomlinson, after consultation by telephone with British missions concerned, has arranged for Colonial Office to ask Hong Kong and Singapore apply controls immediately. Controls already in force in UK.

Sent Department 5; repeated info Paris 2, The Hague 1, Brussels 1.

DOUGLAS

[1] Not printed. It reported that Mr. Tomlinson of the Foreign Office had transmitted to the other British Government offices concerned a paper recommending that the United States position on application of export controls to China and North Korea be supported by the United Kingdom immediately (493.009/6–2950).

493.419/7–450

Memorandum of Conversation, by the Deputy Director of the Office of Chinese Affairs (Freeman)

CONFIDENTIAL [WASHINGTON,] July 4, 1950.

Subject: Shipment of Petroleum Products to Communist China.

Participants: Mr. Hubert A. Graves, Counselor, British Embassy
Mr. Fulton Freeman, CA

Mr. Graves called this morning after having seen Mr. Merchant to inform me of the reaction of the Foreign Office to the Department's suggestion that the British consider the advisability of persuading the Shell Oil Company to suspend all shipments of petroleum products to Communist China for the time being. He stated that the Foreign Office had prefaced its reply with the following figures showing Shell exports to the China mainland for the period from January 1 to May 31, 1950:

Aviation gasoline	nil
Motor gasoline	13,000 tons
Light Diesel oil	5,000 tons
Kerosene	6,000 tons
Lubricants	1,000 tons
Total	25,000 tons

Mr. Graves stated that Shell's stocks in China at the end of May totaled something less than 25,000 tons. He pointed out, moreover, that of a total of 625,000 tons of petroleum products which had been exported to China during 1949, Shell's share had been only 82,000 tons.

Mr. Graves then went on to say that the Foreign Office had not stated specifically that it was "persuading" or "instructing" Shell to suspend all further shipments to Communist China. He referred several times to Shell's trade with Communist China as "an insignificant trickle"; he stated that "most careful scrutiny" would be given to all shipments going to Communist China; he assured me that Shell's trade would not be expanded and that Shell would not take the business which would normally go to Caltex and Stanvac; and he pointed out that even if the present level of trade were continued it would mean an increment to the Communists of only 5,000 tons per month.

As an apology for not taking stronger steps in this regard, Mr. Graves pointed out the concern of his Government lest any precipitate steps aimed at the Chinese Communists might provoke retaliatory action against Hong Kong.

Mr. Graves stated that he had discussed this matter briefly with Mr. Merchant and that the latter had recommended that he bring two points to the attention of the Foreign Office: first, that there might be an unfortunate public reaction in the United States should it become known that a British company was continuing to supply the Chinese Communists with petroleum products while the two principal American companies had suspended all shipments; and secondly, that there was a "lively possibility" that the Chinese Communists might enter in Korea on the side of the North Koreans. Mr. Graves assured me that he would pass these two points on to his Government and that he would expect a further reply in the near future which he would then communicate to me.

946G.53/7–850 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET LONDON, July 8, 1950—2 p. m.

159. Holmes[1] saw Younger, Minister of State of Foreign Office July 7 in absence Bevin[2] and stressed:

1. Urgency reaching decision ministerial level on basic British policy re strategic export controls in order permit consultative bodies Paris function more effectively than in past re all aspects problem.

2. Importance of ensuring export controls Hong Kong and Singa-

[1] Julius C. Holmes, Minister at the Embassy in London.
[2] Ernest Bevin, British Secretary of State for Foreign Affairs.

pore over strategic items for Communist China are promptly and effectively carried out.

Younger promised see what could be done expedite ministerial consideration. Re China trade, indicated authority control exports had been given to Hong Kong and Singapore, but indicated British faced problem of implementing controls "unobtrusively" in view situation in Hong Kong and relations with Communist China.

Aide-mémoires on both points left at Foreign Office. Copies being sent air despatch addresses this telegram.[3]

Sent Department 159; repeated info Paris 54, The Hague 7, Brussels 7.

DOUGLAS

[3] Not printed.

495A.969/7–1050 : Telegram

The Secretary of State to the Embassy in the Philippines

SECRET PRIORITY WASHINGTON, July 10, 1950—12 noon.

54. 1. Effective 1600 hours Washington time 28 June US embargoed all shipments North Korea. You are requested seek immed coop Phil Govt in preventing shipment from Phil arms, munitions, petroleum products and other strategic goods destined directly or ultimately for North Korea, in view situation arising from Commie aggression Korea and UN action thereon.

2. You are requested also to seek Phil Govt coop in establishing as soon as possible effective control machinery for surveillance of exports petroleum products and other classes strategic goods to China (including Manchuria and Taiwan) as well as to North Korea and other disturbed areas Far East. (Deptcircagam Oct 11, 1949 re export controls [1] and Embtel 155 Jan 13, 1950.[2]) Emb shld make clear this is not request for embargo all trade with China and areas other than North Korea, but request for controls on export strategic goods only. Your approach shld be in general terms, and FonOff informed you will be prepared submit later precise proposals re restrictive application controls. Dept's formulation gen proposals described ref msgs has been delayed by complex factors involving difficulties making similar approaches to Indonesian and Indochinese Govts agreed on with Eur Govts, and necessity coop with Eur Govts in approaches Indonesia and Indochina. Mail instr containing detailed proposals will be pouched earliest.[2] FonOff may be informed that imposition

[1] Text in *Foreign Relations*, 1949, vol. IX, pp. 880–884.
[2] Not printed.

controls over items included US Positive List will give full coverage all strategic goods, except arms, munitions. This list contains no Phil products except abaca (hemp) and Phil controls wld affect chiefly potential transit trade. Arms and munitions covered by separate instr.[3] Dept desires however immed agreement in principle. Eur Govts cooperating and Indonesia, Indochina, Singapore and Hong Kong also expected cooperate.

3. Dept recognizes probable necessity for Phil Govt obtain legislative auth for imposition such controls.[4]

ACHESON

[3] Not printed.

[4] In telegram 107, August 2, to Taipei (not printed), which dealt with the question of preventing transshipment of strategic goods from Taiwan to Communist China and North Korea, the Department of State informed the Embassy in the Republic of China that the Philippine Government had agreed in general terms to exercise control of exports pending legislative action to establish machinery for the effective surveillance and control of trade with the Communist areas (493.009/7–3150).

493.509/7–1050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, July 10, 1950—4 p. m.

152. Excon. Reference Embtel 95, July 6, repeated London 32, Brussels 12, Hague 9.[1] Following is result today's CoCom meeting US proposal North Korea and China controls:

1. France, Italy, Belgium, Germany favored US proposal. UK said North Korea controls already in effect but could not agree China controls which are under consideration in London. Netherlands and Denmark without instructions. Canada agreed US proposal as to North Korea. As to China said munitions list Int. List I[2] under control. Consideration being given apply Int. List II. Following was result query by US whether countries favoring US proposal would continue controls in view lack unanimity. France and Italy agreed. Belgium and Germany stated controls proposed by US already in effect but continuation of controls conditioned on action by all other PC's.

2. France made strong statement for controls and proposed embargo by all PC's North Korea. This set for CoCom meeting July 12.

[1] Not printed. It informed the Department of State that the United States Delegate would propose to the CoCom the imposition of the same export controls to China and North Korea as the CoCom had agreed to apply to Eastern Europe. The telegram also asked if, in view of the Department's announcement of a complete embargo of trade with North Korea, a similar embargo should be requested of the other CoCom countries. (493.509/7–650)

[2] International Lists I and II were similar to but smaller than U.S. Lists 1–A and 1–B. List I contained items whose export was totally embargoed, while List II covered items subject to quantitative control. In addition, there was a List III for items whose control was under consideration. For further information, see circular instruction of April 26 and circular airgram of June 12, scheduled for publication in volume IV.

Chairman set July 17 as deadline to receive final positions UK, Netherlands, Denmark, Canada on China.

Sent Department 152, repeated information Bern 4, Brussels 18, Copenhagen 1, Frankfort 27, Hague 14, London 44, Oslo 1, Rome 18, Stockholm 2, Trieste 1, Vienna 5.

BRUCE

493.509/7–1050 : Telegram

The Secretary of State to the Embassy in France

SECRET PRIORITY NIACT WASHINGTON, July 11, 1950—7 p. m.

158. Excon. Dept comments on your suggestion Para 2 Embtel 95, July 6 that complete embargo exports North Korea be requested CoCom and French proposal urtel 152, July 10 follow:

1. FYI Dept does not believe question of embargo exports North Korea shld appropriately be considered within framework CoCom, since CoCom is still strategic control group, and discussion complete embargo which is outright economic warfare measure appears inappropriate at least within present CoCom framework.
2. SC resolution calls upon UN members refrain from giving aid North Korea, and US has complied by imposing embargo. US would of course welcome similar or identical action by other govts, whether UN members or not.

At July 12 mtg US shld therefore state:

1. US has imposed embargo to comply with SC resolution and wld naturally welcome similar action by others.
2. US considers question North Korean embargo not within terms reference CoCom.
3. If CoCom wishes to act on North Korean embargo, US wld agree that CoCom cld take note of action undertaken by members in accordance with SC resolution.

Dept distressed Neth, Den, UK inaction urtel 152. In view what Dept has regarded as assurances from UK and Neths, Dept will renew representations in strongest terms unless desired results achieved very near future. Pls keep us advised.

ACHESON

493.409/7–1250 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET PRIORITY WASHINGTON, July 12, 1950—6 p. m.

187. Excon. Re Paris 152 July 10 to Dept rptd you as 44, Dept astonished at statement of UK Repr CoCom that UK cannot agree to

China controls which are said to be still under consideration London. In view urtel 5 July 1 Dept had assumed China controls were in effect in UK already and instrs were being issued Hong Kong and Singapore, and was greatly disturbed to learn (Hong Kong's 54 to Dept rptd London 3 [1] and urtel 159 [2]) that Hong Kong had not been instructed apply controls. Dept took this up with Brit Emb here July 11. It now appears that UK has not even applied controls in UK.

Dept requests you immed clarify meaning and intent Tomlinson statements reported urtel 5 and point out inconsistency with statements UK Repr in CoCom. If situation is as indicated by Paris 152 Dept inclined make Repr Brit Emb here in strongest terms and at highest level and you are authorized to do same. You may say that US Govt must know at once where UK stands.

ACHESON

[1] Not printed. It informed the Department of State that the Hong Kong Government in the absence of instructions from the United Kingdom to impose export controls was licensing petroleum products freely for China but deferring shipments to Manchuria and prohibiting them to Korea. (946G.53/7–750)

[2] Dated July 8, p. 643.

893.2553/7–1350

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] July 13, 1950.

Subject: Oil to China

Participants: Sir Oliver Franks, British Ambassador
Secretary of State Acheson, and
Mr. George W. Perkins, Assistant Secretary [1]

During the course of my conversation with Sir Oliver today I took up with him the question of oil to China stating that our companies had agreed voluntarily to stop shipments and that we felt that it was important that all shipments be stopped to China, particularly North China. Sir Oliver asked if we were sure that no oil shipments were being made from the United States by other than the companies which normally trade in China. It was stated that we believe this to be the case but that we would check to make certain and would inform Sir Oliver. Sir Oliver indicated that he felt that the military in the U.K. would be inclined to agree with our position on oil, but that the political side would probably be slower, and pointed out that although the U.K. was in complete sympathy with the U.S. on Korea the tension was not as high at present in London as it is in Washington.

DEAN ACHESON

[1] Mr. Perkins was Assistant Secretary of State for European Affairs.

495A.509/7–1350 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, July 13, 1950—6 p. m.

242. Excon. Reference Embtel 152 July 10, repeated Bern 4, Brussels 18, Copenhagen 1, Frankfort 27, The Hague 14, London 44, Oslo 1, Rome 18, Stockholm 2, Vienna 5. Following is today's CoCom action North Korea controls:

1. France did not press embargo proposals mentioned paragraph 2, reference telegram.

Following statements made re US proposal North Korea and China controls:

(*a*) Denmark shares views other PC's security items should not be sent Korea but as it has no export controls it cannot control such exports. For long time Denmark has exported nothing North Korea but will undertake all means at its disposal watch all exports to Far East and if any security items included matter of control thereof will be considered.

(*b*) Netherlands still without instructions. However, Netherlands delegate said his government questions if CoCom proper forum consider question North Korea and China controls.

(*c*) UK expressed sympathy Netherlands view and reserved position on China jurisdictional question. Pointed out that China controls already being handled through diplomatic channels.

(*d*) French made strong statement saying CoCom fully competent and controls urgently needed.

(*e*) Belgian supported French delegate saying under present circumstances technical considerations immaterial and his government worried by fact some delegates still uninstructed.

(*f*) US, Italy and Germany supported French and Belgian delegates.

(*g*) Canada reserved position on competence CoCom consider China controls.

3. North Korea controls therefore postponed until Netherlands delegate receives instructions. China controls will be considered July 17 as mentioned paragraph 2 reference telegram.

4. Department will appreciate fact that technically Danish failure vote yes amounts to veto under CoCom unanimity rule. This alarming to us in view Belgian and German statements on July 10 (Paragraph 1, reference telegram).

5. We are concerned at above because it raises whole question efficacy CoCom. Inability CoCom promptly handled such obvious situation as North Korea indicates inherent weakness CoCom mechanism and in our opinion reveals appalling lack of cooperation by countries failing support US proposal and those without instructions.

Sent Department, repeated information Bern 6, Brussels 24, Copenhagen 2, Frankfort 40, The Hague 20, London 67, Oslo 3, Rome 24, Stockholm 5, Vienna 12.

BRUCE

493.419/7–1450 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET PRIORITY LONDON, July 14, 1950—noon.

293. Excon. Foreign Office advises that export controls identical those being applied EE countries being placed in effect from today re Communist China for UK exports. Firm position re Hong Kong, Singapore controls promised 5 :30 p. m. today. Will cable upon receipt.[1]

Tomlinson statement reported Embtel 5, July 1, had not been adequately cleared both within Foreign Office and with other government agencies. Fundamental difficulty arose from Foreign Office failure centralize responsibility export control matters which has been source of difficulty throughout discussion re extension controls Far Eastern areas.

Sent Department 293, repeated info priority Paris 79, priority The Hague 13, priority Brussels 12.

DOUGLAS

[1] Telegram 319, July 14, 7 p. m., from London (not printed), stated that the British Foreign Office was unable to provide full details on its decision until Monday (July 17), but the Foreign Office had indicated that there was "no cause for worry" about application of List I controls by Hong Kong and Singapore (493.419/7–1450).

493.419/7–1550 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET PRIORITY LONDON, July 15,1950—5 p. m.

328. FE Department Foreign Office informs Embassy as follows:

British sources have informed UKG quantities of oil obtained from British sources have been shipped Nanking. UKG reaction vigorous. Complete embargo shipment oil to China effective immediately. Admiralty contemplating purchase all oil stocks Hong Kong including those in possession American interests. British Embassy Washington has been instructed inform Department of action being taken.

DOUGLAS

493.119/7–1650

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] July 16, 1950.

Participants: Sir Oliver Franks, British Ambassador
Secretary of State Acheson, and
Mr. George W. Perkins, Assistant Secretary

[The first part of the conversation dealt briefly with developments relating to the situation in Korea, for documentation on which see volume VII.]

Sir Oliver stated that he had favorable word on my request concerning stopping of oil shipments to Communist China and informed me that the British Government had decided to requisition all oil supplies as the quickest and least troublesome way of stopping shipments. His Government also raised the question of including oil in the 1–A list so far as East-West trade was concerned and indicated that it felt that this should be discussed by the East-West trade people in Paris. Finally, his Government requested that the Department maintain the greatest secrecy concerning these oil measures. I questioned what this meant and how the requisitioning of oil stocks in Hong Kong could be kept secret. Sir Oliver agreed and said that he would seek further clarification on this point.

495A.509/7–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, July 17, 1950—5 p. m.

283. Excon. Reference Embtel 242, July 13. Following is today's CoCom action US proposals North Korea and China controls:

1. Agreed note that all PC's are applying presently agreed Eastern European controls to both North Korea and Red China.
2. Above action taken in lieu recommendation because of following.

(*a*) Denmark uninstructed on China controls but in any event exercises no export control.

(*b*) Canada unable give formal assurance List II controls being applied, although delegation pointed out Canada controls all exports to China and is taking particular care re reexport to North Korea.

(*c*) Netherlands has exported nothing to North Korea in past six months and measures will be taken to see that this situation continued. Export controls to China cannot be connected with North Korean situation. China is different from East Europe and control can only be effected if cooperation obtained from Far Eastern non-PC's. However, pending further consideration by all interested countries, Netherlands now applies International Lists I and II and Munitions List controls to North Korea and Red China.

Sent Department 283, repeated info Bern 9, Brussels 31, Copenhagen 4, Frankfort 48, Hague 25, London 83, Oslo 4, Rome 33, Stockholm 6, Vienna 14.

BRUCE

493.419/7–1850

Memorandum of Conversation, by the Officer in Charge of United Kingdom and Ireland Affairs (Jackson)

SECRET [WASHINGTON,] July 18, 1950.

Subject: Oil Shipments to Communist China

Participants: Mr. H. A. Graves, Counselor, British Embassy
Mr. R. Burns, Counselor, British Embassy
Mr. K. R. C. Pridham, Third Secretary, British Embassy
Mr. E. M. Martin, RA
Mr. Willis Armstrong, ER
Mr. R. N. Magill, CA
Mr. Wayne G. Jackson, BNA

The British Embassy representatives called at the Department's request to review certain matters relating to British decisions regarding oil shipments to Communist China. Mr. Graves read at length from the cable which the Embassy had received from London, the substance of which had been conveyed to the Secretary and Mr. Rusk over the week-end.

In substance this message stated that the British Government had decided "to interrupt the flow of oil to China from British sources". In carrying out that decision the British Government wished to act in such a way as not to appear to be discriminating against the Chinese Communists, wished any action to be taken by the United Kingdom Government and not by the Hong Kong authorities, and considered any action should be overt so as to protect the Shell Company and its employees by enabling them to say that they had acted as a result of a force majeure and not on their own initiative. Accordingly, the British Admiralty was requisitioning all stocks of petroleum products in Hong Kong, intending to include stocks held by American companies. In addition, they had recalled a tanker which was carrying gasoline to North China.

The British were prepared to have all petroleum products put on the International List I, used in connection with East-West trade and to apply such controls in Hong Kong and Singapore. The British wished to know whether the United States could agree to the adding of petroleum products to List I, to apply List I to China, and whether the United States would take initiative in the matter.

The British also referred to the possibility that oil might go to China from sources outside of the jurisdiction of the countries applying List I, e.g., Indonesia, and wished to know the Department's views

on this matter. Mr. Graves left a copy of an extract from their instructions from London, dealing primarily with the List I problem. A copy of the extract is attached.[1]

The British were anxious to act with great caution in giving publicity to this matter and requested that we not make public their decision to shut-off oil to China. Mr. Graves advised that on the morning of July 18 a press release had been issued in London announcing that the British Admiralty had taken over all stocks of British oil in the theater. Mr. Graves left a copy of an extract from the press release, copy of which is attached.[2]

During the course of discussion the problem was raised of shipments to China from sources other than Hong Kong. As a result the British representatives were asked and agreed to attempt to obtain a clarification of whether the British Government considered that the requisitioning of stocks by the Admiralty took care of the problem for the immediate future in the sense that that action would, in fact, effectively interrupt the flow of oil to China from British sources.

With respect to adding all petroleum products to List I various points emerged. Aviation gasoline, additives, blending agents, and lubricants are already on List I. The procedures of the Consultative Committee in Paris were fairly slow and it might take some time for action to be completed there. Furthermore, there might be some difficulties in obtaining satisfactory action through this mechanism of the international list. In summary the Department representatives stated that the United States was not opposed in principle to the addition of all petroleum products to List I and had, in fact, suggested the List I controls now in effect, and proposed other petroleum products be included in List II. Likewise, in principle, the United States would support the application of List I controls to China and had, in fact, been urging it in Paris. The United States was willing to take the initiative in Paris and to cooperate with the British in meeting their general problems. The British had indicated that they wished to have petroleum products added to List I so that they could have a general policy backing for their specific action with respect to China and not appear to be discriminating against the Chinese Communists in relation to other Soviet sphere countries. The Department representatives stated, however, that they would wish to consult their representatives

[1] Not printed.

[2] The text of the attached extract from the press release reads as follows:

"Shell's supplies to China in the first six months of 1950 amounted to some 26,000 tons (all products together) which is less than 10% of China's civilian requirements. This compares with Shell's total trade with China in 1948 of 257000 tons and 82300 tons in 1949.

"This question is now academic in view of the fact that the British Service Departments have found it necessary to take over all stocks of British oil in the theatre (from which deliveries to China are made) for their own requirements in connection with the action being taken in support of the Security Council resolutions on Korea."

in Paris as to what would be the best tactics and procedure in order to achieve the desired objective of a generalized embargo of petroleum to Communist China. They, therefore, proposed to communicate with the United States representatives in Paris to seek their advice, requesting that they discuss the matter with the British representatives in Paris. Upon receipt of this advice the matter would be discussed further with the British.

The British said that it was intended to release petroleum from the stocks requisitioned in Hong Kong as local Hong Kong needs demanded. It would presumably be necessary in time to replenish the Hong Kong stocks. It was agreed that a procedure would have to be worked out so that the United States companies could take part in this replenishing.

The Department representatives said that they had been checking as to the extent of United States controls on petroleum shipments and could reassure the British that shipments were under control and that the United States Government was moving to stop-up potential loopholes by seeking the cooperation of American companies which operated outside the United States. The United States was anxious to cooperate in any way which could terminate petroleum shipments to China at this time.

Reference was made to the matter raised by Ambassador Franks with the Secretary on July 13 which involved rumors of shipments of gasoline to Latin America which were then diverted to China. As a preliminary report, the Department said that it had been impossible to find any substance in these rumors but that a fuller report would be given to the British Embassy in the near future.[3]

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[3] On August 2, the following memorandum was transmitted to the British Embassy by the Department of State:

"Reference is made to recurring rumors that petroleum products of American origin are reaching Communist China through indirect channels, especially by way of Latin America.

"Similar reports have been received by the Department of State from time to time and each one of them has been carefully investigated. No evidence of such transshipment of any petroleum products presently under license control for export from the United States to Latin America has been discovered, and the Department of State is confident that no transshipments of such products in significant quantities have occurred.

"The products under license control for export from the United States to Latin America include aviation gasoline and aviation lubricants, motor gasoline, the higher grades of lubricants of all kinds, diesel and fuel oils, and crude petroleum.

"The lower grades of lubricants are not now under license control for export to Latin America but steps are being taken to place all petroleum products under such control.

"With reference to the activities since June 29, 1950 of American oil companies supplying the Far Eastern market, the Department of State has received assurances from them that they will not sell or ship either to the Chinese Communists or to the North Koreans any type of petroleum product from any source under their control. Moreover, they have assured the Department that they will not sell to any third party suspected of acting as an agent for the Chinese Communists. At the request of the Department, they have ceased all shipments and cancelled all outstanding contracts." (493.009/7–2650)

The Department representatives asked for clarification concerning British measures, other than the Hong Kong requisitioning, which would render an embargo effective. They also suggested that the proximity of Vladivostok and other Soviet ports to Korea warranted action to prevent shipments to those destinations; the United States is already taking such action.

493.419/7–1950

Memorandum of Telephone Conversation, by the Officer in Charge of United Kingdom and Ireland Affairs (Jackson)

[WASHINGTON,] July 19, 1950.

Subject: Requisitioning of Oil Stocks in China

Participants: Mr. H. A. Graves, Counselor, British Embassy
Mr. Wayne G. Jackson, BNA

Mr. Graves called me and referred to the statement in the Foreign Office cable which he read to us on July 18 to the effect that the Admiralty's requisitioning of oil stocks of British companies in Hong Kong would be extended to American companies. The cable stated that it was presumed that the American companies would not object. Mr. Graves said that the action of the Admiralty in dealing only with Shell Company stocks in the first instance had given rise to some comment that the Shell Company had been uncooperative. The British were anxious to extend the requisitioning to the stocks of American companies. While the British Government had, of course, the technical power to take the stocks of American companies, they preferred to find out how those companies would react.

I talked with Mr. Magill in CA who had discussed this matter with the American companies, Caltex and Stanvac. He told me that they understood that the requisitioning was not a taking of title but was in essence a stop order which forbade the companies from making disposition of the petroleum without approval of the Admiralty. In fact the distribution for use in Hong Kong was not interfered with. On the basis of this understanding, the American companies not only did not object to having their stocks requisitioned, but would prefer to be treated the same way as Shell so that they could argue with the Communists that they had no choice.

I relayed this information to Mr. Graves.

490.419/7–1950

The Secretary of Defense (Johnson) to the Secretary of State

SECRET WASHINGTON, 19 July 1950.

DEAR MR. SECRETARY: The Joint Chiefs of Staff have expressed extreme concern over lack of controls on sources of supply of petro-

leum products for Communist China, North Korea, and the USSR maritime provinces. I understand that you and the Secretary of Commerce are aware of this problem, and that in effect, shipment of petroleum products from the U.S. to these areas has been embargoed, and that the principal U.S. controlled foreign suppliers, Caltex Company and Standard Vacuum Company in Hong Kong, have voluntarily embargoed all petroleum products to these areas. The remaining large supplier of petroleum products to Communist China from Hong Kong is the British controlled Shell Company. While the U.S. Consul General, Hong Kong, has reported that the Shell Company had informed him that its policy permitted only export of normal quantities of petroleum products to South China, information derived from Department of Defense sources discloses that the Shell Company of Hong Kong intends to ship in the immediate future 13,500 barrels of motor gasoline to Tsingtao and Tientsin. Both of these destinations are in North China adjacent to North Korea and it appears reasonable to assume that these and other shipments to this area will directly or indirectly contribute to North Korean capabilities.

I recommend, therefore, as a matter of urgency, that the strongest possible representations be made to the British Government to obtain from them action to effect embargo on all petroleum products to Communist China, North Korea, and USSR maritime provinces available to them from British controlled sources.

Sincerely yours, LOUIS JOHNSON

460.509/7–2450

The Chargé in France (Gray) to the Secretary of State

SECRET PARIS, July 24, 1950—4 p. m.

429. Excon. ReDeptels 340, July 20, repeated London 346; 395, July 21, repeated London 406.[1]

1. At joint US–UK request Cocom today recommended following petroleum products for list I control at all Soviet-dominated destinations:

(I) Crude petroleum.
(II) Motor fuel.
(III) Diesel oil (all grades).
(IV) Fuel oil.
(V) Kerosene.
(VI) Lubricating oils and grease.

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[1] Neither printed.

2. Above recommendation will become CoCom decision when delegations inform chairman concurrence their respective governments. Concurrence all governments within 48 hours has been requested.[2]

Sent Department 429, repeated info London 125.

GRAY

[2] The concurrence of the CoCom governments was reported in telegram 513, July 28, from Paris, which reads in part as follows:

"1. Reference Embtel 429, July 24, repeated London 125, CoCom delegates today reported concurrence their governments CoCom recommendation petroleum products. Items listed in reference telegram now on list I.

"2. French stated their administrative arrangements not yet complete. Belgium reminded committee list I exports to Yugoslavia not prohibited. Netherlands reiterated statement made at July 17 meeting (Embtel 283, July 17) about differentiating North Korea and China situations and need for cooperation Far Eastern non-PCs. Canadian said his government believed embargo of petroleum products by PCs should be given publicity. . . ." (460.509/7–2850)

490.419/7–1950

The Secretary of State to the Secretary of Defense (Johnson)

SECRET WASHINGTON, August 1, 1950.

MY DEAR MR. SECRETARY: The receipt is acknowledged of your letter of July 19, 1950 in which you note the concern of the Joint Chiefs of Staff about the question of controls on sources of supply of petroleum products for Communist China, North Korea, and the USSR maritime provinces, and recommend representations to the British Government to obtain an embargo on all petroleum products to these areas.

On June 29, 1950 the Department of State requested United States oil companies to suspend all sales or shipments for the Chinese mainland of all types of petroleum products which these companies control. This request was based upon the need for making certain that such shipments would not directly or indirectly support the North Korean military forces. The companies promptly agreed to comply with the request, and the Department is satisfied that they understand and are carrying out the objective.

On June 30, 1950 the Department informed the British Embassy in Washington of this action and suggested that the British Government consider making the same request to British oil companies.

Following consultation by representatives of the Department with representatives of the British Government here and in London, the British Foreign Office in London on July 18, 1950 issued a public statement on this question, the relevant portion of which is quoted hereafter:

"This question is now academic in view of the fact that the British service departments have found it necessary to take over all stocks of

British oil in the theatre (from which deliveries to China are made) for their own requirements in connection with the action being taken in support of the Security Council's resolutions on Korea."

The Department of State is satisfied that this action by the British Government has resulted in the cessation of all petroleum shipments to Communist China from British-controlled sources.

In order to provide a basis for more effective control, urgent steps are being taken to obtain multilateral support for the embargo of all petroleum products to Communist China, North Korea, and Soviet Far Eastern ports.

Sincerely yours, DEAN ACHESON

893.2553/8–450

The Under Secretary of State (Webb) to the Secretary of Commerce (Sawyer)

SECRET WASHINGTON, August 4, 1950.

MY DEAR MR. SECRETARY: I refer to previous consultations between officers of your Department and officers of the Department of State regarding the problem of supplies of petroleum products to China and Korea as it is affected by the present armed conflict in Korea, and summarize below the present status of the question.

On June 29, 1950 the Department of State requested the American oil companies supplying China to suspend for the time being all sales and shipments of petroleum products to North Korea and Communist China from any source under their control. It was made clear to them that the Department wished all such shipments to cease at once even if such cessation meant cancellation of outstanding contracts and possible involvement in subsequent litigation. The companies in question (Standard-Vacuum Oil Company, The Texas Company, China, Limited, and the Cathay Oil Company) gave assurances that they would comply with the Department's request and did in fact terminate all shipments immediately and cancel all outstanding contracts.

At the same time the Department of State informed the British Embassy of this action and suggested that the Foreign Office make a similar request of the Shell Oil Company, which is the other firm normally supplying petroleum products to China and Korea. Following a period of consultation, the Foreign Office notified the Department of State on July 15, 1950 of the intention of the United Kingdom to shut off the supply of petroleum to China from British-controlled sources and stated this objective would be accomplished by having the British Admiralty requisition all petroleum stocks in the Far Eastern theatre from which supplies had been going forward to China. On

July 18 the Foreign Office announced that all petroleum stocks in the theatre were being requisitioned by the British Services for their use in support of the United Nations resolution on Korea. The Department of State is satisfied that this action means the complete cessation of petroleum sales and shipments from British-controlled sources to China, North Korea or the maritime provinces of Siberia. The Foreign Office requested, however, that the United States Government preserve secrecy as to the motives of the action, and it is important, therefore, that United States Government agencies avoid any public interpretation of the Admiralty requisitioning.

The Foreign Office further requested that the Department of State take the initiative in obtaining the cooperation of other Governments, including those represented in the secret Consultative Group at Paris, in applying a similar policy of embargo with respect to the supply of petroleum products to all Soviet bloc destinations. The Foreign Office desires this cooperation in order to avoid the appearance of unilateral British action in cooperation with the United States with respect to China, and in order to ensure that all possible sources and transshipment points are adequately controlled. The Department of State has discussed with its representatives in the Paris Consultative Group the most appropriate and effective manner for obtaining the cooperation of the participating governments, and on July 24 they, together with the representatives of the United Kingdom, proposed to the Coordinating Committee the following categories of petroleum products for embargo treatment to all Soviet-dominated destinations:

(1) Crude petroleum
(2) Motor fuel
(3) Diesel oil (all grades)
(4) Fuel oil
(5) Kerosene
(6) Lubricating oils and greases.

On July 28, the representatives of governments participating in the Coordinating Committee reported the concurrence of their governments in placing these categories of petroleum products on International List I which is now applied by all participating countries to China and North Korea as well as to eastern Europe.

The Department of State is also undertaking to secure the cooperation of other American oil companies known to possess production and refining facilities outside the United States, and will undertake to secure the cooperation of other independent offshore producers important in international trade. Meanwhile, an instruction is going forward to United States diplomatic and consular posts in areas which are potential sources of supply or potential transshipment points, requesting them to watch closely for and report promptly any evidences

of transshipment of petroleum products of United States origin or of exports of indigenous petroleum products to the Orient.

As you know, the question of placing under license control to all countries, other than Canada, those petroleum products of the above-named categories not now under such control is being discussed in the interdepartmental export-control committee structure. It would be helpful if the Department of Commerce could take such action at the earliest possible date in order that the Department of State may assure the Paris Consultative Group that the United States is effectively preventing any strategic petroleum products of United States origin from reaching Soviet-bloc destinations, whether by direct or indirect shipment.

The Department of State appreciates the prompt and effective handling of the export-control problem that has been demonstrated by your Department in this emergency situation.

Sincerely yours, JAMES E. WEBB

493.119/8–1050

The Secretary of Commerce (Sawyer) to the Under Secretary of State (Webb)

SECRET WASHINGTON, August 10, 1950.

MY DEAR MR. SECRETARY: Thank you for your letter of August 4 regarding the export of petroleum products to China and Korea. I am pleased to note that there is a complete cessation of petroleum exports from British controlled sources to China, North Korea and the Maritime Provinces of Siberia. It is my understanding that this cessation also applies to petroleum exports from Hong Kong to the areas in question.

The Department of Commerce is proceeding immediately to put into effect a comprehensive control of petroleum products to assure that the products listed in your letter will be subject to individual license control to all destinations. This will allow us to scrutinize carefully the possibility of transshipment to Soviet dominated destinations. As you know, the United States has not been approving any license applications for Communist China since June 30. All the petroleum products listed in your letter have been classified as 1A, with the result that export licensing will cease to other Soviet dominated destinations as well.

I note that the Department of State is undertaking to secure cooperation of additional American oil companies known to possess production and refining facilities outside the United States, and will undertake to secure the cooperation of other independent offshore

producers important in international trade. This additional control is in our opinion necessary to achieve the objective, and we trust that you will be able to obtain such cooperation from all other offshore producers at an early date.

Sincerely yours, CHARLES SAWYER

Editorial Note

At its 66th meeting on August 24, 1950, with President Truman participating, the National Security Council agreed that permission to export steel rails from the United States to the People's Republic of China should be denied (NSC Action No. 347*e*). Documentation on other more general questions of East-West trade at this meeting is scheduled for publication in volume IV.

493.419/9–1350

Memorandum of Conversation, by Mr. Robert N. Magill of the Office of Chinese Affairs

SECRET [WASHINGTON,] September 13, 1950.

Subject: Control of Petroleum to China, Including Formosa

Participants: Mr. Pridham—British Embassy [1]
Mr. Barnett—CA
Mr. Magill—CA

Mr. Pridham called this afternoon to discuss the problem, reported to us earlier from Hong Kong, of Caltex's efforts to export aviation gasoline from Hong Kong to Formosa. He said that, after the Hong Kong Government had refused a license for this purpose, the Governor had referred the matter to London which in turn had asked the Embassy to inform the Department of the British position.

Mr. Pridham stated that the Foreign Office position is that UK and Hong Kong export controls must be applied with equal severity to the Chinese mainland and to Taiwan as a part of China. He stated that this position is necessary in order to avoid giving the lie to prohibition of petroleum exports from Hong Kong to China on grounds of need by the British armed services—that action inconsistent with this publicly-stated reason might be quite harmful to British interests in view of the delicacy of their relations with the Chinese Communists. Mr. Pridham added that a related consideration was that the

[1] K. R. C. Pridham, Third Secretary of the British Embassy.

accumulation of excessive petroleum stocks on Formosa would be dangerous so long as there was a possibility that the island might be taken by the Chinese Communists, but he acknowledged that this was not particularly applicable to the small quantity that Caltex had desired to export from Hong Kong. He concluded by saying that the Foreign Office hoped that the Department would understand the reasons for the British position and that it would be possible for U.S. companies to find adequate alternatives sources of supply for Formosa.

Mr. Barnett responded that we understood the situation as Mr. Pridham had described it. He observed that there had been a clear understanding during the discussions between the U.S. and U.K. Governments on export controls for China that the U.S. Government would differentiate between Formosa and the Chinese mainland where as the U.K. Government would not be able to do so. He added that, so far as he was aware, the question of alternative sources of supply was not a major problem, but that, if it should become one, we might wish to discuss the matter again with the British. (It was recognized that the problem of alternative sources would not involve availabilities but rather concerned the time factor for urgently needed *ad hoc* shipments.)

Mr. Pridham then turned to another aspect of the general subject and said that the Foreign Office was rather concerned over reports from Shell that two shipments of petroleum had taken place from Kobe to Tientsin on August 10 and August 6 respectively. He supplied the details of these reported shipments. Mr. Barnett told him that we were not aware of these shipments and would send a query to Tokyo for the facts involved. He added, however, that we had followed up on an earlier report of a petroleum transshipment via Japan to Communist China and had received an assurance from SCAP, subsequent to August 10, that SCAP was taking the necessary steps to ensure that no petroleum products on the U.S. Positive List would be exported from Japan to Commnist China.

Mr. Pridham asked whether there were any other unresolved questions relating to US-UK cooperation in controlling petroleum exports to China. Mr. Magill observed that the only point that occurred to him at the moment was the question of whether road-surfacing asphalt should be included in the petroleum categories on International List I. Mr. Pridham stated that he could not recall the details but that he believed that a Foreign Office opinion in the negative had been received within the last month and relayed to the Department.

(*Note:* Following the conversation above, Hong Kong's despatch 292 of August 28 [2] on the subject of asphalt controls at Hong Kong

[2] Not printed.

was noted. This despatch states that, effective immediately, all asphalt, except asphalt-treated roofing rolls, is prohibited export to China from the Colony.)

Editorial Note

Documentation during the latter part of September relating to the Department of State's concern over the proposed Wherry Amendment dealing with a proposed cutoff of United States aid to countries trading with the so-called Soviet bloc is scheduled for publication in volume IV. Therein is also printed material covering the same time period on an Agreed Minute on East-West Trade, dated September 26, approved by the Tripartite Foreign Ministers meeting in New York involving France, the United Kingdom, and the United States.

456D.509/10–1050 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, October 10, 1950—1 p. m.

379. Ref Deptel 162, Aug 15,[1] fol for ur info: Officer Brit Emb called at Dept Sep 27 to advise that in late July Brit FonOff had been anxious obtain Indo coop control exports to Commie China, particularly petroleum. He mentioned that at that time US had indicated intention explore question tactics with Brit, Fr and Dutch.

Said meanwhile matter had been reconsidered London and FonOff now felt inadvisable approach Indos as (1) Indos wld react extreme sensitivity any proposal for action which wld appear align Indos against Soviets, (2) wld be undesirable develop in Indo idea they cld control destination Shell–Stanvac exports. He then alluded Security Council action Indos application UN membership [2] and said while this may have dulled Indo polit sensitivity this matter wld still be difficult problem with them.

He observed all oil exports Indo controlled by Brit and US Govts, US as result Dept's requests embargo Amer oil companies re shipments Commie China, and Brit action to same effect.

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[1] Not printed. It raised the question of the wisdom of an approach to the Indonesian Government on control of strategic exports to North Korea and Communist China (456D.509/8–1550). In telegram 256, August 22, from Djakarta (not printed), Ambassador H. Merle Cochran recommended that any such approach be made informally and separately by the United States, rather than jointly with the British, Dutch, and French (756D.5 MAP/8–2250). Concerning an Indonesian commitment to the United States regarding nonexport of strategic goods to enemies of the United States, see telegram 226, August 16, from Djakarta, p. 1051.

[2] Indonesia had recently been admitted to the United Nations; for related documentation, see pp. 1066 ff.

In reply his inquiry as to progress made by US re approaches Indo this matter, he informed Dept had also noted polit difficulties.

Validity his assumption item numbered (2) not raised by Dept at this discussion.

ACHESON

493.119/11–2250

Memorandum by the Ambassador at Large (Jessup) to the Executive Secretary of the National Security Council (Lay)

[Extract]

TOP SECRET [WASHINGTON,] November 22, 1950.

. . . . . .

III

UNITED STATES POLICY TOWARD TRADE WITH CHINA

For some months prior to the start of the Korean war, the Department of State has, as a practical matter, considered the policy statement set forth in paragraph 3*f* (page 4) of NSC 48/2 to be the overall policy guide for United States trade with China and in this sense to have, in fact, superseded NSC 41. This policy statement has proven to be a sufficiently flexible statement of policy to make possible a phase of permissive export controls, and the current phase of virtual embargo. It is, in the view of the Department of State, broad enough in its terms to make possible the administrative measures which may be called for by developments in the Far East over the next few months.

For the background information of the members of the NSC Senior Staff, there are attached copies of the following letters:

1. From the Secretary of State to Secretary Johnson dated April 28, 1950.
2. From the Secretary of State to Secretary Sawyer dated June 8, 1950.
3. From the Deputy Assistant Secretary of State for Far Eastern Affairs to the Assistant Secretary of Commerce dated June 30, 1950.

It is the view of the Department of State that the NSC Senior Staff should not, at this juncture, undertake a review of NSC 48/2 because of the flexible character of the policies in that document and because of the desirability of awaiting the results of the intelligence studies which have been recommended in the foregoing section. The Department of State is, however, at the same time, giving careful scrutiny to NSC 48/2 and to the Secretary's letters of April 28 and June 8 in

an effort to restate in the light of the widened multilateral controls for East-West Trade, economic and political developments in the Far East, and relevant domestic, political and economic factors, the United States position on trade with China for consideration by the NSC Staff.

The Department of State proposes to submit to the Council a final progress report on NSC 41 in order to make clear on the record that this paper is considered out of date and superseded by the appropriate policy statements of NSC 48/2.[1]

PHILIP C. JESSUP

[1] Mr. Jessup submitted the final progress report on NSC 41 along the indicated lines on November 22 (NSC 41 series).

493.119/11–2850

Memorandum by the Deputy Director of the Office of Chinese Affairs (Perkins) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

SECRET [WASHINGTON,] November 28, 1950.

Subject: Standby Economic Control Measures for Communist China

1. This Government is now applying control measures to deny export to Communist China of all Positive List commodities from the United States, has secured the cooperation of the European CoCom countries in applying to China their restrictive controls for the U.S.S.R. and its Eastern European satellites, and has obtained the voluntary cooperation of American business interests in the embargo of petroleum products. These measures, although effective in preventing movement of strategic commodities to Communist China, do not add up to a program of all-out American economic warfare. For that to be accomplished there should be an embargo on all United States exports to Communist China, including those which have no strategic rating, a blocking of all Chinese properties in the United States (with licenses granted for withdrawals by Chinese Nationalist agencies and individuals and perhaps for Americans on the mainland who can demonstrate hardship), an elimination of American flag and American owned shipping from Communist Chinese ports, and an embargo on Chinese Communist imports into the United States.

2. Under the Trading with the Enemy Act[1] these measures can be taken by the United States Government without legislation even though Communist China is not declared a belligerent at war with this country. These measures can be put in effect, either by a compre-

[1] Approved October 6, 1917; 40 Stat. 411.

hensive executive order of the President or by selected executive orders covering parts of the program of control, and violators of the orders would, thereafter be liable to prosecution. To do this requires no longer than the time taken in drafting and clearing the order (or orders) with the various administering agencies (Treasury Department, Maritime Administration of the Commerce Department, Commerce Department, Justice Department). L is now engaged in preparing drafts of such orders.

3. There is considerable scope for applying effective controls upon U.S. economic relations with Communist China without resort to executive orders. The Commerce Department can apply a complete embargo on United States exports to Communist China under the authority of the Export Control Act of 1949.[2] The Commerce Department, the Maritime Administration, and the Federal Reserve Board are prepared to provide to American business, shipping companies, and banks policy advice which the State Department desires circulated, including, for example, a regime that their voluntary cooperation is desired in terminating all economic relations with Communist China. Policy advice of this sort, in the past, has been promptly and willingly accepted.

4. Unilateral application of the above economic measures, in an effort to hurt or punish the Chinese Communist regime, would have marginal effect only and even this would diminish as the Chinese Communists turned from the U.S. to other competing markets for its imports and exports.

5. To determine when, how, or if the measures above should be applied at all the following considerations should be borne in mind:

a. China's economy is not vitally dependent upon foreign trade to maintain operations at present low levels of production and welfare;

b. Application of economic warfare measures by the United States would place in acute jeopardy the safety of the American missionaries in China which are virtually the last and only foothold which the United States retains in China;

c. To impose pressure upon our Western European Allies to join in effective multilateral economic control measures—which is essential for the effectiveness of such a program—would probably impose added strains upon their security position, particularly at Hong Kong and in Indo-China;

d. In any situation short of one where a naval blockade has been imposed, thus committing the United States to a more extreme posture of hostility than economic warfare would imply, the measures listed would deprive the United States of its last remaining method for giving China an alternative to all-out orientation towards the U.S.S.R.

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[2] Approved February 26, 1949; 63 Stat. 7.

493.119/11–2950

Memorandum by Mr. Max W. Bishop to the Ambassador at Large (Jessup)[1]

TOP SECRET [WASHINGTON,] November 29, 1950.

Subject: Trade Embargo on China

Bill Martin of Treasury [2] has just telephoned and asked me to pass on this message to you:

The Treasury feels that if we were to place a trade embargo on China that they would want to act simultaneously in the financial field and to block accounts, financial transactions, etc. He said that it would place us in a unfavorable light, if we were to put on a trade embargo and follow it in a few days with a "financial blocking". I asked whether the President had all the authority that we need for financial blocking. He replied that all legislative authority was in being and that actually Treasury had orders and all the necessary papers drafted and ready to go; but that they, of course, did not want to act without clearing it with the President or with the National Security Council; and certainly would want to act in coordination with any trade embargo or similar economic measure.

Bill Martin said that he thought that you would want to know about Treasury's attitude in considering the question of trade embargo. I agreed heartily with him that it would affect consideration of a trade embargo.

I shall inform Livy Merchant of this conversation as soon as I can get through to him.

MAX W. BISHOP

[1] Mr. Bishop's duties as Assistant to Ambassador Jessup included being Department of State representative on the NSC Staff.

[2] Assistant Secretary of the Treasury William McChesney Martin was also Treasury representative on the Senior NSC Staff.

493.119/11–2950

Memorandum of Telephone Conversation, by Miss Barbara Evans, Secretary to the Secretary of State

SECRET [WASHINGTON,] November 29, 1950.

Secretary Sawyer telephoned Secretary Acheson and said he was giving serious thought to putting an embargo, or at least controls on everything going to China. He said that State Department people had been consulted by Mr. Blaisdell, but they had not given the Department's opinion to Commerce.

Secretary Sawyer recalled that when the Korean war had started all shipments to North Korea had been shut off, and he thought that now that the Chinese were in, it seemed to him wise to apply the same principle. He somewhat qualified this by saying that they would not necessarily cut off all shipments, but would put everything on the

positive list, which would, as a matter of fact, probably result in very little going through.

Mr. Acheson said that his first, off-hand impression was that it would be a good idea.

Secretary Sawyer said that actually very little of importance had been going to China, while we had been getting important amounts of tungsten from them, and were getting some wool and tin. 85% of our shipments to China in the last six months had been cotton; nothing of any military importance had been shipped.

Mr. Acheson suggested that the matter should be talked over with Mr. Symington,[1] since tungsten was involved. Secretary Sawyer did not seem to think that this was necessary, and he said that he thought that the Chinese would continue to ship tungsten, since they have been shipping it to us, even after we had drastically cut down on shipments to China.

Mr. Acheson said he would look into the matter and call Secretary Sawyer back.

[1] W. Stuart Symington, Chairman of the National Security Resources Board, was a member of the National Security Council.

493.119/11–2950

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

SECRET [WASHINGTON,] November 29, 1950.

It is recommended that you reply to Secretary Sawyer on the subject of an embargo on trade with China along the following lines:

The present phase of the Korean matter requires extremely careful handling if we are to hold together United Nations majority behind whatever measures must be taken. This means that we must act to the extent possible through the organization and with full consultation with our principal friends. We expect a veto of the resolution on Korea now before the Security Council.[1] Following that, the matter will probably go to the General Assembly in the next few days. The General Assembly will have to take up the entire question of the political and economic pressures which can be brought to bear upon Peiping to force them to pull back in Korea. We believe this is the proper forum in which to have this matter decided and that unilateral action on our part two or three days before the issue comes before the General Assembly might seriously weaken our chances of getting a solid front in the United Nations.

[1] Reference is to the six-power draft resolution (U.N. document S/1894) introduced in the Security Council on November 10 by Cuba, Ecuador, France, Norway, the United Kingdom, and the United States, which called on the People's Republic of China to withdraw its nationals from Korea and declared that it was United Nations policy to hold the Sino-Korean frontier inviolate. The resolution was vetoed by the Soviet Union on November 30. For related documentation, see volume VII.

If it is necessary for you to discuss this with the Congress, it is suggested that you state that the issue of Chinese aggression and the measures which are to be taken by the United Nations are now before the United Nations. Because of this we believe that we should not take action on our own within the next three or four days along the lines of a general embargo on US–China trade.

493.119/11–3050

Memorandum by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

SECRET [WASHINGTON,] November 30, 1950.

The Secretary received a memorandum from Mr. Dean Rusk on the matter about which Secretary Sawyer called him yesterday afternoon. The memorandum, which was cleared through S/S, concerned the advisability of placing an embargo on China.

Apparently, the memorandum missed somewhat the point which Mr. Sawyer had raised with Mr. Acheson. Mr. Sawyer had asked Mr. Acheson about the advisability of placing certain commodities under export control and then determining whether export licenses should be granted for those commodities when applications were applied for. The Secretary was unable to get in immediate contact with Mr. Rusk and went ahead and called Secretary Sawyer, basing his conversation on the memorandum which Mr. Rusk had sent him. Mr. Sawyer appeared satisfied and said he would talk to the Secretary before any action was taken to place the commodities under export control. He seemed to be interested in the Department's reasoning on the embargo and assured the Secretary of further consultation before any steps were taken. He said that it would be necessary, in the event the items were put on the list, to have publicity on it.

At the 9:30 meeting this morning, the Secretary discussed this matter and it was decided that he should tell Secretary Sawyer that the Department concurred in the placing of these items under control.

493.119/11–3050

Memorandum by the Deputy Assistant Secretaries of State for Far Eastern Affairs (Merchant) and Economic Affairs (O'Gara) to the Ambassador at Large (Jessup)

SECRET [WASHINGTON,] November 30, 1950.

Subject: NSC Senior Staff Meeting, November 30, 1950: Treasury Views Regarding Economic Sanctions

A delegation of Treasury Department representatives came to the

Department this morning to discuss with Mr. Schaetzel (E),[1] Mr. Sanders (UNA),[2] and Mr. Barnett (FE) our current thinking on economic sanctions for China.

We stated that unilateral economic sanctions would be relatively ineffective in hurting the Chinese Communist regime or its economy and, if taken unilaterally, would seriously prejudice the success of negotiating through the United Nations the multilateral measures which would be measurably more effective, if it became necessary and it were agreed to apply them. We said that we understood that the Commerce Department accepted the Department's view that a unilateral export embargo should not, at this time, be applied.

The Treasury representatives indicated that the Commerce position could easily change under domestic pressure, and that even in the absence of a top governmental decision to embargo might go ahead and apply restrictions by less conspicuous, but equally effective measures regardless of top level rulings.

They said that the Treasury Department would find itself subject to uncontrollable pressure to freeze Chinese properties in the United States were the export embargo applied by either of the above means; that export embargo and freezing were inseparable and that one would require the other.

They said that the President had made a grant of authority to Secretary Snyder under which Treasury was made responsible for handling the national interest where freezing and other financial measures were required.

They said that the Treasury had completed work setting up machinery for freezing and this machinery could be put in motion merely by signature by the Secretary of the Treasury of certain documents which have been prepared and which the Treasury had complete authority to issue.

We told the Treasury representatives that we have had some experience with being under strong domestic political pressure, that the time might soon come when economic sanctions would serve our national interest, but that in view of the delicacy of the Korean crisis and the vital importance, both in Korea and elsewhere throughout the world, of maintaining a unified front amongst the Free Nations, we felt most strongly that the measures being discussed should not be taken except after the Administration had considered their world wide implications for our national interests and national security and had then decided to take them.

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[1] J. Robert Schaetzel, Special Assistant to the Assistant Secretary of State for Economic Affairs (Thorp).

[2] William Sanders, Acting Deputy Assistant Secretary of State for United Nations Affairs.

We recommend that, if possible, you put our views to the Treasury Representative at the National Security Council Senior Staff before its session this afternoon. It would be unfortunate if, at that meeting, you were to find yourself in a minority position as the discussion of this question got under way.

The Treasury representatives made clear that they were not advocating economic counter-measures at this time, but wished us to know what, in their view, imposition of the export embargo implied in the field of our financial policies.

[Annex]

Memorandum Presented to the National Security Council Senior Staff by the Treasury Department

TOP SECRET [WASHINGTON,] November 30, 1950.

Subject: Relation of Embargoing Exports to Communist China and North Korea to Blocking Assets of and Financial Transactions with Communist China and Communist North Korea

1. The Treasury Department believes that the policy decisions regarding export controls and blocking controls are inseparable and consequently must be reviewed simultaneously by the NSC. If the decision of this Government is made to impose an embargo on exports to Communist China, it is the view of the Treasury that parallel action on blocking Chinese Communist assets would be called for.

2. We have no precise estimate of Chinese long and short-term assets in this country nor any precise breakdown between Chinese Communists and non-Communist assets in this country. The total amount of Chinese assets in the United States, including both Nationalist Chinese and Communist Chinese, is roughly estimated to be about $200 million of which less than half is under Chinese Communist control. Imports from China to the United States currently exceed exports from the United States by about $7 million per month, thus providing additional dollar resources to the Communist regime. U.S. exports to China are now about $1 million per month and imports about $8 million.

3. In practice blocking of Chinese Communist assets would probably mean the cessation of direct imports to the U.S. from Communist China since it is unlikely that the Chinese Communists would be willing to continue exports to this country with the knowledge that the proceeds of the exports would be blocked. It is quite possible, however, that Chinese Communist exports might continue to come to this country indirectly through third areas.

Executive Secretariat Files: NSC 92

Note by the Executive Secretary (Lay) to the National Security Council

TOP SECRET WASHINGTON, December 4, 1950.

THE POSITION OF THE UNITED STATES REGARDING A BLOCKADE OF TRADE WITH CHINA

References: A. NSC 41 Series [1]
B. NSC 91/1 [2]

The enclosed memorandum by the Department of State on the subject is submitted herewith, as recommended therein, for urgent consideration by the National Security Council, the Secretary of the Treasury, the Secretary of Commerce and the Economic Cooperation Administrator of the statement of policy recommended in the last paragraph thereof.

Also attached for background information in this connection, at the request of the Secretary of Commerce, is an Appendix containing a report by the Department of Commerce of actions taken by the Department of Commerce, in consultation with the Department of State, the Department of Defense and other Government agencies, on trade with China.

It is recommended that, if the statement of policy contained in the last paragraph of the enclosure is adopted, it be submitted to the President for consideration with the recommendation that he approve it as an interim short-term policy and direct its implementation by all appropriate departments and agencies of the U.S. Government.

JAMES S. LAY, JR.

[Annex]

Memorandum by the Ambassador at Large (Jessup) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET WASHINGTON, December 2, 1950.

Subject: Interim Recommendation Regarding a Blockade of Trade With China.

It is requested that the following memorandum be circulated to the Members of the National Security Council for urgent consideration.

There has been considerable inter-departmental study and exchange

[1] See footnote 1 to the memorandum by Mr. Jessup, November 22, p. 664.

[2] The text, dated November 17, is scheduled for publication in volume IV. NSC 91/1 was approved by the National Security Council on November 22 and by President Truman on November 24; it provided for tighter regulation of 1–A and 1–B exports to Soviet bloc nations including North Korea and Communist China.

of views regarding the question of immediate imposition of an embargo on all United States exports to Communist China. The following considerations bear upon the decision as to whether this course of action is now desirable:

1. No exports of munitions or items on the United States Positive List are now being permitted to Communist China;
2. United States imports from Communist China include items of strategic value to the United States;
3. Unilateral United States export embargo would have little effect on Communist China. To achieve the maximum effect of unilateral United States action would require freezing of Chinese assets in the United States and possibly an import embargo on other than the direct shipments from China. Even these combined measures, if taken unilaterally, would not seriously injure the Chinese Communists;
4. Economic sanctions applied by all or most of United Nations countries supporting the Korea and China resolutions would provide an important countermeasure of substantial effectiveness which could be applied against China. Unilateral application of such sanctions prematurely by the United States would, however, contribute to the fear of a large number of friendly governments that the United States intends, at this juncture in the Korean crisis, to take steps, economic or military, which they are not ready to support. This would give the Soviet sphere the satisfaction of witnessing a rift in the unity of the free nations of the world and possibly militate against the achievement of that unity in the Far East and elsewhere.
5. The Department of Commerce is desirous of having a policy recommendation by the National Security Council on this subject.

The situation is an extremely fluid one which, so far as the United Nations is concerned, should be clarified within a very short time. It is, therefore, recommended that this problem continue to be kept under review and that the National Security Council as an interim short term recommendation submit to the President the following statement of policy:

The United States should not at this moment undertake full unilateral trade embargo and financial freezing measures against Communist China.

PHILIP C. JESSUP

Appendix

REPORT BY THE DEPARTMENT OF COMMERCE OF ACTIONS TAKEN BY THE DEPARTMENT OF COMMERCE, IN CONSULTATION WITH THE DEPARTMENTS OF STATE AND DEFENSE AND OTHER GOVERNMENT AGENCIES, ON TRADE WITH CHINA

UNCLASSIFIED [WASHINGTON,] December 4, 1950.

"Effective 12:01 a. m., eastern standard time, December 3, 1950, General Licenses GRO, GLR, GMC, and GCC, authorizing exporta-

tion of any commodity, whether or not included on the Positive List of Commodities (S 399.1), are revoked to the following destinations: Manchuria (including the Port Arthur Naval Base area and Liaoning Province), and China (including the provinces of Suiyuan, Chahar, Ningsia, and Jehol, sometimes referred to as Inner Mongolia; the provinces of Chinghai (Tsinghai) and Sikang; Sinkiang; Tibet; and Outer Mongolia), and Hong Kong and Macao, but excluding Taiwan (Formosa) as described in Schedule C of the Bureau of the Census.

"This order also applies to shipments through United States foreign trade zones to the foregoing destinations. It shall not apply to exportations to the above destinations which have been laden aboard the exporting carrier prior to its effective date."

The effect of this regulation is that all persons and firms wishing to export any commodities to mainland China, Hong Kong and Macao must submit applications for export licenses. It is probable that the additional work-load which this requirement imposes will mean there will be some delay in the processing of most license applications for that area.

The Department of Commerce, through its interdepartmental Advisory Committee on Export Policy, is now developing specific licensing criteria on shipments to China. It may be anticipated that under these criteria only such goods as can be clearly demonstrated to have no strategic importance will be permitted to move to communist China. Shipments to Hong Kong and Macao will be screened to prevent the transshipment to the mainland of goods which would not be permitted to move directly from the United States.

Executive Secretariat Files : NSC 92 Series

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET WASHINGTON, December 6, 1950.

Subject: The Position of the United States Regarding a Blockade of Trade With China

References: A. NSC 92
B. Memo for NSC from Executive Secretary, same subject, dated December 4, 1950

A report by the Department of State on the subject (NSC 92) was submitted by the reference memorandum for urgent consideration by the National Security Council, the Secretary of the Treasury, the Secretary of Commerce and the Economic Cooperation Administrator.

As of this date the Secretary of Commerce and the Economic Cooperation Administrator have approved the statement of policy con-

tained in the last paragraph of NSC 92, and the Secretary of the Treasury has indicated that he does not concur in NSC 92, and submits for consideration the comments contained in the attached memorandum.

Accordingly, the enclosed memorandum by the Secretary of the Treasury is submitted herewith for urgent consideration in connection with NSC 92.

JAMES S. LAY, JR.

[Annex]

Memorandum by the Secretary of the Treasury (Snyder) to the National Security Council

TOP SECRET [WASHINGTON,] December 6, 1950.

Subject: The Position of the United States Regarding a Blockade of Trade With China

Reference: NSC 92

The Secretary of the Treasury does not concur in NSC 92 and submits for consideration the following comments.

The Secretary of the Treasury concurs in the emphasis placed by NSC 92 upon the desirability of multilateral action in applying any economic sanctions against the Chinese Communist aggressors. The memorandum, however, fails to indicate what steps are being taken to obtain appropriate multilateral action, or to consider the policies which this Government should pursue in the event that such action appears to be unobtainable, or is too long delayed. The memorandum further fails to deal with the action already taken unilaterally by this Government in the trade field in relation to the problem of applying blocking controls.

It should be emphasized that a trade embargo and a blocking of assets are essentially concomitant parts of a single policy action. To restrict China's imports of United States goods without restricting its ability to transfer dollars so as to import similar goods from other countries is inconsistent. In this connection it must be recognized that the present action of this Government with respect to export trade to China, while nominally one of placing all exports to China on an individual license basis, is tantamount to a *de facto* embargo upon export trade. The Government is thus now in the position of implementing conflicting policies in the related fields of trade and finance.

While some delay may be possible in implementing financial controls, any such delay in making our trade and financial policies consistent can be justified only on the assumption that we are actively pursuing the objective of obtaining multilateral action, and only so long as there appears to be a reasonable prospect of obtaining early

multilateral agreement. This Government should be free to act at any moment that it becomes apparent that either of these assumptions are not justified.

J[OHN] W. S[NYDER]

Executive Secretariat Files : NSC 92 Series

Memorandum by the Ambassador at Large (Jessup) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET [WASHINGTON,] December 8, 1950.

Subject: NSC 92—The Position of the United States Regarding a Blockade of Trade With China

Reference is made to NSC 92 "The Position of the United States Regarding a Blockade of Trade with China" and to your memorandum of December 6, 1950 with which you forwarded the memorandum from Secretary Snyder of the same date on this subject. You will recall that NSC 92 was prepared at the request of the Department of Commerce and was designed solely to put in writing the interim decision which had already been made to put all exports to China under licensing scrutiny but not, at the moment, to put into effect a trade embargo and a blocking of assets against Communist China. It might be more desirable to frame the policy statement in NSC 92 in positive rather than negative terms. I would recommend therefore that the members of the Senior Staff consider urgently recommending that the following be substituted for the policy statement in NSC 92 before it is given final consideration by the members of the Council:

"The United States should continue, for the moment, its present policies regarding the placement of all exports under license to China and the NSC should keep under review the questions of a trade embargo, a blocking of assets of Communist China and action to prevent American shipping from calling at China mainland ports."

PHILIP C. JESSUP

493.46G9/12–850 : Telegram

The Consul General at Hong Kong (McConaughy) to the Secretary of State

SECRET HONG KONG, December 8, 1950—4 p. m.

1443. Re Deptel 1139, October 25, repeated London 2149, Manila 705, Taipei 371 and mytels 954 November 1, 1096 November 14 and 1348 November 30 [*December 1*].[1]

[1] None printed. These messages dealt in general with the problem of preventing munitions and other implements of war from reaching Communist China via Hong Kong.

Hong Kong Government today introduced "exportation (prohibition) (specified articles) (No. 2) order 1950" which prohibits export from Hong Kong wide range articles classified as munitions or adaptable military purposes. Colonial Secretary said order specifically designed prevent items reaching Communist China, that order included necessary authority remove "intransit" cargoes these items "but that no action that regard presently contemplated except in necessary circumstances;" that departure landing craft and like vessels from colony will be prohibited under item entitled "appliances for use with arms and apparatus exclusively designed and intended for land, sea or aerial warfare."

Order includes aircraft, aircraft engines, amphibian vehicles, bayonets, bombs, bulletproof tires, cannon, cartridges, depth charges, explosive substances, fire arms every description, flame throwers, mines, grenades, gun forgings, land mine detectors, landing mats, Link trainers, machine guns. Under heading "machinery and machine tools" are wide range bullet and shell making equipment; also many items "military equipment and accoutrements" and "noxious gases."

Complete list items and comments contained despatch 7971, December 8, 1950 mailed today.[2]

Department pass London, sent Department 1443, repeated info London 62, Manila 119, Taipei 175.

McConaughy

[2] Not printed.

493.119/12–850: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, December 8, 1950—7 p. m.

249. From Commerce: In view developments Korea, U.S. Government, effective December 3 extended controls *all* exports to mainland China, Manchuria, Hong Kong and Macao. Further regulations provide shipments of all commodities whether or not on positive list originating any foreign country and moving in transit through U.S. or using facilities foreign trade zones or manifested to U.S. may not be exported destinations including China, Hong Kong, Manchuria and Macao without a validated export license. When destinations subgroup A countries except China and Manchuria intransit controls apply only positive list items. Heretofore controls covered only strategic goods none of which licensed to mainland China, Manchuria or North Korea since last June. Hong Kong and Macao included because

[1] This message was sent to the following posts: Bangkok, Colombo, Djakarta, Hong Kong, Karachi, Manila, New Delhi, Rangoon, Saigon, Singapore, Taipei, and Tokyo (for SCAP).

important transshipment points. Intention screen all proposed exports in light of current developments. Your vigilance as indicated your messages regarding local controls, end use, and consignee information regarding some proposed shipments and extent of reexports and smuggling strategic goods is appreciated. However, in view of situation and increased controls believe Missions should intensify attention to possible transshipment all U.S. goods, particularly strategic and exports domestic strategic goods to restricted areas or other possible transshipment points. Willingness shown some local governments heretofore implementing controls should simplify your efforts. Reply earliest extent present controls and their effectiveness. Also investigate and report extent transshipments accomplished by falsification U.S. documents and evasion local controls. As result new licensing controls on exports China, Hong Kong, Macao, OIT anticipates possible shift exports to other areas for purpose transshipment. OIT has requested customs officials here watch abnormal shipments destinations such as Philippines, Singapore, Thailand. Such indications may necessitate tightening present regulations. Please keep government to which accredited fully informed changes our regulations and reasons therefore.

ACHESON

Executive Secretariat Files : NSC 92 Series

Memorandum by the Assistant Secretary of the Treasury (Martin) to the National Security Council Senior Staff [1]

TOP SECRET WASHINGTON, December 12, 1950.

Subject: The Position of the United States Regarding a Blockade of Trade With China

References: A. NSC 92
B. Memorandum for NSC from Secretary of the Treasury, dated December 6, 1950
C. Memorandum from Dr. Jessup to Mr. James S. Lay, dated December 8, 1950

1. Dr. Jessup's memorandum of December 8 does not address itself to the central problem raised in the memorandum of the Secretary of the Treasury, namely, that this Government is now in a position of having inconsistent trade and financial policies with respect to China. We have placed a *de facto* embargo upon exports to China and have made this position clear to the public, although nominally exports are subject to individual licensing. At the same time we are permitting China to utilize existing dollar assets and current dollar earnings for

[1] The source text bears the designation: "Draft for NSC Staff Consideration Only."

purchases in third areas of commodities whose export from the United States to China is prohibited by our trade policy and for other purposes which are likely to be inimical to United States interests. Chinese dollar earnings from exports to the United States were at an annual rate of $154 million in the third quarter of 1950.

2. Dr. Jessup's memorandum gives no justification for continuing with inconsistent trade and financial policies; nor does it comment on the possibility of early action to bring the policies of our allies in line with existing United States policy.

3. A further point which should be noted with respect to the problem of instituting parallel trade and financial controls vis-à-vis China. As stated above, our present trade policy with respect to China is to place all exports on a licensing basis, but *de facto* the effect is one of an embargo on United States exports to China. If it is desired, financial controls with respect to China might take a similar from, i.e., all financial transactions with China could be placed under individual licensing.

4. There would appear to be no reasonable basis on economic or financial grounds for justifying our inconsistent trade and financial policies with respect to China. If our failure to act in the financial field is questioned, the defense must be based entirely on considerations of foreign policy.

WM. MCC. MARTIN, JR.

Executive Secretariat Files: NSC 92 Series

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

TOP SECRET [WASHINGTON,] December 13, 1950.

Subject: NSC 92

NSC 92 states that:

"The United States should continue, for the moment, its present policies regarding the placement of all exports under license to China and the NSC should keep under review the questions of a trade embargo, a blocking of assets of Communist China and action to prevent American shipping from calling at China mainland ports."

This was submitted by State to the Executive Secretary of the National Security Council on December 8 for circulation to Council Members. The Treasury Department could not concur and desires authority to institute standby financial controls parallel to those which have been established by the Commerce Department to control ex-

ports. I have stated in Tab A the reasons why we should not now accept the Treasury view on financial controls.[1]

I recommend that you support NSC 92 as now formulated and that you state that the phrase "keep under review" should be understood to mean that while the United States Government should take all necessary advance steps and hold itself in instant readiness to apply severe and comprehensive measures to Communist China embargoing exports, freezing assets, and preventing movement of American shipping to its ports, those measures should not be applied until the NSC has received a report from the Department of State as to whether Mr. Bevin and the Foreign Ministers of the principal Western European countries see in this proposed action by the United States Government consequences which, if taken unilaterally, would seriously endanger our common interests in the Far East and elsewhere in the world.

The following considerations underlie my recommendation:

In Favor of Unilateral Action

The American people, in Congress, in the Executive Branch of the Government, speaking through the press and through correspondence to their Government, are, quite rightly, outraged that Chinese troops are killing American troops and feel that the United States should reply to China's aggression with all means available.

There is no longer any valid basis for the theory that United States interests are served by keeping a business foot in the Chinese door.

The limits upon the effectivenes of unilateral action are obvious but this is not a conclusive argument against taking action which would have some harmful effect upon Communist China.

If the Executive Branch of the Government does not act in this field, Congress may pass legislation which will require action.

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[1] Tab A was not attached to the source text in the Department of State files. Mr. Rusk, however, had set forth his reasons for opposing the Treasury position in a memorandum of December 13 to Messrs. Matthews, Thorp, and Nitze, which reads in part as follows:

"The Treasury Department would freeze Chinese Communist assets in the United States.

"This would be done under legal authority contained in the Trading with the Enemy Act which has not hitherto been cited unless it was the intention of this Government to undertake economic warfare measures of indefinite duration and very wide scope.

"Even if the Treasury Department permitted limited withdrawals under license for approved purposes, e.g. to finance exports which Commerce decides to license, the freezing would have an impact much wider than export controls and would probably stop transfers of funds to third countries and withdrawals for uses of funds for other than exports.

"The institution of stand-by controls by Commerce still permits the employment of those controls flexibly. The institution of 'appropriate parallel licensing policies' by Treasury would be a freeze of all Chinese Communist assets. For technical reasons this freeze would be regarded as and in fact would be the counterpart of a full Commerce embargo on exports." (493.009/12–1350)

Possible Harmful Effects of Unilateral Action

UNA believes that unilateral economic sanctions by the United States at this moment would embarrass the cease-fire negotiations at Lake Success and jeopardize agreement in the UN on further measures which may have to be taken against Communist China.

Communist China and the USSR might regard application of economic sanctions as having the same relation to U.S. plans and prospects with respect to World War III that the U.S. freezing order on Japanese assets in July 1941 had to U.S. participation in World War II.

The United Kingdom and our other allies might regard unilateral U.S. sanctions, without prior consultation with them and an earnest attempt to secure their cooperation, as an alarming indication of unreliability and disregard of the implications of this action upon their interests, not only in Hong Kong, Malaya, and French Indo-China, but also in the defense of Western Europe.

At the same time, you should inform other Council Members that the Department has already opened discussions with the British and is in process of consulting other interested governments. You can state that the Department intends to report on their views before December 20. A telegram to selected missions is in draft and will be submitted to you for approval.

G, S/P, E, UNA, and EUR concur in this memorandum.

Executive Secretariat Files : NSC 92 Series

The Joint Chiefs of Staff to the Secretary of Defense (Marshall)[1]

TOP SECRET WASHINGTON, 13 December 1950.

Subject: The Position of the United States Regarding a Blockade of Trade with China

1. The Joint Chiefs of Staff, from the military point of view, do not concur in the recommendation by the Department of State in NSC 92 that

"The United States should not at this moment undertake full unilateral trade embargo and financial freezing measures against Communist China."

2. The Joint Chiefs of Staff strongly object to this anomalous position which permits the giving of aid and comfort to Communist China at a time when that nation is militarily attacking United States armed forces. The policy proposed by the Department of State will

[1] At the request of Secretary Marshall, this memorandum was circulated by Mr. Lay for the information of the National Security Council on December 13.

not best serve United States security interests and is incompatible with the present United States military effort.

3. In view of the foregoing, the Joint Chiefs of Staff recommend that the United States Government undertake at once full unilateral trade embargo, together with financial freezing measures against Communist China. The agreement of the other free nations of the world for like action should be sought. The non-agreement of these nations, however, should not deter the United States from imposing these economic sanctions against Communist China.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

Executive Secretariat Files: NSC 92 Series

Memorandum of Conversation, by the Ambassador at Large (Jessup)

TOP SECRET [WASHINGTON,] December 14, 1950.

Subject: Action in the NSC, December 14.

Participants: The Secretary
Mr. Harriman [1]
Mr. Thorp
Mr. Barrett
Mr. Jessup

The Secretary said that in regard to the question of economic and financial measures against China the discussion had brought out that the proposed additional measures would have no real effect upon the Chinese but that in terms of United States public opinion the contemplated steps would need to be taken. It was decided that he and Secrecretary Snyder should arrange to put the freezing procedures into effect when they considered it wise. It was noted that Treasury and State had reached an understanding that Saturday,[2] midnight, would be an appropriate time to do this. The Secretary had, however, pointed out in the meeting that if the UN Entezam Committee were in the midst of discussing with us the cease-fire at the time we should not announce action which might give the Chinese the excuse to say that they had turned down the cease-fire because of what we had done.[3] Treasury will be guided by the views of the State Department on that point. A number of those at the meeting agreed that it would be desirable if our action were not taken unless and until in-

[1] W. Averell Harriman, Special Assistant to President Truman.
[2] December 16.
[3] For documentation pertaining to the Entezam Committee, see volume vii.

ternational sanctions were applied but it was agreed that we probably could not defer our action that long.

The proposed substitute language for the concluding paragraph in NSC 92 was not submitted [4] and there was no agreement upon any particular language of that kind. The agreed action was that the President authorized the Secretaries of State and Treasury to go ahead with the freezing procedures when they decided it was the time to do it.

The Secretary had said he thought it was necessary for us to notify certain friendly governments and there had been no dissent. The Secretary suggested that we might tell them that we were considering this measure. He emphasized the importance of secrecy on the whole question.

The question of using the IMF procedures for purpose of this notification was not suggested at the meeting.

The Secretary stated that reference had been made to a ticker report that there had been a heavy Chinese air attack against our forces being evacuated at Hungnam. General Bedell Smith [5] gave some information on this matter. The Secretary and Mr. Harriman agreed that we must be very careful about the issuance of any orders as a consequence of such action if it is confirmed.

PHILIP C. JESSUP

[4] The proposed substitute language referred to had been drawn up in discussions between State and Treasury Department officials who also took into account the views of the Joint Chiefs of Staff. It reads as follows:

"The United States should establish immediately controls necessary for embargoing all exports from the United States to Chinese Communist destinations, blocking all Chinese Communist assets in the United States, and preventing ships of United States registry from calling at Chinese Communist ports. The United States should notify friendly countries of its intent in this regard prior to three o'clock on the afternoon of December 16, at which time the controls should be applied subject to such exceptions as may, hereafter, be deemed to be in the national interest. These controls should be administered in such a way as not to cause hardship to areas of the Far East under the jurisdiction of friendly countries." (NSC 92 Series)

[5] Walter Bedell Smith, Director of the Central Intelligence Agency.

611.93231/12–1650: Circular telegram

The Secretary of State to All Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, December 16, 1950—2 p. m.

PRIORITY

278. At midnight Dec 16 US Govt placed under control all Chi Communist assets within US jurisdiction. IMF was appropriately notified.

[1] This message was also sent to the Offices of the United States High Commissioner for Germany and the United States Political Adviser in Japan, the United States Mission at the United Nations, and the Consulates General at Hong Kong and Singapore.

US Govt also prohibiting all vessels US registry from calling at Chi Communist ports.

We recognize that many countries which are disturbed at situation in FE may tend to interpret these moves as leading to full econ warfare and increasing risk of drawing us into full scale war with Chi Communists. We wish to avoid this interpreation and to this end it is our intention to play down these steps to the fullest possible extent.[2]

Fol for ur use in answering questions:

1. US considered this step necessary to accomplish effective control econ relationships between US and Communist China envisaged by institution Dec 3 of requirement that no export wld be permitted to Communist China from US without validated export licenses.
2. Re new prohibition US shipping, make point that merely intended tighten previously existing restrictions which had largely eliminated US registry ships from Communist Chi ports of call.
3. Action was forced upon US by Chi Communist milit aggression.
4. Not our desire these restrictions become permanent, but they are necessary so long as willful groups Chi Communist leaders subvert China's best interests and welfare Chi people to serve purposes of internatl communism.
5. US continues hope China will abandon action which runs counter to interests and objectives UN in present Far Eastern crisis.
6. In admin of the controls over the econ relationships between US and Communist China, proper regard will be given to interests of areas in FE under jurisdiction of friendly countries.

See wireless bulletin for text Dept press release this subj.[3]

ACHESON

[2] On December 21, Mr. Lay forwarded to the National Security Council a Progress Report on NSC 92, prepared by the Department of State, which contained the following paragraph:

"The Commerce Department continues to place under control all exports from the United States to Chinese Communist destinations, Hong Kong, and Macao under requirement of a validated export license. Although no license applications are being approved for Communist China, the Department of State has advised the Department of Commerce that it should not, for the time being, announce that all license applications will be denied." (NSC 92/1)

[3] For the text of the press release, see the Department of State *Bulletin*, December 25, 1950, p. 1004. It indicated that the same financial controls were being applied to North Korean assets, purely as an administrative measure since North Korean assets in the United States were negligible.

893.2553/12–1950

The Assistant Secretary of State for Far Eastern Affairs (Rusk) to Colonel E. P. Kavanaugh of the California Texas Oil Company, Limited

WASHINGTON, December 19, 1950.

MY DEAR COLONEL KAVANAUGH: This is to confirm the understanding reached and the guidance supplied you on December 12 when you met with representatives of the State and Commerce Departments to

discuss the Far Eastern operations of the California Texas Oil Company Limited.

We informed you that shipments of all petroleum products from the United States to Communist China, Hong Kong, and Macao will be subject to licensing control. As you are aware, since June, licensing of all petroleum products has been suspended for shipments to Communist China. Since December 3 when all U.S. exports to Communist China were placed under control, exports of petroleum products to Hong Kong and Macao have been suspended. However, a procedure for licensing petroleum products for Hong Kong and Macao is now being developed.

With respect to petroleum shipments to Communist China, Hong Kong and Macao from off-shore sources, the Departments of State and Commerce believe that you should continue to apply the general principles which have governed your shipments to Hong Kong and Macao since June. We stress, of course, the importance of seeing that no shipments whatever be made to Communist destinations. Shipments to Hong Kong and Macao should be confined to amounts hitherto considered to be within the limits of Hong Kong local use and approved transshipment. We approve of the continuation of the restrictive ninety-day levels you have considered to be a maximum for your stock position, but caution you that even this limit may be, at an early time, considered excessive.

The Departments of State and Commerce accept your offer to give us notice of shipments of all petroleum products to Hong Kong and Macao, but do not, for the present, believe that it is necessary for us to give prior approval of individual shipments.

Sincerely yours, DEAN RUSK

893.2553/12–2050

The Petroleum Adviser at the American Embassy in London (Willoughby) to the Department of State

CONFIDENTIAL LONDON, December 20, 1950.

No. 2954

Ref: London Despatch No. 1369, Sept. 20, 1950; and A–445, Sept. 30, 1950 [1]

Subject: Reports on Current Availability of Oil Supplies in China

As requested by the Department in the last referenced despatch, the Embassy has been attempting to obtain a more complete picture concerning the present availability of petroleum products in Com-

[1] Neither printed.

munist China. Thus far, there has been very little information which the Foreign Office has been able to pass on, but Mr. Ramsbottom, the Petroleum Officer, has said that all intelligence on such matters is regularly exchanged with other agencies of the United States Government, presumably CIA. The Foreign Office has indicated, however, that it appears deliveries of oil into China have been very small and infrequent so that the country may be becoming low on petroleum stocks.

In a conversation with an official of the Shell Petroleum Company, it was learned that Shell has no knowledge of recent shipments of petroleum into China. The official commented, however, that China's requirements for most petroleum products are now relatively small. Very little gasoline is needed since most of the automotive transport had been converted to charcoal burners. He commented that Shell still retained some stocks in Shanghai, and the Communist Government had made no moves to requisition them. He was unable to state the quantities or the products. He indicated that these stocks were gradually being sold out and that with the proceeds it has been possible to meet the expense of maintaining Shell's staff in China.

The Embassy will remain alert for any further news and pass it on promptly to the Department.

RODNEY E. WILLOUGHBY

493.949/12–2150

Memorandum by the Director of the Office of Northeast Asian Affairs (Johnson) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

SECRET [WASHINGTON,] December 21, 1950.

Subject: SCAP Policy on Control of Exports from Japan to Communist China and Hong Kong.

In January 1950, State and Army advised SCAP that: (*a*) exports of 1A items from Japan to Communist China (including Manchuria) and North Korea should be presumptively denied; (*b*) controls on 1B items exported from Japan to these destinations should be at least as restrictive as might thereafter be imposed by the UK or Western European countries.

In administering security controls on Japanese exports, SCAP directed the Japanese Government to submit to GHQ for validation applications for export of 1A and 1B items. After June 25, 1950 SCAP withheld action on applications for export of 1B items to Communist China but some 1B items were shipped on the basis of previously

validated export licenses. On December 6, 1950, SCAP directed the Japanese Government to suspend exports of goods requiring export licenses to the China mainland (including Hainan and other islands under the control of the Peoples' Government), Manchuria, North Korea, Hong Kong and Macao unless new approval of the Japanese Government and SCAP validation is dated on or after December 6. The few export commodities unaffected by the new restrictions are of little importance in trade with the China mainland. In order to permit a continued flow of normal commodities for domestic consumption in Hong Kong, SCAP has indicated that he intends to license export shipments to that area subject to "absolute guarantees" on end-use from the Hong Kong Government representative in Tokyo.

SCAP has urgently requested information from the Department of Army regarding US policy on types of goods to be licensed and how licenses will be processed, indicating that he intends to be guided closely by US policy. He has been kept fully informed of US actions, including the suspension of licenses amounting virtually to embargo on trade with Communist China and the highly restrictive measures adopted by the Department of Commerce on an "interim, emergency" basis regarding exports, including non-positive-list items, from the US to Hong Kong and Macao.

In the first eight months of 1950, Japanese trade with the areas of interest was as follows (in thousands of dollars)

	Imports from	*Exports to*
Communist China	28, 140	7, 025
Hong Kong	185	19, 147
All areas (GARIOA imports included)	607, 720	457, 678

Japan's imports from Communist China were less than 5% of her total imports in this period, but were important in supplying to Japan coking coal, iron ore, soybeans and salt available elsewhere only at much higher cost. Trade with Hong Kong, which is conducted on an open account basis, is important to Japan principally as a source of foreign exchange earnings. The imbalance is presumably explained by the fact that while a substantial amount of Japanese goods is sold to other parts of Asia through Hong Kong, imports into Japan are largely procured directly and do not move through the intermediary of Hong Kong. The trade with Communist China has been on a compensating basis, and the apparent imbalance is explained by the lag in Japanese deliveries. If deliveries are not made, China will have claims against Japan which will be a cause of future difficulty.

No comments have been received from SCAP on the latest Department of Commerce regulations sent to him for information on December 15. So long as SCAP refuses to license shipment to the China mainland of items subject to export control, virtually no exports will move from Japan to that area. Nevertheless, action by SCAP in conformity with the US embargo would appear desirable. If, as has been reported, the Chinese Communists are embargoing exports to Japan, a parallel decision by SCAP to suspend all shipments to the mainland of China may be safely assumed, if SCAP has not already done so in view of the US decision.

While the current Department of Commerce policy on US–Hong Kong trade may be unnecessarily restrictive for Japan–Hong Kong trade, it is believed that the Department should not attempt to dissuade SCAP from applying equally severe regulations if he considers it advisable to do so, nor from making such modifications as he deems desirable. Discussions on a somewhat more liberal US policy toward Hong Kong are going forward now and the results will be communicated to SCAP in the near future.

Recommendation: It is recommended that the Department not undertake at this time to advise SCAP on policy for control of exports from Japan to Communist China and Hong Kong, and that it leave the decision to SCAP's discretion under the basic instruction of January 1950.[1]

[1] Mr. Merchant appended the following handwritten note to this memorandum: "I agree—at least until US Govt has hammered out a policy for Hong Kong. In any event we shld keep SCAP informed of all developments here."

493.119/12–2250 : Telegram

The Secretary of State to the Consulate General at Hong Kong

CONFIDENTIAL WASHINGTON, December 22, 1950—8 p. m.
PRIORITY

1797. Dec 21 Dept handed reps Brit Emb memo [1] re effect on Hong Kong US econ controls over US econ relations Commie China. Dec 22 identical memo [1] handed Portuguese. Fol is gist memo:

1. US Govt has instituted export, freezing, and shipping controls over econ relations Commie China.
2. Recognized that existence controls will inconvenience Hong Kong and Macao.
3. US hopes in due course it can act favorably and without undue delay upon license applications for export to Hong Kong and Macao of commodities necessary for local economy and normal transshipment

[1] Not printed.

to destinations other than Commie China where this can be done without subverting intent US controls for Commie China.

4. Due absence controls at Hong Kong and Macao parallel to US controls, US licensing officers must proceed very cautiously for time being in acting on export applications for Hong Kong and Macao.

5. In order facilitate operations licensing officer UK and Port invited provide suggested standard for determining volume of imports from US other than Positive List items, which could be licensed Hong Kong and Macao without risk transshipment Commie China.

6. UK and Port also requested consider procedures whereby US auths cld be assured—by official guarantees, or otherwise—that exports wld not be transshipped or US controls otherwise subverted.

7. Anticipated for present all Positive List items for Hong Kong and Macao will be licensed only after case by case consideration.

Currently in force are very restrictive interim licensing criteria for approving exports Hong Kong and Macao but it is hoped after consultations they may be modified to meet more fully Hong Kong and Macao interests to some extent without subverting purposes US controls.

ACHESON

493.119/12–3150 : Telegram

The Consul General at Hong Kong (McConaughy) to the Secretary of State

CONFIDENTIAL
PRIORITY

HONG KONG, December 31, 1950—10 a. m.

1695. From Hunt.[1] ReDeptel 1797, December 22. ConGen discreetly conveyed pertinent information to Colonial Secretary Hong Kong Government December 24 as believed wise he be informed soonest that US hoped license items needed local economy and normal transshipment other than Communist China under certain conditions. Colonial Secretary appeared relieved US not contemplating cutting off Colony from basic needs normally obtained US. He expressed appreciation reasons US denying exports Communist China and need screen carefully items ordered ostensibly for Hong Kong but in fact intended transshipment.

Colonial Secretary said economic intelligence officer (Clinton) would work closely with ConGen in plans determining Colony's requirements and referred to government's implementation screening panel (reported ConGen despatch 835 December 14)[2] in response

[1] Ralph H. Hunt, Consul at Hong Kong.
[2] Not printed.

ConGen's earlier expression hope government would do more insure goods ordered would be consumed Hong Kong.

While ConGen will report in detail by despatch its thoughts and suggestions re new enforcement procedure Hong Kong and Macao items it meanwhile stresses importance ConGen decide on merits items ordered by those colonies the diversion to Communist China of which would result in benefits. ConGen has endeavored in its weekly (BW47W46) and spot reports [3] point out local government up against heavy internal pressure vested interests whenever attempting go along with our suggestion implement (*a*) controls comparable US or (*b*) administrative controls meet unusual situations (recent embargoes export Communists tin plate, black plate, raw cotton done only at ConGen insistence before considering government's request US supply greater quantities these items for local industries).

As mentioned last paragraph mytel 1535, December 14,[3] ConGen believes Hong Kong Government now responsive US demand stiff assurances that no US cargo be allowed transshipped China, that it revise immediately its export procedures to require bills of lading or other untamperable evidence of origin accompany export applications (at present shippers statement country origin accepted without question), that Hong Kong Government be expected report ConGen promptly any party falsifying documents designed effect export US origin materials to China and that guilty parties be denied future US export privileges. Other conditions might be (*a*) insistence UK speed up adding more items to Hong Kong embargo list for China (economic intelligence officer said UK has been studying this question last two weeks) and not allow shelving for months for fear offending Peking and (*b*) special attention prevent illicit traffic Macao.

Macao's basic needs most items can be quickly estimated. Certifications by Macao Government as to intended local consumption US imports would be largely worthless and on account known Communist pressure Macao could not be recognized by ConGen under any circumstances.

Department may be assured ConGen will make every effort have governments respect assurances re local consumption US goods and will recommend (*a*) cutbacks of items believed supplied in excess needs and (*b*) discipline parties guilty improper disposition imports.

Department pass London sent Department 1695 repeated info London 71. [Hunt.]

McConaughy

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[3] Not printed.

INDOCHINA

POLICY OF THE UNITED STATES WITH RESPECT TO INDOCHINA; UNITED STATES RECOGNITION OF VIETNAM, LAOS, AND CAMBODIA AS ASSOCIATED STATES WITHIN THE FRENCH UNION; THE EXTENSION OF UNITED STATES MILITARY ASSISTANCE TO FRENCH UNION FORCES; UNITED STATES ECONOMIC, MILITARY, AND DIPLOMATIC SUPPORT FOR THE ASSOCIATED STATES[1]

751G.00/1–550

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Butterworth) to the Deputy Under Secretary of State for Political Affairs (Rusk)

CONFIDENTIAL [WASHINGTON,] January 5, 1950.

As you requested of Mr. Lacy,[2] there follows a list of primary short-run questions which we face in Indochina:

(1) *Recognition of Vietnam:* Our present thinking is in terms of *de facto* recognition as an associated state in the French Union. The British have informed the French that they will give such recognition to Vietnam as an associated state and apparently plan to implement this recognition by raising their Consul General in Saigon to Minister without, however, establishing a Legation. We feel that we should not go beyond what the British and such Commonwealth countries as follow the UK lead are prepared to do and, in connection with the timing, our move should follow theirs.

(2) *Methods of strengthening Bao Dai:*[3] After recognition we will be faced, together with other countries which shall have extended recognition, with the problem of strengthening Bao Dai whose measure of indigenous support is unknown but probably small. The methods involve consideration of economic support (which probably can be most effective if confined to the technical field save in the case of ECA), military items, and political moves.

(3) *The Chinese Border:* Organized units of the Chinese communist army are arriving at the Tonkin border. So far they have given

[1] For previous documentation, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 4 ff. For additional documentation on United States policy with respect to Indochina in 1950, see United States Department of Defense, *United States–Vietnam Relations, 1945–1967*, 12 volumes (Washington: Government Printing Office, 1971), Books 1 and 8.

[2] William S. B. Lacy, Acting Director of the Office of Philippine and Southeast Asian Affairs. Lacy became Director of the Office on February 19.

[3] Chief of State of Vietnam; former Emperor of Annam.

no indication of desiring to cross that border in organized units, even in pursuit of nationalist forces. However, it seems probable that the Chinese communists will supply Ho Chi Minh [4] with arms and military technicians.

We do not know the present degree of cooperation between Ho Chi Minh's communist forces in Indochina and those of the Chinese communists. Presumably, however, this cooperation will grow. It seems unlikely that the French will be able to seal the Indochina border.

[4] President of the Democratic Republic of Viet-Nam.

751G.02/1–750 : Telegram

The Secretary of State to the Embassy in the Philippines [1]

SECRET WASHINGTON, January 7, 1950—1 p. m.

22. Fr indicate they expect Assembly ratification Mar 8 Agreements [2] probably latter half Jan.

Brit have informed Fr that after Colombo conference [3] plan extend *de facto* recognition to Vietnam as associated state Fr Union, raising rank their Consul General, Saigon, to Minister without, however immediately establishing Legation. Fr Emb here has informed Dept that surely Canada, Australia and very probably South Africa and Ceylon will accompany UK in *de facto* recognition after Colombo Conference.

Dept understands that Bevin [4] will attempt during Colombo Conference to influence other Commonwealth nations to take similar action.

On its part Dept planning extend Vietnam as associated state Fr Union some form recognition after Assembly ratification Mar 8 accords. Exact form recognition now under study. Dept hopes that such recognition can be preceded by or synchronized with a "spontaneous"

[1] Sent to Manila as 22, Jakarta as 19, and Bangkok as 18 for action; repeated to Saigon as 4 and Paris as 66 for information; and sent to London as 81 with instructions that the Embassy inform the Foreign Office of United States action respecting the Government of the Philippines.

[2] Reference is to the Agreement between France and Viet-Nam embodied in an exchange of letters between Vincent Auriol, President of France, and Bao Dai, March 8, 1949. For the text of this agreement regulating relations between the two states, see France, Direction de la Documentation, *Notes et Etudes Documentaires*, No. 1147 (June 20, 1949), pp. 3–14, or Margaret Carlyle, ed., *Documents on International Affairs, 1949–1950* (London: Oxford University Press, 1953), pp. 596–606. An English translation of the major portion of the agreement appears in Allan W. Cameron, ed., *Viet-Nam Crisis: A Documentary History*, volume I: 1940–1956 (Ithaca: Cornell University Press, 1971), pp. 120–129.

[3] Reference is to the meeting of the Foreign Ministers of the British Commonwealth nations which convened at Colombo, Ceylon, on January 9, 1950. For documentation on United States interest in the conference, see pp. 1 ff.

[4] Ernest Bevin, British Secretary of State for Foreign Affairs.

Fr official public statement of liberal intentions for future evolution Vietnam. Pls ascertain attitude re recognition Bao Dai's Vietnam of Government to which you are accredited. In making such approach you may point out prospective action UK which current info indicates will be followed by several other Commonwealth nations. You should emphasize that the success of Bao Dai regime is only apparent present alternative to Commie domination of Indochina, in which event Phils would find themselves facing dangerous forces on Asiastic mainland to east and north east. You shld add that Dept hopes that govt to which you accredited see fit accord Bao Dai regime Vietnam some form of recognition.

For your info only, Dept desires that recognition by UK, Commonwealth and as many south Asian and other nations as possible precede US recognition.

ACHESON

751G.02/1–750 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, January 7, 1950—1 p. m.

34. I believe that decision of Department outlined in telegram January 5, 2 a. m.[1] re Vietnam is most constructive that could be taken in circumstances. I believe Nehru[2] will not be pleased for UK and US to go ahead in this matter without regard to line adopted by India; nevertheless, I am convinced time has come for US to follow policies in Asia which are in accord with our concept of world situation regardless of GOI attitudes. Our approach towards international situation for considerable period is certain to be quite different from that of India and for us to make no move without protracted attempts at coordination would result in vacillation and would give impression of lack of convictions.

Although according to this morning's press Nehru stated during press conference yesterday there was no present intention of officially recognizing any government in Indochina, his sympathies for present at least are clearly with Ho Chi-minh. Although from this vantage point it would seem that Bao Dai in view of many factors operating against him has slim chance of survival unless forces opposed to further extension communism in Asia display more decisiveness than in past, nevertheless, our recognition particularly if accompanied by greater display of interest in fate of Vietnam should improve Bao Dai's chances and increase respect for us here even among those who disapprove our policy.

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[1] Not printed.
[2] Jawaharlal Nehru, Prime Minister of India.

It would be helpful here if France would announce concrete plan for further evolution Vietnam prior to our recognition.

As matter of courtesy we should notify GOI our intention several days before extending recognition.

Sent Department 34, Department pass Paris and London.

HENDERSON

751G.02/1–1150 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET DJAKARTA, January 11, 1950—2 p. m.

49. ReDepintel January 5, 2 a. m.[1] and Deptel 19.[2] Told Hatta[3] today French Assembly would probably ratify latter half January agreements of March 8 making Vietnam associated state in French Union. Also mentioned prospects Canada, Australia and possibly other Commonwealth states join UK in *de facto* recognition after Colombo Conference. Explained nature of recognition which U.S. might also extend was now being studied.

Hatta has little confidence in strength Bao Dai. Said Indo-China lacking in leadership. Anticipates collapse Bao Dai if French Army should be removed. Said he had known young Indo-Chinese leaders when he was student in Holland and that these were genuinely Nationalist. Said stiff attitude of French had driven these into arms of Communists and now working with Ho Chi-minh. Hatta appreciates danger to SEA of Communists gaining upper hand in Indo-China but has not sufficient confidence in Bao Dai regime to cause him decide in recognition in foreseeable future.

COCHRAN

[1] Not printed.
[2] Telegram 22 to Manila, January 7, p. 691.
[3] Mohammad Hatta, Premier of the Republic of the United States of Indonesia.

751G.02/1–1250 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, January 12, 1950—9 p. m.

23. Deptel 18, January 7.[1] Discussed with Foreign Minister[2] today situation Indochina and question recognition Bao Dai.

I carefully explained Department's thinking re Bao Dai and that Department planning extend some form recognition after French National Assembly ratification March 8 accords. Also advised him of British intention re recognition as outlined Department's telegram.

[1] Telegram 22 to Manila, January 7, p. 691.
[2] Nai Pote Sarasin.

Foreign Minister replied Thailand Government fully aware gravity IC situation. Nevertheless, they felt could not undertake extend recognition Bao Dai until France actually gave Vietnam freedom, independence and Bao Dai received large measure popular support. In absence these developments, Thailand Government and people would continue feel Bao Dai essentially French puppet who would fail because France had not granted Vietnam that independence to which these people entitled. He said that as far as he could see under such circumstances French colonial control IC would merely be perpetuated. He expressed opinion if French really sincere no reason why an accord could not be reached with Ho Chi Minh and other Vietnam leaders as Dutch had done with Indonesians. He also said it seemed to him the situation IC was one which UN might well endeavor solve, and referred to fine work done by UN Good Offices Commission in Dutch-Indonesian dispute.

Foreign Minister's position precisely same as heretofore on this question, but on this occasion he underscored Thailand Government views with considerable emphasis, and very apparent he not influenced by impending UK *de facto* recognition or our contemplated action. He emphasized in his opinion recognition Bao Dai by French Government would not materially strengthen Bao Dai, if French granted only trappings of independence.

Department please repeat Paris, London; pouched Manila, Jakarta, Saigon.

STANTON

751G.02/1–1350 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, January 13, 1950—8 p. m.

186. Fol steps being considered re recognition Vietnam at appropriate time after ratification by Assembly of Mar 8 Agreements:

1) Announcement by Sec of *de facto* recognition of Vietnam as an associated state in Fr Union.
2) Granting of appropriate rank and title to Consul General Saigon. Dept believes rank and title in this case might be similar to that accorded Brit to their rep after *de facto* recognition.
3) Reply by President to Bao Dai's letter requesting "establishment of relations." [1]
4) Dept studying question according similar treatment Laos and Cambodia.

Reaction of India, Indonesia, Burma, Thailand and Philippines to recognition Vietnam so far negative and prospects not encouraging.

[1] For a translation of Bao Dai's letter of August 31, 1949, to President Truman, see *Foreign Relations*, 1949, vol. VII, Part 1, p. 74.

You may discuss foregoing with FonOff and request their views as to most desirable way of handling mechanics of recognition.

Dept assumes that Emb, in its discretion, is exercising such pressure as it deems necessary and useful upon Fr to insure earliest possible ratification Mar 8 Agreements.

Fol are Dept's comments on program for Fr action proposed in numbered Para 8, Embtel 5197, Dec 11: [2]

(*b*) Dept believes transfer Indochinese affairs to FonOff wld be more helpful than transfer from Min Overseas France to simply another Govt Dept. Dept considers change of latter nature wld be interpreted by US public and SEA countries as only change in name of a section of Min of Overseas France. Dept, however, does not believe US can usefully intervene again on official basis. Emb, therefore, is authorized to take such unofficial and informal action as is possible in the circumstances to obtain shift IC affairs to FonOff if possible (if not some agency other than Overseas France).

(*d*) Dept uncertain how far Fr Govt prepared to go re public statement of evolutionary character of France's relations with Vietnam. Dept inclined to believe statement wld be more effective if it immediately fol ratification. Penultimate para, New Delhi 34 of Jan 7 gives indication of helpfulness of such statement if it includes concrete plan for further evolution of Vietnam.

Dept hopes that "spontaneous" statement by Auriol or Bidault [3] wld, in addition to elaborating Pignon [4] Dec 30 speech and welcoming independent Vietnam within Fr Union, refer to Mar 8 agreements and supplementary accords as basis for independence within union and indicate that Fr desire their liberal interpretation. Dramatic effect might be enhanced by using statement to announce transfer Vietnam from Overseas France to FonOff (which decision according Embtel 5083, Dec 2,[5] might be executive prerogative. If transfer requires some form Assembly approval inform Dept re procedure and timing).

ACHESON

[2] For telegram 5197 from Paris, December 11, 1949, see *Foreign Relations*, 1949, vol. VII, Part 1, p. 105.
[3] Georges Bidault, Premier of France.
[4] Léon Pignon, French High Commissioner in Indochina.
[5] Telegram 5083 from Paris, December 2, 1949, is not printed.

751G.02/1–1750

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Perkins) [1]

SECRET [WASHINGTON,] January 17, 1950.

Participants: Ambassador Bonnet [2]
EUR—Mr. Perkins [3]
WE—Mr. O'Shaughnessy

[1] Drafted by Elim O'Shaughnessy, Officer in Charge of French-Iberian Affairs.
[2] Henri Bonnet, French Ambassador in the United States.
[3] George W. Perkins, Assistant Secretary of State for European Affairs.

Ambassador Bonnet called today at my request. I told him that I had looked into the questions that he raised with me on January 11 regarding our plan for the recognition of Vietnam.[4] I told him that the steps being considered in this connection were:

1) Announcement by the Secretary at an appropriate time after ratification of the March 8 Agreements by the French Assembly of *de facto* recognition of Vietnam as an associated state in the French Union.
2) The granting of appropriate rank and title to the Consul General at Saigon. Ambassador Bonnet asked whether the title would be a diplomatic one and I answered in the affirmative. I also said that we would probably consult with the British in this respect.
3) We are considering similar action with respect to Laos and Cambodia.

With respect to his inquiry regarding the possible application of some part of the $75 million fund provided for under section 303 of the MDAP Act[5] I pointed out that the exact status of this fund was still rather vague. I said that it had been given to the President to dispose of and that the various government departments could do no more than make recommendations for its use. I also pointed out that since France was a beneficiary of the Act under title I it might not be possible legally to make use of these funds to the French and should this prove desirable we might explore the possibilities of using the Government of Vietnam as the recipient. M. Bonnet thought that there would be no objection to such a move. I stressed the fact that nothing that I could say in this respect could be considered in any way a commitment to make these funds available for use in Indochina but that we would, of course, be glad to give consideration to any suggestions which the French Government might have with regard to the best manner in which to improve the situation in that area.

M. Bonnet said that he was very grateful to have our views on the steps to be taken toward the recognition of Bao Dai. He stressed the importance of such recognition in strengthening Bao Dai's hand and pointed out the strong proof of the latter's independence that it would represent. He also said that he would secure from his Government some suggestions as to how aid could be given to Indochina.

G[EORGE] W. P[ERKINS]

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[4] A memorandum by Perkins of his conversation with Bonnet on January 11 read as follows: "During the course of my conversation with Ambassador Bonnet, he asked me what our intentions were in connection with the recognition of Bao Dai and said he hoped we would be able to recognize him. He also asked if any of the $75,000,000 appropriated by Congress for aid in the area of China would be available for help in Indochina. In reply to both questions I told Mr. Bonnet that I would look into the situation and would get in touch with him." (751G.02/1–1150)

[5] Section 303 of the Mutual Defense Assistance Act of 1949 (63 Stat. 714) authorized the expenditure by the President of $75 million for military aid in the "general area" of China. For documentation on overall aspects of the Mutual Defense Assistance Program, see volume I.

751G.02/1–1250 : Telegram

The Secretary of State to the Embassy in Thailand[1]

SECRET WASHINGTON, January 17, 1950—8 p. m.

33. Dept concerned by apparent lack of understanding on part of Thai Fon Min that Ho Chi Minh is not patriotic nationalist but Commie Party member with all the sinister implications involved in the relationship (urtel 23, Jan 12). This apparent indifference to the possible success of one of the strongest Commie leaders in Southeast Asia raises doubts in the Dept of the desirability of strengthening the Thai against Commie aggression if the Thai are actually unaware or indifferent to the approaching menace. On a suitable occasion you shld emphasize the foregoing strongly.

For ur info. Apparently this point of view is common among South Asian nations including India, Burma, Indonesia, and the Philippines, as shown in replies similar to yours from posts in those countries. This general indifference or lack of understanding may prove to be disastrous for those nations as Communism relentlessly advances. It is impossible for the United States to help them resist Communism if they are not prepared to help themselves. All for such action as in circumstances and in your discretion you deem advisable.

ACHESON

[1] Repeated to London, Rangoon, Paris, Manila, Djakarta, New Delhi, and Saigon.

751G.02/1–1950 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, January 19, 1950—6 p. m.

43. I believe Department under misapprehension re basic reason for reluctance Thailand and probably other Southeast Asian countries extend recognition Bao Dai. Basic reason is detestation by these countries of colonialism and their repugnance voluntarily to recognize any regime which in their minds represents perpetuation of colonial rule. It is my belief if French forthwith granted Bao Dai real independence as Dutch have to Indos, there would be much less reluctance to extend recognition. In my opinion this feeling is so strong in their minds that it completely outweighs danger Ho Chi Minh establishing Communist Government Indo-China. I believe veiled threats from US withhold assistance these Asian countries would have little influence on their thinking or the position they have adopted on this matter.

Sent Department 43, pouched Rangoon, Manila, Jakarta, New Delhi, Saigon. Department please repeat London, and Paris.

STANTON

751G.02/1–2050 : Telegram

The Secretary of State to the Consulate General at Saigon

SECRET WASHINGTON, January 20, 1950—8 p. m.

25. Personal for Jessup [1] from Butterworth. Abbott [2] will have shown you recent Deptels re Indochina and will fill in local details of current situation.

Dept still hopeful Bao Dai will succeed in gaining increasing popular support at Ho's expense and our policy remains essentially the same; to encourage him and to urge Fr toward further concessions.

The start made by Bao Dai, the qualities exhibited by him, and his initial reception seem to have been better than we might have anticipated, even discounting optimism of Fr sources. Transfer of power apparently well received. Fr success in disarming and interning fleeing Chi Nationalists without serious intervention to the present by Chi Commies also encouraging.

However, more recently, marked opposition has been encountered which demonstrates at least that Bao Dai's popular support has not yet widened. Increased Viet Minh mil activity is disquieting. This cld be special effort by Ho, timed to coincide with transfer of power and the arrival of Chi Commies armies on frontier, and to precede Bangkok Conference,[3] or cld be evidence of increasing strength reinforced by hopes of Chi Commie support, direct or indirect.

Dept has as yet no knowledge of negotiations between Ho and Mao [4] groups although radio intercept of New China News agency release of Jan 17 indicates that Ho has messaged the "govts of the world" that "the Govt of the Democratic Republic of Vietnam is the only legal govt of the Vietnam people" and is "ready to establish dipl relations with any govt which wld be willing to cooperate with her on the basis of equality and mutual respect of national sovereignty and territory so as to defend world peace and democracy." [5] Ho's radio making similar professions.

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[1] From December 15, 1949 to March 15, 1950, Ambassador at Large Philip C. Jessup conducted a 14-nation factfinding tour of the Far East. For the text of his radio address reporting on the trip, April 13, 1950, see Department of State *Bulletin*, April 24, 1950, pp. 627–630. Ambassador Jessup visited Viet-Nam from January 24 to January 29. For additional documentation on Jessup's Far Eastern trip, including his oral report to the Secretary of State and other officials of the Department, April 3, see pp. 1 ff.

[2] George M. Abbott, Consul General at Saigon.

[3] Reference is to the regional conference of United States envoys which convened in Bangkok on February 13. For documentation on the meeting, see pp. 1 ff.

[4] Mao Tse-tung, Chairman of the Central Executive Committee of the Chinese Communist Party.

[5] For the Declaration of the Government of the Democratic Republic of Vietnam to the Governments of the Countries All over the World, January 14, see

Also pertinent are difficulties of Bao Dai's Prime Minister in forming new Cabinet. The projected govt does not yet reflect the breadth of support, or the participation of high caliber leaders and of key fence-sitters, to the extent which seemed possible after transfer of power.

The recent reported demonstration by 150,000 persons in Saigon (Saigon's tel 29) [6] is also significant to extent that it took on character of anti-Bao Dai demonstration, an angle which Abbott may clarify.

Nature and timing of recognition of Bao Dai now under consideration here and with other govts. Fr apparently believe recognition by Western and Commonwealth nations wld aid shift of Vietnam Nationalist sentiment toward Bao Dai. They seem receptive to idea of stating intention to extend further concessions to Vietnam and we will continue to encourage them to do so. Fr hope Bao Dai's Vietnam Govt will then be regarded by well-disposed nations as having attributes of sovereignty while remaining within the framework of the Fr Union.

Brit had intended extend *de facto* recognition after Ceylon Conference, at which MacDonald [7] urged action endorsing Bao Dai. However, either because of the lack of enthusiasm of some delegations and the opposition of India, or because Fr had not yet ratified Mar 8 Agreements, recognition not yet accorded. Brit had contemplated a two stage program and planned to impress on Fr need to "facilitate" *de jure* recognition by ratification, by transferring Vietnamese affairs to Fon Ministry, by granting Bao Dai fuller powers in re to dipl representation abroad and in general according him the attributes of full sovereignty.

Presumably Commonwealth will fol UK lead on whichever line is eventually adopted except India, which will continue intransigent, and Pakistan, reported undecided.

Fr ratification expected late Jan. Dept still uncertain nature and extent of evolutionary statement Fr might then make.

Re Southeast Asia position is that Indonesia, Philippines, Burma, and Thailand have not decided on recognition on grounds insufficient

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Ho Chi Minh, *Selected Works* (4 vols., Hanoi: Foreign Language Publishing House, 1961–1962), vol. III, pp. 191–192, or Cameron, p. 142.

On January 15, the Democratic Republic of Viet-Nam recognized the People's Republic of China, which, in turn, recognized Ho Chi Minh's Democratic Republic as the government of Viet-Nam on January 18.

[6] Telegram 29 from Saigon, January 13, not printed, reported that a demonstration and strike on January 12, on the occasion of the funeral of a student killed in earlier rioting, had been directed against the Government and Bao Dai (751G.00/1–1350).

[7] Malcolm MacDonald, Commissioner General for the United Kingdom in Southeast Asia.

degree true independence. Dept making additional efforts this connection. (Deptel 18, Jan 17.)[8]

Dept plans to recommend to the President recognition following Fr ratification. Timing and question of whether *de facto* or *de jure* at this stage will be coordinated with UK, and other countries, especially in hope that at least one Asian country will recognize previously or simultaneously.

Our immed objective is recognition take form which wld be most helpful Bao Dai and consonant our relations other interested states. If principal agreements are ratified, and depending on attitude Brit Fr it might be possible eliminate any *de facto* stage. In Dept's present thinking Laos and Cambodia wld have concurrent recognition subject clarification status these states.

Dept considers it appropriate for you to express to Pignon our appreciation his difficulties and manner in which he has handled situation to date including his managing of the transfer of powers. We have noted efficient action of the Fr in neutralizing Chi Nationalist troops at the frontier. You may draw on the résumé contained in this tel in any discussion you may have with Pignon. [Butterworth.]

ACHESON

[8] Telegram 33 to Bangkok, January 17, p. 697.

751G.00/1–2650

Memorandum by Mr. Edmund A. Gullion[1]

SECRET [WASHINGTON,] January 26, 1950.

Subject: Form of Recognition of Viet Nam

Since it is the policy of this government to support a program of Franco-Vietnamese collaboration leading toward full Vietnamese independence within the French Union, it seems to me that the selection of a form of recognition for the Vietnamese government should be governed by three principal considerations: what form of recognition would (*a*) most strengthen Bao Dai, (*b*) be best coordinated with the British and other friendly powers, and (*c*) be more likely to encourage other South Asian nations to recognize.

[1] Mr. Gullion, designated Counsel at Saigon on December 7, 1949, left the United States for Viet-Nam in early February, stopping in Paris en route. On February 13, he was appointed Consul General at Saigon. With United States recognition of the Governments of Viet-Nam, Laos, and Cambodia on February 7, Mr. Gullion became Chargé d'Affaires *ad interim*.

This memorandum was directed to William S. B. Lacy, Acting Director of the Office of Philippine and Southeast Asian Affairs, and Elim O'Shaughnessy, Officer in Charge of French-Iberian Affairs.

I submit that *de jure* recognition should be preferred for the following reasons:

1) *De facto* recognition would damage Bao Dai's standing and prejudice his chances of success. As the French have pointed out to us in their request that we give *de jure* recognition to Viet Nam, the subtle legal distinctions between *de facto* and *de jure* recognition would not be apparent in Southeast Asia and our action would be taken as a grudging acceptance at best. The effect might be gauged from the view of the Indian Consul General in Saigon who has reported that the GOI, which has steadily opposed the Bao Dai solution, could never be expected to go beyond *de facto* recognition, which he says would probably do Bao Dai more harm than good.

2) *De facto* recognition, in the popular understanding of the term, would mean that Bao Dai was in fact in control of certain areas and that we recognized him to that extent only. The question would certainly arise, and not only in Communist propaganda, as to whether, in fact, Ho Chi Minh was not in control of a greater area and a greater number of souls than Bao Dai.

3) What we are witnessing in the transfer of power from the French to the state of Viet Nam is in truth a *de jure* solution—perhaps one which is yet to be fully established in fact. With due observance of legal form the French are handing over sovereignty to an associated state of the French Union. *De jure* recognition is therefore more consistent with the existing triangular relationship among ourselves, Viet Nam and the French.

4) While the British have not yet indicated finally which form of recognition they propose to extend, they will probably come to the *de jure* solution. It will be recalled that they had thought of *de facto* recognition purely in terms of an interim action following the Ceylon Conference but prior to ratification by the French of the March 8 Agreements. We are informed that they intended to give *de jure* recognition eventually and that they hope to "facilitate" this by urging the French toward rapid ratification and further concessions to Viet Nam. It is understood that all the Asiatic delegations at the Ceylon Conference, with the exception of the Indians, had accepted this position.

5) The British recognize the Chinese Communists *de jure*. I don't know what form we will eventually use. I do not believe we would want to see Bao Dai receive any lesser recognition than the Chinese Communists and *de facto* recognition would be considered a lesser recognition.

6) Technically, I suppose that the case for *de jure* recognition might be better if all the supplementary accords had been ratified and if there had been some form of ratification by the Vietnamese; but to wait upon these formalities would be to lose much of the advantage of our early recognition and might hurt Bao Dai's chances at this crucial time. There is also the question of the French Constitution which appears to limit the exercise of sovereignty in international relations by States within the French Union. It is true that this new state becomes something less independent than a dominion in the Commonwealth or than the Republic of Indonesia, but I do not see

why *de jure* recognition can not be extended to an evolving state at any stage in its evolution, when it is clearly in our interests to do so.

751G.02/1–2950 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

SECRET SAIGON, January 29, 1950—noon.

65. From Jessup. Just returned from Hanoi where read message Bao Dai 27th and left copy in French and English.[1] He made no formal reply and merely asked me to transmit thanks to Secretary. Text carried local press Hanoi morning 28th without comment. Bao Dai handed me comprehensive memo re Point Four and which is being pouched.[2] Introductory part contains surprisingly accurate appreciation both UN and US programs. Memo includes detailed specific requests for aid on which Abbott will report later. Striking aspect is emphasis on need military aid. This gave me opportunity at second interview morning 28th to stress cooperation aspect of whole program and necessity continuing reliance on French. Bao Dai stressed desire close US ties and this theme repeated by other officials in response to which I kept stressing need for cooperation with French also. Our reception was very elaborately planned with tremendous display of special street banners of welcome in English and American flags flying all through city even in parts which were not cleared and prepared for my visit. Gibson[3] remarks preparation much more

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[1] In accordance with instructions contained in telegrams 27 and 29 to Saigon (January 21 and 23), neither printed, Jessup delivered the following message:

"The Secretary of State, Dean Acheson, has instructed me to express to Your Majesty the gratification of the United States Government at the assumption by Your Majesty of the powers transferred by the French Republic at the beginning of this year, and its confident best wishes for the future of the State of Viet Nam with which it looks forward to establishing a closer relationship. My Government believes that both the people of Viet Nam and the people of France are to be congratulated on this development.

"The Secretary of State also asked me to express his personal hopes that Your Majesty will succeed in his present endeavors to establish stability and prosperity in Viet Nam, which, Your Majesty may be assured, my Government is following with close attention."

The text of this statement was released by Bao Dai on January 27 and by the Department of State on January 30.

The powers transferred by France to Viet-Nam on the first of the year were set forth in 27 agreements signed by French and Vietnamese representatives at Saigon on December 29, 1949. These conventions dealt with aspects of military, economic, judicial, financial, and cultural affairs, as well as with public works, public health, information, and personnel matters.

[2] The memorandum was transmitted in despatch No. 54 from Saigon, February 11; the enclosure does not accompany the despatch in the files of the Department of State (851G.00/2–1150). The memorandum is summarized in telegram 69 from Saigon, January 31, p. 707.

[3] William M. Gibson, Special Assistant to Ambassador Jessup during his tour of the Far East. Gibson, Consul at Hanoi until January 1, 1950, was assigned to the Office of Philippine and Southeast Asian Affairs at the conclusion of the Jessup mission.

elaborate and pro-American feeling much more evident than preparation and British feeling when MacDonald was here.[4]

Bao Dai makes favorable impression sincerity and understanding of problems but not of great force or great strength. Chief problem is winning fence sitters to his side. French ratification March 8 Agreements will help but more gestures needed from them. Viets seem to attach great importance our recognition. Although Bao Dai's actual and potential authority somewhat dubious to me, since decision already made to recognize we should move just as quickly as French action permits. Pressure on French in Paris should continue. Have urged our point of view on Pignon and other French officials here. Suggest message of recognition should stress fact it results from their actual achievement independence and our sympathy their national aspirations.

Sent Department 65; Department pass Paris 32. [Jessup.]

ABBOTT

[4] Commissioner General MacDonald visited Indochina in November 1949, conferring with French and Vietnamese officials.

751G.02/1–2750 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET WASHINGTON, January 30, 1950—8 p. m.

438. Re Lond's 479, rptd Paris 137, Jan 27.[1] Fol comments on recognition Viet Nam shld be passed to Brit:

As Dept understands it the purpose of according recognition to Bao Dai is to give him stature in the eyes of non-communist nationalists elements in Viet Nam and thus increase his following. This being the case recognition, if accorded by U.K. or ourselves, wld appear most effective if given without any strings attached, i.e. the *de facto* step contemplated by Brit as a bargaining point with the Fr in order obtain further concessions. Dept has come to view that the Fr have for the moment gone as far as they can in according independence. This does not mean of course that either we, the Brit or the Fr shld not continue to view the Mar 8 Agreements as an evolutionary step in the independence of Viet Nam.

We are of course aware of fact that the UK does not have unanimous support of the commonwealth re recognition and that no formula re Viet Nam cld be found at Colombo acceptable to all participants. We nevertheless believe that a straightforward recognition without the qualification of *de facto*, or for that matter *de jure*, wld best serve our

[1] Telegram 479 from London, not printed, transmitted information obtained from the Foreign Office on discussion of the Indochina recognition question at the Colombo Conference (751G.02/1–2750).

and UK interests and this viewpoint shld be pressed upon the commonwealth govts. In this connection, it shld be borne in mind that simultaneous recognition will have to be accorded to Laos and Cambodia, whose govts fulfill the requirements for the "*de jure*" status. The Mao Tse Tung govt on the other hand appears indeed to be a "*de facto*" form of govt altho it was simply "recognized" without qualifications.

Along the lines above Dept is of opinion that merely to give the UK ConGen in Saigon the "courtesy rank of minister" is a skittish and timorous approach to problem of according diplomatic recognition to Viet Nam which wld tend in large measure to negate the benefits of such recognition. Dept considering making ConGen Saigon a diplomatic agent accredited to all 3 govts with personal rank of minister if this appears indicated.

Sent London as 438; rptd Paris as 409, rptd Saigon as 46 and rptd Bangkok as 65.

ACHESON

751G.02/1–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, January 31, 1950—10 p. m.

467. Mytel 464.[1] Parodi[2] has just handed British Ambassador[3] and me note to Soviet Government, text of which follows in next telegram.[4] Parodi had requested that Soviet Ambassador visit him this afternoon but met with answer that Bogomolov[5] was not free. Note accordingly has been sent to Soviet Embassy and will be released to press tonight.

Undoubtedly action of Soviet Government in recognizing Ho Chi-minh and thereby attacking integrity of French Union will induce violent reaction in France and will make more definite and bitter the alignment of French non-Communist against Communists.

Recent debate in National Assembly upon ratification of March 8 accords in course of which Communists even more blatantly than usual displayed their complete subservience to Moscow and their avowed intention to betray French national interests had considerable effect throughout country in demonstrating that they constitute in effect an alien and seditious organism within this democracy. Also their declared purpose to delay, frustrate and sabotage shipment not only of arms to French soldiers in Indochina but of American military

[1] Dated January 31, not printed.
[2] Alexandre Parodi, Secretary-General of the French Ministry of Foreign Affairs.
[3] Sir Oliver Harvey.
[4] The Soviet Union had recognized the Democratic Republic of Viet-Nam on January 30. Telegram 468 from Paris, January 31, transmitting the French protest, is not printed.
[5] Alexander Y. Bogomolov, Soviet Ambassador in France.

materials to France has met with vigorous response from government which has pledged itself to allow no such interruptions or incidents to occur.

It was under conditions far less insulting than this that French tempers so flared up in 1870 that Bismarck found it easy to provoke a war. No such reaction is to be expected today, but this event will undoubtedly strengthen the will of the people and their government here to resist and contain Communist pressures.

I think it important that our government should stigmatize in strongest terms this act as breach of recognized principles of international relations, and as conducive to creating conditions of disorder threatening to world peace that Russians are always proclaiming with great thumping of breasts to be cardinal objectives of their foreign policy.

We may soon be faced with situation similar to that formerly prevailing in Greece and even in Spain. The March 8 accords should be ratified by Council of Republic on Friday of this week. Our recognition of Bao Dai and of Cambodia and Laos should follow immediately thereafter. After that if any measure of military and/or economic aid to Bao Dai is contemplated it would seem advisable that it be announced at once and extended as soon as possible.

It may well be that grave as are the worldwide implications of this Russian move, one beneficial result may emerge, namely, a quickening of national pride in France which will make a more cohensive and determined policy toward Russia and Communism generally popular.

Sent Department 467; repeated London 155. Department pass Moscow 28, Saigon 34.

BRUCE

751G.02/1–3150 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

SECRET SAIGON, January 31, 1950—10 a. m.

67. At suggestion Ambassador Jessup am furnishing brief summary most important points brought out in conversations he had with French and Vietnam officials.

Pignon stressed particularly strategic importance Vietnam in SEA and fact that French troops IC only military force of importance in entire area. French accordingly feel it is of interest to US and other western powers to assist France both militarily and politically. Pignon, General Carpentier,[1] General Alessandri[2] all stressed that task French troops to defend IC against international Communism as personified by Chinese Communist and not reconquest IC. No specific

[1] Gen. Marcel Carpentier, Commander in Chief of French Forces in Indochina.
[2] Gen. Marcel Alessandri, Commander of French Forces in Tonkin.

request for military assistance submitted but General Carpentier described his equipment particularly transport as dating from 1943 and 1944 practically worn out.

Political help desired is recognition Bao Dai and clear indication from US that aggression against IC will not be permitted. General Carpentier in private conversation emphasized that flower of French Army in IC instead of on Rhine and that losses are serious at current rate officer casualties equivalent to number graduated annually from St. Cyr. Mentioned growing dissatisfaction of French public opinion with cost in men and money of IC campaign and resentment of lack of understanding and sympathy for French sacrifices on part US.

In commenting on Ambassador Jessup's exposé of American policy (largely based on Deptel 25 January 20) Pignon said ratification accords in process transfer Indochina affairs out of MOF supported by him and he believed in process of implementation. Announcement re evolutionary nature French policy IC would be difficult because of internal French political situation. Moreover he could see certain disadvantages such statement at this time. He feared it would bring forth new wave of demands from Vietnamese when what was needed was to get down to work and put present agreements into effect. He recognized frankly that further concessions would have to and should be made at some future date.

Carpentier announced that on February 15 Hatien and Rachgia provinces would be turned over to Vietnam Government for pacification in same manner Cambodian provinces turned over last fall. Admitted that these were the two areas where Vietminh strongest but said this would be all the better test of oft repeated Vietnam contention that only thing preventing pacification was continued presence French troops.

In final conversation with Pignon he stressed seriousness Chinese threat and his feeling there remained only few weeks and perhaps only days for western powers to coordinate policy if serious and perhaps disastrous developments to be avoided. This statement and tone it was made in was in sharp contrast to Pignon's usual optimistic and unsensational manner.

Question of establishing Vietnam army and particularly supply of arms therefore figured prominently in conversations with Bao Dai Nguyen Phan Long[3] and Governors Huu[4] Giao[5] and Tri.[6] Fundamental problem is supply of officers and NCO's. Vietnamese admitted they lack trained men but claim for political psychological reasons they hesitate accept French cadres. French unwilling to supply arms for new units unless certain percentage Foreign officers

[3] Prime Minister of Viet-Nam.
[4] Tran Van Huu, Governor of Cochin China.
[5] Phan Van Giao, Governor of Central Viet-Nam.
[6] Nguyen Huu Tri, Governor of Tonkin.

accepted for period till Vietnam cadres can be trained. One school in operation Hue and another opening Hanoi next month. Specific request for American arms and American military mission contained in long memo furnished Ambassador Jessup by Bao Dai the summary of which under preparation.[7] Bao Dai did not insist on this point when Ambassador pointed out difficulties. Nguyen Phan Long spoke particularly of need for light arms for village militia in liberated areas as did Governor Tri.

Bao Dai claimed great bulk of non-Communist nationalists had decided in his favor but were waiting for ratification March 8 agreements international recognition and indication that he was strong enough to protect them from both Communist and French. Claims Ho Chi Minh had received instructions to infiltrate his government at all costs and for this reason he must be extremely cautious in his dealings with resistance. Bao Dai made it clear that he would not deal with Ho Chi Minh or his Communist associates under any circumstances since he was aware of their complete subordination to Moscow from period when he was in close association with Ho immediately following his abdication (which he admitted was voluntary).

Both French and Vietnamese were highly optimistic regarding pacification of Cochinchina. (Nguyen Phan Long spoke of completion in six months.) Also agreed that expulsion Vietminh forces from Tonkin delta nearing completion but Governor Tri worried over relief and reconstruction problem devastated areas taken over (all agreed situation in north Annam bad). French blamed it on ineptitude Governor Giao. Latter blames refusal French to furnish him sufficient arms of good quality.

Reception of Ambassador Jessup extremely impressive and enthusiastic and believe visit has greatly boosted prestige Bao Dai.

Sent Department 67; Department pass Paris 33.

ABBOTT

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[7] See telegram 69 from Saigon, *infra*.

851G.00/1–3150 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

SECRET SAIGON, January 31, 1950—4 p. m.

69. Following is summary of 108-page typed manuscript dealing with Vietnam's needs for economic and military assistance from US presented by Bao Dai to Jessup.

Foreword reviews growing recognition by all nations of need and urgency of economic development backward areas and steps taken

by UN and US revealing good understanding differences between UN program and US point 4 and between latter and military aid program. Also, reveals understanding emphasis private capitalists' realization need for Vietnam to do full share in development and need for reforms to counteract Communist propaganda and spell. States purpose manuscript is to place needs and statement of resources Vietnam before US in order to obtain financial and technical assistance for economic revival and pacification.

Preface first emphasizes that Vietnam is advance bastion against "Bolshevist" tide in SEA; second, that struggle of Vietnamese against France has been nationalist struggle for freedom. Emphasizes non-Communist nature, pointing out bulk of population is agricultural which repudiates collectivism, that intellectuals split between supporters of Bao Dai and those awaiting opportunity to declare for him; that even among supporters of Ho only small fraction real Communists and that mistaken nationalists misguided in belief they can work with Communists, but who with attainment of objectives by Bao Dai will become supporters instead of apparent enemies of Government. Political, financial, economic and possibly military aid listed as contributions other nations, particularly US, in attainment independence recognition, admission to international organizations, and protection of northern frontier, the objectives of Government.

Balance of study divided in two parts. Part one states country rich but undeveloped, averring French failed to industrialize except for own benefit. Resources listed as: (1) industrious and abundant population; (2) agricultural resources 5.5 million hectares cultivated land producing rice, corn, rubber, pepper, woods, etc., production of which could be greatly increased by seed selection, fertilization, irrigation, drainage, mechanization, etc.; (3) mineral resources largely undeveloped; (4) various industries largely controlled by French; (5) artisan and skilled labor in specialized fields numbering 1.3 million in 1937; (6) Foreign commerce with active balance prior to war but an increasingly passive balance since the war which threatens economic chaos.

Part two lists needs as: (1) pacification involving: (*a*) political persuasion faithful application March 8 accords by French to give complete independence and explanation of true Communist aims; (*b*) military suppression of Communists, which can only be accomplished by Vietnamese, not by French who hampered by inability as whites to engage in guerrilla tactics, their aspect of conquerors, etc. Ho's forces estimated at 100,000 as opposed to 40,000 Vietnamese with inferior equipment. Thus needs listed as equipment for present and increased regular ground forces supporting naval and air forces militia and self-defense corps as well as US military mission to give instruction.

(2) Reconstruction involving war against Communism by war against misery and hunger. Report lists losses since war as villages destroyed, fields uncultivated, destruction livestock, implements, communications, etc. and sets up priority list for immediate rehabilitation needs as: (*a*) housing; (*b*) communications; (*c*) education and sanitation; (*d*) agriculture; total cost in millions of piasters 135.

(3) Vietnamese participation in existing industry (mines, rubber plantations, cotton, cement, rice, milling, etc. industries); (*a*) creation of national airline and a maritime transport to include four to six planes and two to four Liberty ships.

Recapitulation requirements:

(1) Equipment for 120,000 regular army with supporting air force, one armored division, one parachute division and 1,000 trucks.
(2) Light equipment for 90,000 militia including rifles, automatic arms, mortars, infantry cannons, pistols, grenades.
(3) Equipment for 75,000-man self-defense corps including rifles, automatic arms, grenades.
(4) Aviation—10 reconnaissance plans, 20 DC–3 transports and 3 DC–4 transports.
(5) Naval 10 LCl, 20 LCM, 10 small craft and matériel.

Conclusion states willing accept suggestions, emphasizes this is first stage of program and that as Government receipts not fixed Vietnam participation not clear. No estimates total cost to US of military aid.

My comments follow: preface and foreword reveal clear understanding role of UN and US in economic aid, understanding US MAP, nature problem of Communism and unique position Vietnam at this stage.

Body of report dealing with local resources built around pre-war and mid-war statistics, some of which no longer applicable, some apparently in error, and others which cannot be checked, but general picture correct.

Section dealing with needs correctly emphasizes importance of pacification and immediate rehabilitation.

Bombshells include plans to obtain direct participation in French-owned enterprises and fact French totally ignored in whole program of requirements. May incidentially add Jessup was most discouraging in talks re US military mission and emphasized need to channel requests for military aid through French.

Apparently study drafted by Tonkinese in view emphasis on Tonkin; however, should be realized that bulk of industrial potential of area is in Tonkin.

Only copy of memorandum available being pouched addressed Jessup.

ABBOTT

751G.02/1–3150

Memorandum by the Director of the Office of Eastern European Affairs (Yost) to the Assistant Secretary of State for European Affairs (Perkins)[1]

SECRET [WASHINGTON,] January 31, 1950.

Soviet recognition of the Ho-Chi-Minh regime in Indo-China, following the precipitate recognition of the Indonesian Republic, seems both significant and ominous. During discussions of Indonesia at the recent UN General Assembly, Soviet representatives described the republican government as a puppet regime and as traitors to the Indonesian people. Soviet propaganda continued to denounce the regime up until a few hours before the sudden recognition.

In Indo-China, Ho has until recently been careful to avoid avowing his Communist connection and Soviet propaganda, while praising the "national liberation movement" in Indo-China, has refrained from treating Ho's regime as a government. Now, however, within a few days after recognition of Ho by the Chinese Communists, the Russians follow suit. This contrasts with the cautious Soviet policy in regard to Greece where, though they supported Markos over a long period, they never recognized his regime as a government.

This Soviet action re Indo-China and Indonesia would seem to indicate, not only the anticipated intention to accelerate the revolutionary process in South East Asia while the area remains in its present fluid and relatively unprotected state, but also an element of competition between the two Communist powers for the leadership and direction of the revolutionary movement in South East Asia. It seems altogether possible that the Soviet action may have arisen from disputes during the present negotiations in Moscow as to who should in fact assume the leadership of this movement. It seems likely that the Soviets may have hoped to direct the movement through the Asian branch of the WFTU, which met last autumn in Peiping, but, finding the Chinese Communists disposed to go ahead somewhat on their own, decided that direct and open Soviet action was necessary.

While this not unexpected competition between the Soviets and Chinese communists for leadership in South East Asia bodes well for the creation of friction between the two and the possible eventual development of Titoism in China, its immediate effects are likely to be unfortunate in that the revolutionary time-table in that area may be speeded up by the maneuvers of each of the two partners to forestall the other.

All these considerations of course confirm the conclusion that Indo-China may now be the focal point of the most intensive and determined Communist pressure. The danger is compounded by the fact that

[1] Transmitted through Llewellyn E. Thompson, Jr., Deputy Assistant Secretary of State for European Affairs.

most experts concerned in South East Asia believe that if Indo-China should fall wholly into the hands of the Communists, it is extremely doubtful that Thailand, Burma, and perhaps other adjacent areas, could long be held.

CHARLES W. YOST

Editorial Note

On February 1, 1950, the Department of State released the following statement by Secretary Acheson: "The recognition by the Kremlin of Ho Chi Minh's Communist movement in Indochina comes as a surprise. The Soviet acknowledgment of this movement should remove any illusions as to the 'nationalist' nature of Ho Chi Minh's aims and reveals Ho in his true colors as the mortal enemy of native independence in Indochina.

"Although timed in an effort to cloud the transfer of sovereignty by France to the legal Governments of Laos, Cambodia, and Viet Nam, we have every reason to believe that those legal governments will proceed in their development toward stable governments representing the true nationalist sentiments of more than 20 million peoples of Indochina.

"French action in transferring sovereignty to Vietnam, Laos, and Cambodia has been in process for some time. Following French ratification, which is expected within a few days, the way will be open for recognition of these legal governments by the countries of the world whose policies support the development of genuine national independence in former colonial areas.

"Ambassador Jessup has already expressed to Emperor Bao Dai our best wishes for prosperity and stability in Viet Nam and the hope that closer relationship will be established between Viet Nam and the United States."

751G.5/2–650

Problem Paper Prepared by a Working Group in the Department of State [1]

SECRET [WASHINGTON,] February 1, 1950.

MILITARY AID FOR INDOCHINA

I. THE PROBLEM

Should the United States provide military aid in Indochina and, if so, how much and in what way.

[1] This paper was prepared by a working group consisting of representatives of the Office of Western European Affairs, the Office of Philippine and Southeast Asian Affairs, and the Mutual Defense Assistance Program. Copies were made available on the working level to the Office of Military Assistance, Department of Defense.

II. ASSUMPTION

A. There will not be an effective split between the USSR and Communist China within the next three years.

B. The USSR will not declare war on any Southeast Asian country within the next three years.

C. Communist China will not declare war on any Southeast Asian country within the next three years.

D. The USSR will endeavor to bring about the fall of Southeast Asian governments which are opposed to Communism by using all devices short of war, making use of Communist China and indigenous communists in this endeavor.

III. FACTS BEARING ON THE PROBLEM

1. When the Mutual Defense Assistance Act of 1949 was being written, the question of providing military aid to Southeast Asia was examined and it was decided not to include specific countries in that area, other than the Republic of the Philippines.

2. The attitude of the Congress toward the provision of military and economic aid to foreign countries recently has stiffened due to both economy and to policy considerations.

3. At the same time, the Congress has shown considerable dissatisfaction with policies which are alleged to have contributed to the Communist success in China and which are involved in the current United States' approach toward the question of Formosa.

4. Section 303 of the Mutual Defense Assistance Act of 1949 makes available to the President the sum of $75 million for use, at the President's discretion, in the general area of China to advance the purposes and policies of the United Nations.

5. Section 303 funds are unrestricted in their use.

6. The British Commonwealth Conference recently held at Colombo recognized that no SEA regional military pact now exists due to divergent interest and that such an arrangement was now unlikely.

7. Communism has made important advances in the Far East during the past year.

8. Opposition to Communism in Indochina is actively being carried on by the three legally-constituted governments of Vietnam, Cambodia and Laos.

9. Communist-oriented forces in Indochina are being aided by Red China and the USSR.

IV. DISCUSSION

1. Indochina has common border with China and Burma, thus making it subject to invasion by Red China.

2. Its population is some 27 million concentrated in the delta regions of the Mekong and Red Rivers. Of the total population, Chinese

account for between 600,000 and a million, concentrated largely in the cities.

3. Indochina has an agricultural economy based principally on rice of which it is an exporter. World War II and its aftermath seriously disrupted the national economy. The country presently has an annual trade deficit of about $85 million.

4. There are three subdivisions of Indochina: Vietnam, Laos, and Cambodia. An agreement was signed March 8, 1949, between France and Vietnam which provides for the latter to become an Associated State within the French Union. Ratification of the Agreement, followed by the recognition of the Vietnam by the West, is expected in the near future. French policy aims at making Laos and Cambodia Associated States within the French Union at the same time.

5. Governmental stability is poor in Indochina. In Vietnam, less than one-third of the country is controlled by the legal government with the French in control of the major cities; in Cambodia and Laos, the French maintain order but unrest is endemic. Before World War II Indochina was made up of four French Protectorates (Tonkin, Annam, Laos and Cambodia) and the colony of Cochinchina. It was occupied after the war by Chinese troops in the north (Tonkin) and by British and later French in the south. In 1946 a (nationalist coalition) government headed by the Moscow-trained Communist agent Ho Chi Minh consented to the return to the north (Tonkin) of the French upon promises of independence within the French Union. French negotiations with Ho were broken off following the massacre of many foreigners in Tonkin and Cochinchina in December 1946 by Ho's forces. Hostilities have continued to date.

6. The French are irrevocably committed in Indochina and have sponsored Bao Dai as a move aimed at achieving non-Communist political stability. It was a case of backing Bao Dai or accepting the Communist government of Ho Chi Minh. This latter alternative was impossible not only because it would obviously make their position in Indochina untenable but would also open the door to complete Communist domination of Southeast Asia. Such a communist advance would have severe repercussions in the non-communist world.

7. Military operations in Indochina represented a franc drain on the French Treasury of the equivalent of approximately $475 million in 1949. This constitutes nearly half of the current French Military Budget.

8. Ho Chi Minh, a Moscow-trained Communist, controls the Viet Minh movement which is in conflict with the government of Bao Dai for control of Vietnam. Ho actually exercises control of varying degree over more than two-thirds of Vietnam territory and his "government" maintains agents in Thailand, Burma and India. This commu-

nist "government" has been recognized by Communist China and the USSR.

9. Most Indochinese, both the supporters of Bao Dai and those of Ho Chi Minh, regard independence from the French as their primary objective. Protection from Chinese Communist imperialism has been considered, up to now, a secondary issue.

10. Unavoidably, the United States is, together with France, committed in Indochina. That is, failure of the French Bao Dai "experiment" would mean the communization of Indochina. It is Bao Dai (or a similar anti-communist successor) or Ho Chi Minh (or a similar communist successor); there is no other alternative. The choice confronting the United States is to support the French in Indochina or face the extension of Communism over the remainder of the continental area of Southeast Asia and, possibly, farther westward. We then would be obliged to make staggering investments in those areas and in that part of Southeast Asia remaining outside Communist domination or withdraw to a much-contracted Pacific line. It would seem a case of "Penny wise, Pound foolish" to deny support to the French in Indochina.

11. The US plans on extending recognition to the newly-created states of Vietnam, Laos and Cambodia, following French legislative action which is expected in early February 1950.

12. Another approach to the problem is to apply the practical test of probability of success. In the present case we know from the complex circumstances involved that the French are going to make literally every possible effort to prevent the victory of Communism in Indochina. Briefly, then, we would be backing a determined protagonist in this venture. Added to this is the fact that French military leaders such as General Cherrière [2] are soberly confident that, in the absence of an invasion in mass from Red China, they (the French) can be successful in their support of the anti-Communist governments in Indochina.

13. Still another approach to the problem is to recall that the United States has undertaken to provide substantial aid to France in Europe. Failure to support French policy in Indochina would have the effect of contributing toward the defeat of our aims in Europe.

V. CONCLUSIONS

A. Significant developments have taken place in Indochina since the Mutual Defense Assistance Act of 1949 was drawn up, these changes warranting a reexamination of the question of military aid.

B. The whole of Southeast Asia is in danger of falling under Communist domination.

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[2] Chief of the Premier's Permanent Military Staff.

C. The countries and areas of Southeast Asia are not at present in a position to form a regional organization for self-defense nor are they capable of defending themselves against militarily aggressive Communism, without the aid of the great powers. Despite their lack of military strength, however, there is a will on the part of the legal governments of Indochina toward nationalism and a will to resist whatever aims at destroying that nationalism.

D. The French native and colonial troops presently in Indochina are engaged in military operations aimed at denying the expansion southward of Communism from Red China and of destroying its power in Indochina.

E. In the critical areas of Indochina France needs aid in its support of the legally-constituted anti-Communist states.

VI. RECOMMENDATIONS

1. The United States should furnish military aid in support of the anti-Communist nationalist governments of Indochina, this aid to be tailored to meet deficiencies toward which the United States can make a unique contribution, not including United States troops.

2. This aid should be financed out of funds made available by Section 303 of the Mutual Defense Assistance Act of 1949.

851G.02/2–150 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

SECRET SAIGON, February 1, 1950—3 p. m.

73. Projects appearing immediately feasible in IC as requested Deptel 42 January 27 [1] include: Bao Dai memo (Contel 69 January 31) requests funds for:

(*a*) Housing estimated 500,000 persons homeless in major cities and destroyed villages involving construction 25,000 housing units estimated cost US $37 million.

(*b*) Health and sanitation comprising erection temporary hospitals, infirmaries, maternity wards, etc., in congested areas, distribution vaccines, medicines, canned milk, rice, bandages, cloth, etc., estimated cost US $9 million. Consulate General anticipating participation by private relief agencies of one-half cost, US share estimated $3 to 5 million.

(*c*) Emergency agricultural aid through supply farm tools, seeds, draft animals, livestock, fertilizer and perhaps some technical advice, to some 100,000 families. Total cost estimated US $10 million.

In addition Consulate General proposes aid to rice production and marketing involving purchase tow boats and possibly barges, construc-

[1] *Ante*, p. 3.

tion of rice mills and to dredging and irrigation projects, total cost estimated US $6 million.

Grand total cost US $56 to 58 million. Should be noted while projects one and two nonproductive they have sound moral and humanitarian basis difficult for Communist to attack and of excellent propaganda value to US and Bao Dai allaying discontent among homeless, demonstrating concern of Bao Dai for people in striking contrast to scorched earth Viet Minh policy, and arousing popular support new government.

Projects three and four designed provide maximum increase in output in shortest period minimum cost and minimum administrative machinery.

ABBOTT

751G.02/2–350

Memorandum by the Secretary of State to the President [1]

RESTRICTED WASHINGTON, February 2, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: U.S. Recognition of Vietnam, Laos and Cambodia

1. The French Assembly (Lower House) ratified on 29 January by a large majority (396–193) the bill which, in effect, established Vietnam, Laos and Cambodia as autonomous states within the French Union. The opposition consisted of 181 Communist votes with only 12 joining in from other parties. The Council of the Republic (Senate) is expected to pass the bills by the same approximate majority on or about February 3. President Auriol's [2] signature is expected to follow shortly thereafter.[3]

2. The French legislative and political steps thus taken will transform areas which were formerly governed as Protectorates or Colonies into states within the French Union, with considerably more freedom than they enjoyed under their prior status. The French Government has indicated that it hopes to grant greater degrees of independence to the three states as the security position in Indochina allows, and as the newly formed governments become more able to administer the areas following withdrawal of the French.

3. Within Laos and Cambodia there are no powerful movements directed against the governments, which are relatively stable. How-

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[1] The source text bears the marginal notation: "Approved Harry S Truman Feb. 3, 1950."

[2] Vincent Auriol, President of France.

[3] French ratification was completed on February 2.

ever, Vietnam has been the battleground since the end of World War II of conflicting political parties and military forces. Ho Chi Minh, who under various aliases, has been a communist agent in various parts of the world since 1925 and was able to take over the anti-French nationalist movement in 1945. After failing to reach agreement with the French regarding the establishment of an autonomous state of Vietnam, he withdrew his forces to the jungle and hill areas of Vietnam and has harassed the French ever since. His followers who are estimated at approximately 75,000 armed men, with probably the same number unarmed. His headquarters are unknown.

The French counter efforts have included, on the military side, the deployment of approximately 130,000 troops, of whom the approximately 50,000 are local natives serving voluntarily, African colonials, and a hardcore made up of French troops and Foreign Legion units. Ho Chi Minh's guerrilla tactics have been aimed at denying the French control of Vietnam. On March 8, 1949 the French President signed an agreement with Bao Dai as the Head of State, granting independence within the French Union to the Government of Vietnam. Similar agreements were signed with the King of Laos [4] and the King of Cambodia.[5]

Recent developments have included Chinese Communist victories bringing those troops to the Indochina border; recognition of Ho Chi Minh as the head of the legal Government of Vietnam by Communist China (18 January) and by Soviet Russia (30 January).

4. Recognition by the United States of the three legally constituted governments of Vietnam, Laos and Cambodia appears desirable and in accordance with United States foreign policy for several reasons. Among them are: encouragement to national aspirations under non-Communist leadership for peoples of colonial areas in Southeast Asia; the establishment of stable non-Communist governments in areas adjacent to Communist China; support to a friendly country which is also a signatory to the North Atlantic Treaty; and as a demonstration of displeasure with Communist tactics which are obviously aimed at eventual domination of Asia, working under the guise of indigenous nationalism.

Subject to your approval, the Department of State recommends that the United States of America extend recognition to Vietnam, Laos and Cambodia, following ratification by the French Government.

DEAN ACHESON

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[4] Sisavang Vong.
[5] Norodom Sihanouk.

751G.02/2–250

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Perkins)[1]

CONFIDENTIAL [WASHINGTON,] February 2, 1950.

Participants: Ambassador Bonnet
Assistant Secretary Perkins
Mr. O'Shaughnessy—WE

Ambassador Bonnet called today at my request. I told him that in view of the rapidity with which events were moving in connection with the ratification of the March 8 Agreements between President Auriol and Bao Dai I wanted to bring to his attention once again the concern of the Department over the prompt transferal of Indochinese affairs from the Ministry of Overseas France to the French Foreign Office. M. Bonnet replied that his government was aware of our views in this respect and that those views had been made clear to M. Schuman[2] by the Secretary and by officers in the Department to members of his Embassy at various times in recent months. He said that he did not have any recent information in the premises but thought the matter was being discussed in the French cabinet and that consideration was also being given to the handling of Indochinese affairs by a new agency somewhat similar to the British Dominions Office.

I told M. Bonnet that I thought it would be more helpful to Bao Dai in building up the appearance of Viet Nam's independent status if transfer were to the Foreign Office rather than to a specially created ministry. In any case I stressed that the transfer of Indochina's relations from the Ministry of Overseas France was a matter of urgency.

M. Bonnet requested an indication of our latest views on recognition of Bao Dai in view of the fact that the Council of the Republic had ratified the agreements and Mr. Auriol would probably sign the instrument of ratification today or tomorrow. I told him that we were considering recognition at a very early date but added that we thought it was in the best interests of the United States and of Bao Dai for us not to take the lead in according recognition. I indicated that our recognition would probably follow shortly after, or perhaps simultaneously with, the British and I added that it was our hope that one of the South Asian nations might precede us also.

M. Bonnet said that he would not fail once again to bring our views on the transfer from the Ministry of Overseas France to the attention of his government.

G[EORGE] W. P[ERKINS]

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[1] Drafted by Elim O'Shaughnessy, Officer in Charge of French-Iberian Affairs.
[2] Robert Schuman, French Foreign Minister.

Policy Planning Staff Files: Lot 64D563 [1]

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] February 3, 1950.

At the Cabinet meeting this morning the President asked me to present the question of recognizing the Governments of Laos, Cambodia and Viet Nam, and this I did, giving the background and general appraisal of the situation.

The President then asked for the opinion of each member of the Cabinet. All members present believed that the only possible course was to proceed with recognition although they fully realized the hazards involved.

After considering the advice of the Cabinet, the President directed me to proceed in accordance with our recommendation to him.

D[EAN] A[CHESON]

[1] Files of the Policy Planning Staff, Department of State, 1947–1953.

751G.02/2–350: Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET NIACT PARIS, February 3, 1950—1 p. m.

538. For Secretary and Perkins. Deptel 452.[1] Am very disturbed contents this cable. Bevin arrived Paris this morning and has left for London. Understand British expect to announce recognition Vietnam, Laos and Cambodia this evening or tomorrow. Believe it extremely important our recognition be given if possible today. Under existing circumstances any evolutionary statement impossible at least for present. Auriol's signature was announced here Thursday morning [2] and Department so informed. British had made same representations as ourselves about an evolutionary statement but are going ahead nevertheless with recognition. I have personally on many occasions urged advisability of such statement on Auriol, Bidault, Schuman, Letourneau [3] and others but can assure you that repetition of such request would at present time be useless although we shall continue pressure on this point. Strongly recommend immediate recognition.

[1] In telegram 452 to Paris, February 2, the Department stated its belief that on the occasion of final French ratification of the March 8, 1949 agreements Bao Dai should make a strong public statement and that French authorities in Paris should deliver an evolutionary statement. The telegram concluded as follows: "With evolutionary statement from Paris and statement from Bao Dai, stage will be set for recognition. Please notify Foreign Office your discretion substance above and report their plans both Bao Dai and evolutionary statement to Department and Saigon." (751G.02/2–150)

[2] February 2.

[3] Jean Letourneau, French Minister of Overseas Territories.

Sent Department 538, repeated London 176; Department pass Saigon 45.

BRUCE

751G.02/2–450 : Telegram

The Secretary of State to the Consulate General at Saigon

SECRET NIACT WASHINGTON, February 4, 1950—2 p. m.

59. You shld deliver (for timing see Deptel 58) the fol Messages from the Pres to Bao Dai Laos and Cambodia after consultation with French High Commissioner. Actual letters will fol by pouch.

"YOUR IMPERIAL MAJESTY: I have Your Majesty's letter in which I am informed of the signing of the agreements of March 8, 1949 between Your Majesty, on behalf of Vietnam, and the President of the French Republic, on behalf of France. My Government has also been informed of the ratification on February 2, 1950 by the French Government of the agreements of March 8, 1949.

Since these acts establish the Republic of Vietnam as an independent State within the French Union, I take this opportunity to congratulate Your Majesty and the people of Vietnam on this happy occasion.

The Government of the United States of America is pleased to welcome the Republic of Vietnam into the community of peace-loving nations of the world and to extend diplomatic recognition to the Government of the Republic of Vietnam. I look forward to an early exchange of diplomatic representatives between our two countries.

I take this opportunity to extend my personal greetings to Your Majesty with my best wishes for the prosperity and stability of Vietnam.

His Imperial Majesty Bao Dai,
Head of State of the Republic of Vietnam."

Next Letter

"YOUR MAJESTY: I am informed of the ratification on February 2, 1950 by the French Government of an agreement between that Government and the Government of the Kingdom of Laos which declares that from that date the Kingdom of Laos will be an independent State within the French Union. I take this opportunity to congratulate Your Majesty and the people of Laos on this happy occasion."

[Here follow, *mutatis mutandis*, paragraphs 2 and 3 of the above letter to Bao Dai.]

"His Majesty Sisavang Vong,
King of Laos."

Next Letter

"YOUR MAJESTY:

[Here follows, *mutatis mutandis*, the same text as the three-paragraph letter to King Sisavang Vong.]

"His Majesty Norodom Sihanouk,
King of Cambodia."

While you will present the letters in your capacity as ConGen, pls point out to the Fon Ministers of the three states that the letters of recognition also invite reply to the suggestion of exchange of dipl reps. Dept understands France will acquiesce to this if requested by the three states. Dept plans establish Leg Saigon with single Minister accredited three states. Mission to be headed by Chargé pending selection and appointment of Minister.

Pls report to Dept and Paris when messages have been delivered.

Important you report fully local reaction recognition including counter measures from Ho and his backers.

ACHESON

751G.02/2–650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 6, 1950—6 p. m.

585. Parodi received Gullion this morning and in reviewing international situation in Indochina on eve recognition three new states by US and principal Commonwealth powers spoke in following terms:

"US and UK asked two things of us in connection your recognition New Indochina states. First was evolutionary statement. We have not made this statement. Because of situation both in France and Indochina we cannot call our shots. We cannot tell French Parliament that agreements they have just, after much soul searching, ratified are of merely passing value; on eve highly delicate inter-state conference during which allocation of principal economic controls (currency, customs, immigration, etc.) as between France and three states and as between three states themselves is to be made, we cannot afford to kindle unrealistic nationalist appetites whose necessary disappointment by us would have retrograde rather than progressive effects out there at a time when cohesive effort is more than ever necessary. Our intentions are evolutionary as results will show. For instance, we have already told Vietnamese they can establish diplomatic Missions in Washington and London, which constitutes important extension of March 8 agreements. Similar extensions will inevitably follow as justified. Secondly you asked that control of Indochina affairs be transferred from Overseas France Ministry to Quai D'Orsay. This is well on its way to realization and there is agreement in principle that undersecretaryship for the three associate states under Foreign Office will be established. This is of course political and not administrative question. I am hopeful that occasion offered by reshuffling of Bidault Cabinet which is now occurring will not be missed. Events in Indochina have taken a dramatic turn which poses very serious problems for us and for principal non-Communist powers. As I have told your Ambassador, we intend, after profound and thoughtful consideration among ourselves of all elements of situation, to request your views and those of British. Just what form this consultation will take, whether through diplomatic channels or by proposal by us for three way talks, has not been decided."

Sent Department 585 repeated London 193 Department pass Saigon 47.

BRUCE

Editorial Note

On February 7, 1950, the Department of State announced that the United States had accorded diplomatic recognition to the Governments of the State of Viet-Nam, the Kingdom of Laos, and the Kingdom of Cambodia. For the text of the Department's press release, see Department of State *Bulletin*, February 20, 1950, pages 291–292.

The United Kingdom also recognized the three Governments on February 7. For the text of the note delivered by Sir Oliver Harvey, British Ambassador in Paris, to the French Ministry of Foreign Affairs, see Great Britain, Parliament, *Documents Relating to British Involvement in the Indo-China Conflict, 1945–1965*, Cmnd. 2834 (London: Her Majesty's Stationery Office, 1965), page 56.

751G.02/2–750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 7, 1950—8 p. m.

620. Couve de Murville [1] yesterday asked Bohlen [2] to come to see him in order to give him some further details concerning French thinking in regard to general situation in Indochina with particular reference to forthcoming requests from French Government for the views of and consultation with British and American Governments reported in Embassy's 521, February 2 on this subject.[3]

Couve first said that he was speaking in personal capacity since there was governmental crisis and Mr. Schuman was ill. He said it seems to be the general consensus of French official opinion that the Russians would not have recognized Ho Chi Minh with all the possible consequences diplomatically and politically unless they intended to do what they could within limits to insure his success in Indochina, that this meant in all probability a considerable increase in military assistance to Ho via or by the Chinese Communists. Couve stated that if this should prove to be the case, it was possible that France would find it very difficult to continue to hold the fort in Indochina

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[1] Maurice Couve de Murville, Director General for Political Affairs, French Ministry of Foreign Affairs.

[2] Charles E. Bohlen, Minister at the Embassy in France.

[3] Not printed.

alone. It was, therefore, their view that the time had urgently come to regard the situation in Indochina not purely from point of view of France but from point of view of its relationship to the entire Asiatic and world situation in the struggle against Soviet Communism. It was with this in mind that French Government intended approaching British and US Governments with view to tripartite consultations and review of entire situation in respect of Indochina. He emphasized it was not a question of some limited aid in military equipment and matériel under MDA program but rather the larger aspects of the problem, political, economic and military, created by the new turn in the Indochinese situation. He said he would welcome any ideas that US Government might have as to best procedure in bringing about some such consultations before the official approach was made, whether in our view such consultations could best take place in Washington or elsewhere and in what form.

He was told that this informal inquiry would be transmitted to Washington and we would inform him of the reply. Bohlen told him that, of course, this was an extremely serious matter and one which would require the most careful consideration on part of US Government because of the far-reaching implications, not only on the situation in Indochina and also Southeast Asia but its effect upon the general strategy of the occidental powers in the present world situation.

This conversation with Couve de Murville, although informal and personal, as he was careful to characterize it, nevertheless, provides a measure of one type of French thinking in regard to the present situation in Indochina, namely, that the situation has ceased to be a matter of concern only or primarily to France but to the entire occidental camp; in particular, the US and UK. His hint of French difficulty in going it alone should, in our view, be regarded as primarily a means of impressing upon us the urgency of the situation in light of possible developments and probably as a means of stimulating increased US military and other assistance in Indochina. There have been no signs that French policy is in process of undergoing any change as result of Russian action although obviously it is clear that their margin is not great in Indochina and an all-out attack by the Chinese Communists or major assistance to Ho could well render their position untenable.

Since the French intend to make a definite official proposal for an exchange of views with the US and UK, if the Department has any views as to what type of approach or suggestion as to time or place of such consultation would be preferable from the French, we can informally pass them on to the Foreign Office.

BRUCE

751G.02/2–850 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, February 8, 1950—8 p. m.

114. Deptel 79, February 4, noon.[1] I have given lengthy exposition to Prime Minister[2] and Foreign Minister of Department's reasons recognition Bao Dai and views concerning IC situation. Following is summary their views:

1. Prime Minister listened most attentively outline situation IC and particularly to my estimate of danger if IC goes completely Communist now that Ho Chi Minh has aligned himself with Moscow and Peiping. Prime Minister stated in reply he fully aware possibility IC going Communist and danger to Thailand from such development, that Thailand Government has definitely taken decision stand with democracy for freedom and independence, and pursuance that policy he and his government would like recognize Bao Dai since his government anti-Communist. He said nevertheless Thai people were Asiatics and in common with other peoples of Asia, they were desirous of seeing those peoples still under colonial domination achieve real freedom and independence. He emphasized the importance of this consideration in thinking of his government, and pointed out that neither the Thai people nor other peoples of this region were convinced that Bao Dai and his government had real freedom and indepence, nor a large measure of support from the people. He said in these circumstances seemed in best interests Thailand watch developments and delay recognition Bao Dai for time being. In reply my query what he thought should be done insure greater popular support Bao Dai, he replied France must grant full independence or at least issue clear-cut statement indicating further and more complete transfer power and authority to Bao Dai in near future. I discussed separately with him question kingdoms Laos and Cambodia. I pointed out no widespread or active opposition to governments these two states seems to exist, and Laos and Cambodia people are supporting existing governments. I stressed recognition by Thailand these two states, immedately adjacent western frontiers this country, would be great encouragement to them. I pointed out if Communism could be kept out Laos and Cambodia these states might, to some extent at least act as buffer Communist expansion into Thailand. Prime Minister displayed considerable interest this idea but seemed feel recognition Cambodia and Laos tied up with recognition Bao Dai. In conclusion Prime Minister said his Cabinet would give whole problem further careful consideration.

2. In long conversation with Foreign Minister he expressed similar views. He spoke very frankly and said thought we and British were making mistake by recognition Bao Dai. He said did not see that our recognition would greatly strengthen Bao Dai unless we and British prepared give military and economic aid sufficient really turn tide inflict crushing defeat on Ho Chi Minh. He reiterated if

[1] Not printed.
[2] Field Marshal Pibulsonggram.

Bao Dai given full independence and had popular support Thailand would gladly extend recognition as done in case USI.

3. From above evident Thai Government still not prepared extend immediate recognition Bao Dai. Thinking of Thai Government and, I believe, other Asian governments predicated on their strong opposition to colonialism, strong desire to see countries of Asia achieve their independence and their skepticism regarding French intentions. On latter point Thailand particularly skeptical, if not suspicious, in view their past bitter experience with French. I feel we must not forget struggle for independence amongst Asian countries represents strong and deep-seated ideal which has profoundly stirred them for many years. To them recognition Bao Dai seems to mean perpetuation colonialism and they therefore exceedingly reluctant to do so even in face Communist threat which looms. In other words to them colonialism is a foe they understand and have sought to vanquish for many years, whereas Communism is foe whose strength and evil influence not fully known or grasped.

Sent Department 114; repeated Saigon unnumbered, Manila unnumbered, Rangoon unnumbered, New Delhi unnumbered. Department pass Paris.

STANTON

751G.02/2–950 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

CONFIDENTIAL SAIGON, February 9, 1950—7 p. m.

98. President's recognition letter[1] delivered Bao Dai at Dalat twelve noon February 9. Also presented Gullion. Emperor requested me convey his sincere thanks and appreciation to President and Secretary. Reply to President's letter in preparation and will probably be delivered ConGen tomorrow. Emperor stated he would take up problem selection diplomatic representation in US without delay.

Bao Dai retained us a ceremonial luncheon at which Viet officials were presented as well as French Colonial member of Bao Dai's military household and French administrator at Dalat. In private conversation with Gullion and myself without French present Bao Dai emphasized importance to him of international recognition particularly by US both as regards his internal position before his people and his relations with French. He claimed his progress depended on degree to which French kept hands off. He repeated and expanded on remarks he made to Jessup re necessity of extreme caution to prevent infiltration his administration by Commies. He hinted at approaches made to him by disaffected VM supporters and difficulty distinguishing genuine article from provocateurs. Claims Vietminh now doubtful of

[1] For text, see telegram 59 to Saigon, February 4, p. 720.

military victory and have shifted to united front tactics with initial emphasis on lower administration levels.

Thus Bao Dai feels he must proceed carefully and avoid too sweeping amnesty proclamations. Claims Ho Chi Minh will shortly leave IC (if he has not already left) to devote himself to leadership SEA Comintern.

Bao Dai evinced considerable interest in possibilities of US aid and referred to memorandum summarized in mytel 69, January 31. He was eager to consider any details to be raised by US. Gullion said summary of requests received just before his departure from Washington and question of aid under study indicating that while matter had sympathetic interest some of initial request at first sight might appear excessive.

Among reasons why any equipment delivered should go first to Viet troops Bao Dai cited fact that they were sometimes able to obtain rendition of enemy with minimum of bloodshed. He urged wisdom of equiping village readiness contingents on home guard pattern.

Gullion and I leave tomorrow for Phnompenh.

Sent Department 98 Department pass Paris 48 Bangkok 16.

ABBOTT

751G.00/2–1150 : Telegram

The Consul General at Saigon (Abbott) to the Secretary of State

CONFIDENTIAL SAIGON, February 11, 1950—4 p. m.

106. Presented Gullion to Pignon February 9 on return from visit to Bao Dai at Dalat. Pignon departing February 12 for Paris, returning February 26.

1. With respect military situation Pignon said it would be mistake be over-optimistic. Combined effect US–UK recognition Bao Dai and Communist endorsement Ho extremely helpful but lines now drawn sharper than ever before. With present equipment and balance of opposing forces situation could be held but not much more. Weak spot was now Annam where French and Vietnamese spread thin and troops somewhat fatigued. Vietminh making strong effort this area. Pignon had just returned from there where he had extended talks with military and civilian leaders. On other hand situation Tonkin relatively good.

2. When substitution Vietnamese troops for French could be made results were good. Vietnamese satisfactory soldiers when things went well. Limiting factors on substitution were officer training and equipment. Former being slowly overcome; latter pretty much up to US. Recruitment and manpower not problem although French had to insist on careful security screening.

3. In response to question he indicated there had been no substantial reports of consultation between Chinese Communists and Ho. There were unverified reports that this or that Chinese unit was ear-

marked for thrust into Tonkin. There were slightly more reliable reports of Chinese-equipped convoys destined for VM. It was his opinion that if Russian or Chinese envoys to Ho were actually dispatched they would probably locate in a South China province.

4. Pignon uninformed Gullion's talk with Parodi. Although he an official Ministry Overseas France he was for transfer Vietnamese affairs to Foreign Office now only because effect Vietnamese and world opinion but because situation no longer one for Overseas France. He indicated he and latter not exactly speaking same language at present. Transfer to new Ministry of Associated States would not have same moral effect and besides he foresaw difficulty treating Vietnamese in same package with Moslem states if they became associated powers. Foreign Office solution would require at least a "*sous direction*" under a "*sous secretaire*".

5. Time had come for interested powers to examine SEA situation together and as a whole. He was going to Paris (*a*) for preliminary discussion this aspect, (*b*) for matters relating to Vietnam Interstate Conference and (*c*) land equipment Vietnam. His friend General Charrière had written him that American aid for military supplies was probability. Pignon did not indicate any knowledge Bao Dai's request for supplies. At this point Dugardier [1] got permission from Pignon to hand US-French internal memorandum on finances summarized in Contel 108, February 11.[2]

6. Pignon appeared believe western policy in Vietnam would be successful largely depending on US interest and moral and financial aid.

Sent Department 106. Department pass Paris 50.

ABBOTT

[1] Roger Robert du Gardier, Diplomatic Counselor to the High Commissioner in Indochina.
[2] Not printed.

751G.02/2–1350 : Telegram

The Officer in Charge at Saigon (Folsom) to the Secretary of State

CONFIDENTIAL SAIGON, February 13, 1950.[1]

109. Contel 107, Feb 11.[2] [From Abbott.] Gullion and I received Vientiane with full honors. Text President's message to King Laos [3] delivered Crown Prince Savang in presence Cabinet court officials and (in contrast Dalat and Phnompenh) local French officials. Savang cultured gentleman who has been twice to US and familiar world political problems. Understands ideological background our struggle with Communists and accepts position Laos as outpost. Admitted great bulk population did not and could not follow subtleties opposing propaganda and would tend align themselves with side which appeared strongest. Issaqak movement practically ended with surrender week

[1] Time of transmittal not indicated on the source text.
[2] Not printed.
[3] For text, see telegram 59 to Saigon, February 4, p. 720.

before to him of last band numbering 169. This will greatly facilitate rounding up Viet Minh and Chinese agitators who can no longer pose as affiliates Issarak movement.

Admitted problem lack personnel for new administration Republican Assembly French Union, diplomatic service, etc. (Acting Commissaire Regnier said *lycée* only graduated twelve persons last year although had facilities for many more.) Savang foresees difficult time at interstate conference but said Laos could not take sides in Vietnam Cambodian rivalry. Bulk Viet minority fled to Siam when French returned and show no tendency come back (only 800 out of 10,000 Viets remain Vientiane).

Prime Minister Prince Boun Oum said chief problem lack communications. Want free ports on Annam coast and completion projected railroad over mountains to Vinh. Also demand autonomous customs service although willing to have customs union. Question courts and justice not important.

Savang admitted discontent fierce Meo hill tribes northeast Laos and increasing Viet Minh propaganda among them but said he had called all Meo Chiefs to Luangprabang early February and after prolonged talks felt confident their loyalty. (Missionary sources say root difficulty price opium chief money crop of Meos.)

Prince said planned send 18 year old, eldest son and heir to school US when he finishes present studies Paris.

Regnier said fundamental problem Laos lack population and laziness people. Crops had been good except immediate area Vientiane and population generally content as needs were few. Laos Government had been insistent obtain same concessions Viet Cambodia but were now reluctant take over actual responsibilities. Only 29 percent budget or direct French subsidies [*sic*]. His chief problem lack military equipment. Has only one Junker transport plane, no scout cars other needed land transport. Organization Lao army would be slow first priority being given *gendarmerie*.

Sent Dept 109, Dept pass Paris 52. [Abbott.]

FOLSOM

751G.02/2–1350 : Telegram

The Officer in Charge at Saigon (Folsom) to the Secretary of State

SECRET SAIGON, February 13, 1950—11 a. m.

110. [From Abbott.] In company Gullion I presented President's message on recognition of Cambodia [1] to King Norodom Sihanouk at his palace in Phnom-Penh February 10. We were met at airport by French and Cambodian officials' guard of honor and military band.

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[1] For text, see telegram 59 to Saigon, February 4, p. 720.

In city itself considerable interest had apparently been aroused since streets were massed with onlookers. The 26-year-old King appeared sincerely moved at US recognition. He launched into discussion of status his country within Indochina and vis-à-vis France as follows:

Principal theme that although France had in long-run taken proper steps, they did so only on too little and too late basis. He could understand that it was question of pride and face and he realized need for strong France but hoped US recognition and acceptance Cambodia into family of nations would accelerate progress toward real independence. He stated one of mistakes of France lay in giving too little leadership in security matters to local governments. Cambodians had, it is true, been given responsibility for security in the Angkor area by France who now criticized him because contraband trade thrived there whereas if French only knew it, there was three times as much contraband to use in areas controlled by them. Moreover when security measures were left up to him, order prevailed and people could travel in safety.

Completion of supplementary accords with France was being held up principally because of failure to agree on status of judiciary. Cambodians agreed on special status under law for French nationals and on mixed courts but insisted that all courts operate as part of Cambodian judicial apparatus and dispense justice in name of Kingdom of Cambodia and not in name of French Union. (Cambodian communications with French this subject being airpouched.)

King seemed as much worried re security of Cambodia from future Annamese or Siamese encroachments as concerning immediate internal situation.

Cambodia wished send representatives to UN and to US at very early date. He himself looked forward to visiting US soon to express his gratification to President Truman personally. His remarks with respect to Cambodian representative abroad paralleled views expressed in memo given us before our visit by King's representative in Saigon which is being transmitted by airpouch.

With reference to visit by king to US, I intend to explain to his representative in next few days that while visit would undoubtedly be welcome, he should await opportune time.

King looked forward to receiving US aid in some form. He believes stability could come in this part of world only if it were clearly realized on which side US strength and influence lay.

After interview with King Cambodia we talked with Commissaire de la République de Raymond who said chief difficulty was instilling energy and sense responsibility into easy-going Cambodians and that politics tended to be feudal in sense that people grouped around various leaders who in one way or another have achieved preeminence. He pointed out then leaders not of aristocratic origin so

no hereditary aristocracy exists and that there are no real political parties with program and continuous policy. He added experiment of turning over complete military responsibility for Siamreap and Kampong-Thom provinces to Cambodians had been reasonably successful although not as much so as Cambodians claimed. Order had been maintained and security was good but at same time not many bandits had been rounded up and area had become a center for contraband arms trade. Cambodians tend to take seriously non-violence part of their strict Buddhism and to depend on persuasion rather than force. Bandits under VM leadership not very amenable to persuasion. Chief problem at moment was smuggling of arms from Siam across these provinces as well as by sea in south. De Raymond not satisfied with Cambodian cooperation in stopping this although no evidence of official collusion by Cambodians. Opposite true in Siam.

Commissaire said land reform problem practically nonexistent as nearly all land owned by peasants. Prevalence of small holdings would require organization cooperatives if mechanization agriculture to be introduced. This would be difficult because of extreme individualism Cambodian peasant and absence any village or commercial organization to use as nucleus. Peasants suffered from usury of moneylenders but to less extent than in other countries Indochina. Inflation had not cancelled out advantage of usurers who were agile enough to keep their rates ahead of it.

From Abbott.

Sent Department 110, Department pass Paris 53.

FOLSOM

PSA Files: Lot 54D190 [1]

Memorandum of Conversation, by the Secretary of State [2]

SECRET [WASHINGTON,] February 16, 1950.

Participants: M. Henri Bonnet, Ambassador of the French Republic
M. Jean Daridan, Minister Counselor, Embassy of the French Republic
The Secretary
Mr. Livingston T. Merchant, Acting Assistant Secretary, FE

The French Ambassador called on me this afternoon at his request, indicating that the subject which he wished to discuss was Indochina and that it was a matter of some urgency.

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[1] Consolidated files of the Office of Philippine and Southeast Asian Affairs, 1937–1952.

[2] Drafted by Livingston T. Merchant, Acting Assistant Secretary of State for Far Eastern Affairs.

Before recapitulating the contents of the attached *aide-mémoire* which the Ambassador left with me,[3] he stated that he wished to review the attitude of the French Cabinet in the light of recent developments in Indochina. The Ambassador pointed out that the French Government had been engaged for an extended period in a serious and expensive military effort in French Indochina. The Ambassador went on to point out that the recognition of Ho Chi Minh by the Peking and Moscow Governments seemed clearly to indicate that it was in this area that the two Communist powers proposed to take aggressive action. The second development, to which the Ambassador referred, was the ratification by the French Government of the March 8 Agreements, followed by recognition on the part of the United States and Great Britain. He went on to say that the French proposed loyally to carry out the terms of those Agreements and to foster the development of democratic institutions and processes in the three Kingdoms.

At this point the Ambassador made a slightly obscure statement to the effect that the French Government at some point must reach a decision with regard to the recognition of Peking. He said that this decision had not yet been made but he was anxious for me to know that at some point it would be made. I asked him at this juncture what bearing the recognition of Ho Chi Minh by Peking might have on their consideration of recognition of the Chinese Communists. The Ambassador admitted that it obviously was an important factor which would have to be taken into account and asked me if I had some message in this connection for him to transmit to his Government. I made clear that I was making no suggestion but merely attempting to ascertain the present thoughts of the French Cabinet on this point. The conclusion I drew from this side discussion was that the French are not contemplating for the immediate future recognizing Peking but that they do not by any means exclude such action, despite Peking's recognition of Ho Chi Minh.

I then reverted to the Ambassador's statement that the French proposed to foster the development of democratic institutions in Vietnam, Laos and Cambodia and asked him whether or not the French Government had in mind at this time the desirability of making a public statement to the effect that the March 8 Agreements represented only a step in an evolutionary process. I pointed out that the reluctance of certain Asiatic countries such as Thailand, India, the Philippines and Burma to recognize Bao Dai and the Kings of Laos and Cambodia rested apparently on their belief that these three States did not in fact enjoy independence. I said that in our case we had brushed aside this question in making our decision to recognize but that I

[3] Not printed.

was extremely fearful, in the absence of some expression of intent or further action on the part of the French, the reluctance of the Asiatic powers to come forward, a development so important for the future of the three States, would persist. The Ambassador replied that France had every intention of fostering the further development of these States along democratic lines, but that he felt quite certain that the Cabinet did not feel that it could make any statement of possible future actions having legal force. He added that it would be unfortunate if suspicion were permitted to grow in the minds of the Vietnamese as well as other Asiatic countries that they had not achieved, in fact, a very high degree of independence within the framework of the French Union. He intimated that a statement along the lines that I had suggested may arouse rather than allay such suspicion. I stated that I thought it might be useful if we could sit down with the French and examine this question further in view of the importance of doing everything possible to assure the future success of these new States. The Ambassador promised to convey the views I had just expressed to Paris.

The ambassador then briefly summarized the three points of his *aide-mémoire*. He expressed the hope that it would be possible for the United States to make a declaration of solidarity with France in this crucial area of Communist aggression, a statement which he felt would be strengthened by the adherence of the British. I questioned him at this point to ascertain whether the French Government was thinking in terms of a statement such as we had made in connection with Hong Kong, to the effect that armed aggression from outside would be a grave matter and call into play the machinery of the United Nations,[4] or whether Paris was thinking in terms of a commitment on our part in advance to provide U.S. military forces in such an event. The Ambassador indicated that the thought was closer to the former and pointed out that the French Army was in French Indochina and France must expect to continue to bear the brunt of the operation.

The Ambassador went on to his second point, which was military aid, pointing out the hope of the French Government that with Section 303 funds the immediate needs of the French military and Indochina could be supplied. At the same time he stated that his instructions from his Government contained the hope that staff talks could be initiated and that American officers could proceed to Indochina for a joint study with the French military of the supply requirements and the military situation on the ground.

[4] For information on the attitude of the United States with respect to the status of Hong Kong, see pp. 256 ff.

Lastly, the Ambassador stated that the French Government trusted that the United States Government would find it possible to render economic assistance and lighten the heavy burdens of the States of Laos and Cambodia and, above all, Vietnam.

I asked the Ambassador if Ambassador Bruce in Paris had received a copy of this communication. Ambassador Bonnet was not clear on this point though he felt certain our Embassy had been kept currently informed of the development of the thoughts of the French Government on this subject.[5] I thanked the Ambassador for his call and assured him that these proposals would receive our immediate attention.

[5] See telegram 746 from Paris, February 16, p. 734.

PSA Files: Lot 54D190

Memorandum of Conversation, by the Acting Assistant Secretary of State for Far Eastern Affairs (Merchant)

SECRET [WASHINGTON,] February 16, 1950.

Following the departure of Ambassador Bonnet the Secretary stated that he desired a copy of the *aide-mémoire* to be transmitted immediately to the Department of Defense, in fact, not later than tomorrow, and he suggested in the interest of speed it be covered by a note to General Burns[1] from Mr. Rusk.

Secondly, the Secretary desired that our Embassy in Paris should be informed of this *démarche* and the views of the Ambassador and Mr. Bohlen be solicited. He emphasized that with their familiarity with the situation that we should attempt to exploit their influence to the maximum in order to achieve what we desired the French to do. The Secretary emphasized that our bargaining position disappears the moment we agree to give theim aid. The Secretary added that he felt that in order to give American aid the best chance of success in this situation it should be provided in circumstances where the three States were given the maximum interest in pursuing a course of resistance. He felt that while they should have urged upon them the importance and the desirability from their own point of view of maintaining a close connection with France, that nevertheless they should be in a position where they could in fact, if they so elected, walk out of the French Union at any time.

[1] Maj. Gen. James H. Burns (ret.), Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance.

751G.00/2–1650

The Chargé in France (Bohlen) to the Secretary of State

SECRET PARIS, February 16, 1950—9 p. m.

746. Couve de Murville today read to me instructions which were sent to Bonnet last night for an approach to the Secretary concerning Indochina. According to these instructions, this approach is not primarily a request for a three-power conference, although that is mentioned, but direct French request for unspecified large-scale American assistance on a long-term basis.

Bonnet was instructed to emphasize that recognition of Ho Chi-minh by Soviet Union has transformed Indochina into an international factor in the world-wide struggle against Soviet Communism, which may become the most active and immediately threatening sector in the world front. He is instructed to inform the Secretary that "in these circumstances" France has need of aid from her allies, particularly the US, in the political, military and economic spheres, that in the political sphere a common policy should be drawn up which might include a declaration to forestall Soviet or Chinese Communist aggression against Indochina.

In the military sphere the instructions emphasize that the requests about to be submitted for assistance under the 75 million dollar fund will be for immediate needs only and that further military assistance, in supplies and equipment, will be necessary on very much larger scale and for an indeterminate period of time in accordance with plan to be worked out jointly by the Chiefs of Staff of US and France. Long-term economic aid will also be necessary to help economy of Indochina.

The instructions refer to the desirability of calling a three-power conference to consider the broad aspects of the Indochinese situation, but this is apparently regarded as something less urgent than direct approach to the US since Couve said there was no approach to the British at this time.

I told Couve de Murville that I thought this generalized and vague approach to the US alone would merely evoke a series of questions for clarification and was not in my opinion the best way to have initiated the subject, that instructions, as I understood them, seemed to make no reference to what France herself was determined to do nor to contain any concrete program or even any estimate of the extent of long-term aid required. I told him that obviously any question of long-term aid to Indochina could only be considered after there had been a thorough examination of entire situation and implications which such demands would have on heavy commitments the US already has in matter of foreign aid and military assistance. Couve gave me impression that French had not given much thought to role

of Great Britain in present Indochinese situation and was unable to give any details of long-term assistance that French Government had in mind, which he said would have to be discussed and worked out jointly, referring in this connection to suggestion in instructions that the US and French military staffs should work out plan.

The instructions to Bonnet were approved by the Cabinet yesterday and therefore must be taken as representing views of French Government. Since, however, they are general in terms and do not specify exact assistance to be requested, this approach appears to be an endeavor to ascertain general attitude of US Government.

We will continue to impress upon French importance of developing concrete and realistic program for Indochinese situation rather than vague, generalized attitudes as evidenced by Bonnet's instructions, and it would be most helpful if when Bonnet makes this *démarche* Secretary could emphasize this same point, and impress upon him that whatever consideration might be given to assistance in Indochina, primary responsibility in that area is and will continue to be French. The Secretary may care to refer to a statement to that effect which he made to Schuman during three Secretaries meeting here in Paris on November 10.[1]

BOHLEN

[1] In telegram 3922 from Frankfort, November 12, 1949, Secretary Acheson reported the following in connection with the recently completed United States-United Kingdom-French discussions at Paris: "On Indochina I told Schuman we felt that French were on right track with Bao Dai (although perhaps not moving as fast as desirable) and we wanted to be as helpful as possible. I said we would consider sympathetically any specific proposals French cared to make although basically we felt that primary task was French." (893.01/11–1249)

FMACC Files: Lot 54D5[1]

Country Report Prepared in the Bureau of Far Eastern Affairs for the Director of the Mutual Defense Assistance Program (Bruce)[2]

SECRET [WASHINGTON, undated.]

MILITARY ASSISTANCE PROGRAM FOR INDOCHINA FOR FISCAL YEAR 1951

A. *U.S. political and economic objectives in Indochina.*

The principal U.S. political objective toward Indochina is to insure the existence of governments in the three newly formed states of Vietnam, Laos and Cambodia which represent the legitimate national-

[1] Files of the Foreign Assistance Correlation Committee and its successor, the Foreign Military Assistance Coordinating Committee, 1949–1950. For information on the operations of FMACC, see volume I.

[2] This report was one of five studies on Far Eastern countries transmitted by Deputy Assistant Secretary Merchant to MDAP Director Bruce on February 16. For documentation on United States economic and military assistance to the Far East, see pp. 1 ff.

ist aspirations of those Indochinese people who do not desire to see Communist-oriented governments in Indochina.

The U.S. has made strong representation to the French Government to extend liberal terms to the three newly formed states to indicate not only to the Indochinese people but to the neighboring Asian countries and to the world that France is the friend and supporter of legitimate nationalism and recognizes that the era of prewar colonialism is ended. At the same time, the U.S. recognizes that the inherent weakness within the new states does not permit, for reasons both of external and internal security, that French military forces could be withdrawn from Indochina at the present time.

U.S. economic objectives in Indochina are directed toward the support of a program of aid and technical advice which will permit the three newly formed states to establish economic stability and to thereby lessen the danger of communism in the area. At the same time, economic stability in Indochina will assist in the rehabilitation of metropolitan France and therefore contribute directly toward a lessening of U.S. aid to metropolitan France.

1. Both the political and economic objectives in Indochina are extremely important to not only the U.S. position of lessening Communist expansion but urgently necessary towards that end.

2. Special problems of internal security.

a. A political solution is required since it has been demonstrated during five years of French military effort that a military solution alone cannot succeed. The political effort must, however, be backed up by a continuing police-type military action which will enable non-communist oriented governments to maintain themselves in power. Economic problems of rehabilitation must be dealt with concurrently in order to wean away from communist leanings the peoples of Indochina.

b. The Governments of the three new states are willing to work toward the solution outlined in "*a.*" above, but without outside support are unable, due to lack of trained administrative personnel, lack of experience and lack of military strength, to withstand communist aggression, backed up by Chinese Communist or by Soviet assistance.

3. The special problems of maintaining external security rests strongly on the Army of the French Union which has the responsibility in time of emergency or war of maintaining the area against external aggression.

a. Since the Army of the French Union now in Indochina, which includes upwards of 50,000 Indochinese, has been unable during the past five years to effectively stabilize the area against internal communist guerrillas under the direction of Ho Chi Minh, it is obvious that the same forces are unable to protect Indochina from either an invasion by mass of Chinese communist armies or by an increased indigenous communist army which is supplied from outside sources. The solution, therefore, to protect Indo-

china from either of these threats must rest with military and economic aid from the non-communist oriented countries of the world.

b. The Governments of the three new states appear to be willing to contribute toward non-communist defense of the area but are unable to contribute more, in a general way, than they now supply.

4. Because of the internal weaknesses of Indochina, none of the three new states is in a position to assist other countries in the area which are friendly to the United States, to maintain security.

B. In order to achieve U.S. political and economic objectives, it is recommended that both military and economic aid be given to the Governments of Vietnam, Laos and Cambodia, plus assistance to the Army of the French Union, which will remain the responsible agency for defense.

1. Assistance furnished to the armies of Vietnam, Laos and Cambodia would, it is planned, contribute toward combating communism both within Indochina and against an aggressor. Since the over-all control of military measures would rest with the Army of the French Union, it may be assumed that military aid would be used to achieve U.S. objectives.

2. A military solution would effectively contribute toward appropriate political and economic solutions although U.S. or foreign military and economic assistance would be played up by the communist propaganda agency as a demonstration that U.S. aid was being used to further French colonialism. Therefore, as much aid as possible should be given directly to each of the three new states in order to overcome this propaganda.

3. The three new states cannot improve their military strength without injury to their economies except that additional manpower (without equipment) could be supplied.

4. On the assumption that the anti-communist efforts will be successful in this area, then security needs from their own resources might be supplied to a certain extent by the three new Governments but would probably continue to require for some time direction by local French authorities and probably small amounts of assistance from France.

C. The general nature and extent of proposed military assistance is now being studied by French and Indochinese military authorities, and will be supplied to the U.S. through channels already established.

1. The nature and purpose of U.S. military assistance to Indochina would be psychological, to establish U.S. abhorrence to further communist expansion in Southeast Asia; political, by strengthening the non-communist governments of the three states; and practicable in that both the political and psychological effects are in full accord with U.S. policy for Southeast Asia.

2. While the extent of assistance is as yet unknown, it is expected that it will be more than token and would include material aid and other assistance available only from U.S. sources.

3. Timing.

a. It is essential that military aid begun in 1950 through the French be continued during fiscal year 1951 in order to continue to contain communist aggression in Southeast Asia which has already begun.

b. If aid were not supplied during fiscal year 1951, it appears that communist aggression would successfully swallow up not only Indochina but threaten the remainder of Southeast Asia.

4. The probable duration of proposed military aid is uncertain because of the unknown factors concerning communist plans for the area. However, it is obvious that the more quickly aid can be given the more quickly the threat can be stopped. The slower the aid is in arriving, the more prolonged the effort must be.

D. 1. U.S. political involvement in Indochinese affairs would be expected to be concerned only with advice to France as well as to the three new states and to continuing efforts to orient the neighboring Asian countries towards a non-communist solution for the area.

2. Economic involvement would depend on the successes of both political effort and military aid but should not be expected at this time to include long-term economic assistance.

3. The consequence of withdrawal of military aid before a planned termination date would allow communist domination of Indochina and Southeast Asia.

E. 1. The recipient Governments will welcome U.S. military aid.

2. Adjacent countries will welcome U.S. military aid if it is combined with French assurances that such aid is supplied and utilized for the purposes of maintaining countries whose Governments represent the legitimate nationalist aspirations of the peoples of Indochina and not to reimpose French colonialism control. U.S. military aid should be expected to have a violent reaction from the USSR and satellite countries. However, there does not appear to be any political Asiatic consolidation of opposition against the recipient countries and to the United States except from Communist China and from North Korea whose positions are already quite clear.

890.00TA/2–1750 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

SECRET BANGKOK, February 17, 1950—10 p. m.

160. For Merchant from Butterworth. View imminent departure Griffin mission [1] and indications in Department 95 of February 10,

[1] On February 23, the Department of State announced that it was dispatching a special mission to study the requirements of Southeast Asia with respect to possible United States technical assistance. The mission was headed by R. Allen Griffin, newspaper publisher and former special assistant on the China Aid Mission of the Economic Cooperation Administration, 1948–1949. The Griffin Mission visited Indochina from March 6 to March 16. For documentation on the mission, see pp. 1 ff.

noon [2] that firm decision may be in process of being taken re military and other aid to Indochina, I thought you might like to have my impressions from conference discussions [3] and talks with Thailand Prime Minister and Foreign Minister during which Stanton, Jessup and I pressed hard for recognition.

It is transparently clear that Asiatic neighbors of Indochina consider Bao Dai a French creation and a French puppet; despite current and anticipated actions of support by US and western powers they prepared sell his regime short, if status Bao Dai remains undrastically modified; even if such changes made promptly, he must exert effective leadership comparable to Ho's.

We should realize that ECA and military aid from US, just as recognition by US, do not constitute "missing components". While absence of ECA and military aid, just as lack recognition, would prove disadvantageous, under present circumstances they are not of primary importance and will not constitute decisive factors. Conference found Gullion's analogy with Greece far from persuasive and, in fact, dangerous delusion.[4]

"Missing component" is further action by French which would place Vietnam in category of independent states.

Accordingly, Griffin mission should receive very precise and careful instructions prior to departure and it would be my recommendation that no ECA or military aid be committed to French Indochina unless France gives requisite public undertakings re further steps leading to status similar to Indonesia. Current French intentions seem epitomized by Parodi's statement to Gullion (intel February 7, 7 a. m.)[5] that "French Parliament could not be told Indochina accord ratified February 2 of only passing value and it would do more harm than good kindle unrealistic appetites in Vietnam which would necessarily be disappointed." Question, therefore, is what are the realistic nationalist appetites which will not be disappointed. [Butterworth.]

STANTON

[2] Not printed.

[3] Reference is to the Bangkok regional conference (see footnote 3, p. 698, January 20), which was attended by Assistant Secretary Butterworth.

[4] The views presented by Chargé Gullion at the Bangkok Conference were presumably similar to those contained in the analysis of the Indochina situation transmitted in telegram 334 from Saigon, May 6, p. 802.

[5] Not printed, but see telegram 585 from Paris, February 6, p. 721.

751G.00/2-2250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 22, 1950—4 p. m.

837. At the request of Parodi, I went over with Bohlen today to see him on the subject of Indochina.

Parodi said he wished to emphasize the very major importance that the French Government attached to the memorandum submitted by Bonnet to the Secretary last night [1] and to re-emphasize and expand what Couve de Murville said to Bohlen last week. He said first he wished to explain the reference which Bonnet made under instructions, although not in the memorandum, to the French intention to sound out Mao Tse-tung on the question of recognition. He said no decision in favor of recognition had been taken, but the French Government considered it wise to endeavor to ascertain what Mao's intention might be in regard to Indochina and that possibility of such sounding had been opened up by an indirect inquiry from the Chinese Communists re possibility of importing rice from Indochina. As to substance of the memorandum, he said the French Government, after the meeting of the Cabinet and two meetings of the Defense Committee which he, Parodi, had attended, had come to the conclusion that they should set forth to the United States Government fully and frankly the extreme gravity of the situation in Indochina from French point of view as a result of recent developments and the expectation that at least increased military aid would be furnished to Ho Chi Minh from Communist China. He said the truth of the matter was that the effort in Indochina was such a drain on France that a long-term program of assistance was necessary and it was only from the United States that it could come. Otherwise, he said, it was very likely that France might be forced to reconsider her entire policy with the possible view to cutting her losses and withdrawing from Indochina. He twice repeated that as I knew from our previous conversations with the Foreign Office, no such possibility had even been considered by the French Government until the recent developments occurred. He said it was not the intention of the French Government to withdraw and actually at the moment the military situation was not too bad in Indochina, but looking into the future it was obvious to them that France could not continue indefinitely to bear this burden alone if the expected developments in regard to increased assistance to Ho Chi Minh came about. Parodi stated that in any event the French Government was confronted with necessity of reducing the present French forces in Indochina by at least 25,000 not only for budgetary reasons, but because additional men were urgently needed in connection with French national military program.

Parodi said the French fully realized that they were confronting the United States with issues of the highest policy and of the most fundamental nature and they were fully aware of the consequences that would flow from a French withdrawal from Indochina and the immediate effect upon the other countries of southeast Asia, even

[1] Reference is to the French *aide-mémoire* of February 16, not printed.

including India, and it was for these reasons that French Government had decided to place the question squarely before the United States.

He said that the full program of military assistance which French Government had in mind would be sent to the Embassy this afternoon.[2] He explained that it had been divided into three sections: immediate, which would list requests which might be met from the $75 million allocated to the President for the Orient, and the other two categories for urgent but less immediate demands based on a long-term program.

Parodi referred to the Secretary's reminder to Bonnet of the importance of a statement from the French Government that the March 8th agreements were evolutionary in character and said that in their view because of the weakness and fragility of the local governments in Vietnam, Cambodia and Laos, declarations of this kind would be more damaging than helpful; that it was the evolutionary process itself, rather than declarations in advance, which would help move these regimes towards greater self-government and stability, adding that it is the intention of the French Government to follow a completely evolutionary process in regard to these three governments, but they were doubtful as to the wisdom of a statement in advance.

I told Parodi that I thought it was very important for us to know very definitely what the intentions of the French Government in regard to remaining in Indochina were; that obviously our estimate of the French determination to keep on in Indochina would have a direct bearing upon our consideration of the possibility of American assistance. In this connection, since Parodi had referred to our action in Greece, we mentioned that American assistance would hardly have been given to Greece had we not had complete confidence that within limits the Greek Government was going to continue to fight; that obviously any program of external assistance was marginal in character and entirely dependent for its success upon the solidity of the base—in this case, the firmness of French policy and actions in Indochina.

Parodi said he was glad to have this observation, because they had been somewhat concerned re the best psychological method of presentation, to which I replied that it was not a question of psychology alone, it was a question of reality and steadiness of French purpose in Indochina that was at issue.

I asked him whether the political declaration to which Bonnet referred meant a tripartite declaration with England, or the United

[2] The proposed program was submitted by the French on February 22 in the form of lists of military equipment desired. These lists, not printed, were transmitted by Mr. Bohlen to Assistant Secretary of State Perkins under a covering letter dated February 24. (751G.5 MAP/2–2450) This program was also submitted to the Department of State by the French Embassy. French requirements were further defined in lists presented in Paris on March 22 and in Washington on March 31, neither printed. Documentation on the various French requests is located in file 751G.5 MAP.

States alone, or US and French, to which he replied the latter in view of the time element. We emphasized to him our personal view that any such declaration could only be considered on a tripartite basis in view of the interests of Great Britain in the area and the impression of divergence between US and the British which any unilateral or even bilateral statement would create.

This telegram was delayed pending the expected receipt yesterday of the French requests which Parodi was taking in for final clearance to Schuman. These requests did not arrive yesterday and we were informed last evening that there may be some further delay. We are not sure whether this means that Schuman has somewhat different views on policy in Indochina than Parodi and Couve de Murville (since approach to us and subsequent developments have taken place in his absence). I am seeing him this afternoon and will be able to ascertain whether or not his views are in accordance with those expressed to us by Parodi.

BRUCE

751G.00/2–2250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 22, 1950—8 p. m.

840. Remytel 837 February 22.

1. Mr. Schuman returned to his office yesterday after an absence of about three weeks and officially resumed his duties today. He seems tired and has not yet fully convalesced from his grippe. He said that he had gathered from Bonnet's despatch that Secretary Acheson had not been favorably impressed by the French suggestion that they might recognize Mao Tse-tung. Schuman stated that nothing had been decided on this point and that it would only be done provided that his government became convinced, after feeling out the Chinese Communist officials, that the advantages to be derived would be substantial, but that, in no case was any recognition contemplated in the near future nor would it be taken without prior advice to the US Government.

2. I told him of the conversation recently had by Bohlen and myself with Parodi in which the latter referred to the speculative possibility of a withdrawal by the French from Indochina.[1] Schuman said that later on the same day he had discussed this matter with Parodi and that this was not the position of the Foreign Office or of the government. Schuman said that he had had no opportunity since his return to discuss this question with the Cabinet, but that he felt that an evacuation of Indochina by the French would mean not only a massacre of French troops and French civilians there, but the

[1] See telegram 837, February 22, *supra*.

slaughter of literally millions of natives who would be accused of having been friendly to the French or to Bao Dai. In addition, and more important, was his feeling that even the suggestion of such a withdrawal would cause the gravest political disturbance in France, would unfavorably affect the situation in the French Union, especially in Africa, would give the Communists and other dissident elements at home and abroad the impression of Western defeatism and would also be a betrayal of the responsibility which France owed to maintain an anti-Communist front in Southeast Asia. He said that he considered Indochina primarily a French responsibility, that he would like to get immediately marginal aid from the US in very considerable quantities and amounts in accordance with the list submitted to US today,[2] in order to improve the efficiency of the French and Bao Dai operations against Ho Chi Minh. He pointed out his belief that the later steps to be taken and any question as to the ability of the French to continue indefinitely their present expenditure of men, money and materials in Indochina would have to be considered in connection with the overall policy to be adopted by the US, the UK and France in regard to a common Far East policy. He thinks it most important that Great Britain should be drawn into such discussions soon after this weeks elections. He has not yet made up his mind as to how, when, and where, he would suggest that they be conducted, but has sent word to Bonnet to be in Paris the beginning of next week to advise him in person of his conversations with the Secretary in Washington.

3. Mr. Schuman believes that important as is the situation in Indochina to the interests of all of us, that it must be considered only as a part of the general problem of opposition to Communist aggression, although, as regards the Far East, he was careful to underline that he considered it the vital point there.

BRUCE

[2] See footnote 2, p. 741.

751G.00/2–2350 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, February 23, 1950—8 p. m.

860. Mytels 837 and 840. I saw Bidault last night. He stated:

1. He had to date been opposed and expected to remain very skeptical about any advantages to be derived by France from the recognition of Mao Tse-tung. However, he thought it advisable to feel out Chinese Communists and ascertain what they might profess themselves willing to do in exchange for recognition. If then any deal were suggested that appeared at least on surface advantageous to France, government would consider whether or not any confidence could be placed in agreement with Mao, which he personally doubted.

2. Withdrawal by French from Indochina had long been pet project of Communists as well as of some Socialists. It was unthinkable for many reasons, amongst others that in France itself it would immediately provoke an "insurrection". France was carrying burden in Indochina which he hoped would be lightened by assistance from other powers interested in combating Communism in Far East but even in absence of such assistance, she could not nor did she intend to lay it down.

3. Our two governments seem to be talking at cross purposes as to what is meant by the term independence for Indochina and what an evolutionary statement should contain. The French expect Indochina to remain within French Union and are willing to grant further concessions as Vietnamese show themselves capable of taking over additional responsibilities and of safeguarding their own security interests. Time-table idea does not strike him sympathetically for chief evidence of alleged French imperialism is presence in Indochina of French troops, withdrawal of whom cannot be fixed in point of time.

4. He believes neither in US nor in Asia does public realize how extensive has been grant of powers to Indochinese nor how sincerely French would like to have these peoples take over further responsibilities as they are able to, and thus relieve France of its ungrateful and exceedingly expensive task there. He thinks French Government has been most inefficient in its propaganda on this subject and hopes to do something that will clarify situation.

In connection with above and other conversations we have had recently, especially one yesterday with Pignon, whom I regard as competent and enlightened administrator, we are preparing study on pros and cons of "evolutionary statement" idea which has domestic, political and North African implications, as well as those bearing on SEA scene.

Sent Department 860 repeated London 268, for Butterworth.

BRUCE

Department of State Executive Secretariat Files: Lot 63D351: NSC 64 Series

Report to the National Security Council by the Department of State [1]

TOP SECRET WASHINGTON, February 27, 1950.

NSC 64

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON THE POSITION OF THE UNITED STATES WITH RESPECT TO INDOCHINA

The enclosed report by the Department of State on the subject is submitted herewith for urgent consideration by the National Security Council and the Secretary of the Treasury.

[1] This report was adopted by the National Security Council on April 18 and was approved by President Truman on April 24; see Record of NSC Action of April 18, and footnote 4 thereto, p. 786.

It is recommended that, if the Council and the Secretary of the Treasury adopt the enclosed report, it be submitted to the President for his consideration with the recommendation that he approve the Conclusions contained therein and direct their implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State.

JAMES S. LAY, JR.

[Enclosure]

Draft Report by the National Security Council

TOP SECRET [WASHINGTON, February 27, 1950.]

THE POSITION OF THE UNITED STATES WITH RESPECT TO INDOCHINA

THE PROBLEM

1. To undertake a determination of all practicable United States measures to protect its security in Indochina and to prevent the expansion of communist aggression in that area.

ANALYSIS

2. It is recognized that the threat of communist aggression against Indochina is only one phase of anticipated communist plans to seize all of Southeast Asia. It is understood that Burma is weak internally and could be invaded without strong opposition or even that the Government of Burma could be subverted. However, Indochina is the area most immediately threatened. It is also the only area adjacent to communist China which contains a large European army, which along with native troops is now in armed conflict with the forces of communist aggression. A decision to contain communist expansion at the border of Indochina must be considered as a part of a wider study to prevent communist aggression into other parts of Southeast Asia.

3. A large segment of the Indochinese nationalist movement was seized in 1945 by Ho Chi Minh, a Vietnamese who under various aliases has served as a communist agent for thirty years. He has attracted non-communist as well as communist elements to his support. In 1946, he attempted, but failed to secure French agreement to his recognition as the head of a government of Vietnam. Since then he has directed a guerrilla army in raids against French installations and lines of communication. French forces which have been attempting to restore law and order found themselves pitted against a determined adversary who manufactures effective arms locally, who received supplies of arms from outside sources, who maintained no capital or permanent headquarters and who was, and is able, to disrupt and harass almost any area within Vietnam (Tonkin, Annam and Cochinchina) at will.

4. The United States has, since the Japanese surrender, pointed out to the French Government that the legitimate nationalist aspirations of the people of Indochina must be satisfied, and that a return to the prewar colonial rule is not possible. The Department of State has pointed out to the French Government that it was and is necessary to establish and support governments in Indochina particularly in Vietnam, under leaders who are capable of attracting to their causes the non-communist nationalist followers who had drifted to the Ho Chi Minh communist movement in the absence of any non-communist nationalist movement around which to plan their aspirations.

5. In an effort to establish stability by political means, where military measures had been unsuccessful, i.e., by attracting non-communist nationalists, now followers of Ho Chi Minh, to the support of anti-communist nationalist leaders, the French Government entered into agreements with the governments of the Kingdoms of Laos and Cambodia to elevate their status from protectorates to that of independent states within the French Union. The State of Vietnam was formed, with similar status, out of the former French protectorates of Tonkin, Annam and the former French Colony of Cochinchina. Each state received an increased degree of automony and sovereignty. Further steps towards independence were indicated by the French. The agreements were ratified by the French Government on 2 February 1950.

6. The Governments of Vietnam, Laos and Cambodia were officially recognized by the United States and the United Kingdom on February 7, 1950. Other Western powers have, or are committed to do likewise. The United States has consistently brought to the attention of non-communist Asian countries the danger of communist aggression which threatens them if communist expansion in Indochina is unchecked. As this danger becomes more evident it is expected to overcome the reluctance that they have had to recognize and support the three new states. We are therefore continuing to press those countries to recognize the new states. On January 18, 1950, the Chinese Communist Government announced its recognition of the Ho Chi Minh movement as the legal Government of Vietnam, while on January 30, 1950, the Soviet Government, while maintaining diplomatic relations with France, similarly announced its recognition.

7. The newly formed States of Vietnam, Laos and Cambodia do not as yet have sufficient political stability nor military power to prevent the infiltration into their areas of Ho Chi Minh's forces. The French Armed Forces, while apparently effectively utilized at the present time, can do little more than to maintain the *status quo*. Their strength of some 140,000 does, however, represent an army in being and the only military bulwark in that area against the further expansion of communist aggression from either internal or external forces.

8. The presence of Chinese Communist troops along the border of Indochina makes it possible for arms, material and troops to move freely from Communist China to the northern Tonkin area now controlled by Ho Chi Minh. There is already evidence of movement of arms.

9. In the present state of affairs, it is doubtful that the combined native Indochinese and French troops can successfully contain Ho's forces should they be strengthened by either Chinese Communist troops crossing the border, or Communist-supplied arms and material in quantity from outside Indochina strengthening Ho's forces.

CONCLUSIONS

10. It is important to United States security interests that all practicable measures be taken to prevent further communist expansion in Southeast Asia. Indochina is a key area of Southeast Asia and is under immediate threat.

11. The neighboring countries of Thailand and Burma could be expected to fall under Communist domination if Indochina were controlled by a Communist-dominated government. The balance of Southeast Asia would then be in grave hazard.

12. Accordingly, the Departments of State and Defense should prepare as a matter of priority a program of all practicable measures designed to protect United States security interests in Indochina.

751G.02/3–150 : Telegram

The Ambassador in Thailand (Stanton) to the Secretary of State

CONFIDENTIAL BANGKOK, March 1, 1950—noon.

190. 1. Cabinet split over recognition Bao Dai now resulted resignation Foreign Minister Pote Sarasin. Pote informed me last night he tendered resignation yesterday afternoon since Prime Minister and military members Cabinet still strongly in favor immediate recognition Bao Dai. He said this matter subject continued heated arguments every Cabinet session and finally at last session agreed decision should be left to Prime Minister who has decided on recognition Bao Dai, Cambodia and Laos. Pote said he endeavored persuade other members Cabinet, namely Ministers Industry, Communications, Public Health, Justice, Deputy Prime Minister, who also opposed immediate recognition, not resign and thus avoid major Cabinet crisis.

2. While decision to recognize gratifying, most unfortunate that unanimity was not possible and that Pote resigned since he most capably discharged duties and always been very frank, friendly. I am also disturbed over fact Cabinet controversy and newspaper publicity have given erroneous impression we pressuring Thai Govern-

ment and that we demand recognition Bao Dai and other two states as *quid pro quo* for military aid. I have had publicly to deny this and Prime Minister has also denied we pressuring Thai; nevertheless impression persists and is unfortunate. I know also from reliable reports received concerning Cabinet controversy that representatives Thai armed forces convinced recognition issue linked with aid to Thai. I have confidentially informed Prime Minister some military aid likely, but expectations Thai Army chiefs fantastic.

Department please repeat Paris. Pouched Saigon, New Delhi, Rangoon, Manila, Djakarta, Singapore, Colombo, Karachi.

STANTON

751G.5 MAP/3–450 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, March 4, 1950—1 p. m.

943. In connection with possible military assistance to be given to Indochina Dept is interested in knowing your views on Fr plans regarding the manner and extent of participation by Bao Dai in this aid. Bao Dai's extravagant requests as presented in his memo to Jessup [1] (which we are assuming has not been seen by the Fr) indicate that he may soon raise the question. The granting of arms to Bao Dai raises question about Fr supervision. In order to build up his political position in Vietnam the Dept considers it important that some formula be found to make Bao Dai appear to be the overt recipient of such aid. This may, of course, involve more of a concession than the Fr are prepared to make at this time, but may, from US viewpoint, be necessary. Dept may wish to ask you to discuss with Fr an approach by us to Bao Dai along the fol lines:

1) That his ideas for equipping Vietnamese army, militia, air force and navy, as set forth in his memo to Jessup seem beyond the realm of practical possibility.

2) That for long time to come he will have to look primarily to Fr for supplies of arms, training and military assistance in general.

3) It is up to him as much as it is to Fr to establish a *modus vivendi* re this question which will enable him to receive from them adequate support to pacify the country without jeopardizing his own position as the chief of an independent Viet Nam.

4) We are considering making a contribution to the joint Fr-Vietnamese war effort in the area. However, in view of urgency of their joint need for assistance it will, for purely practical reasons, be necessary to extend material assistance to them thru the Fr., but preserving Bao Dai as publicized recipient.

5) Since the appearance of it being a joint Franco-Vietnamese operation is of great importance politically we are likewise suggest-

[1] For a summary of the memorandum, see telegram 69 from Saigon, January 31, p. 707.

ing to the Fr that they associate him in their request for an arms program for Indochina.

Emb's comments urgently requested.[2] No action should be taken with Fr on above without further instructions.

Rptd Saigon as 122 for info only.

ACHESON

[2] In telegram 1053, March 6, Chargé Charles Bohlen stated that with minor reservations and subject to Gullion's comments, the Embassy entirely agreed with an approach to Bao Dai as suggested in the present telegram. He also expressed the Embassy's opinion that the "formula to be worked out for military aid should be based on principle of adequate political prestige to the three Vietnamese states without sacrifice of efficiency." (751G.5 MAP/3–650)

PSA Files: Lot 54D190

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Secretary of State

SECRET [WASHINGTON,] March 7, 1950.

The attached memorandum has been prepared to summarize the principle policy considerations with which the United States Government is concerned in Indochina.

You are of course familiar with what the Department has done in the premises; the recognition of the three Indochinese states, the efforts to secure Asian recognition of them, the dispatch of the Griffin mission to Saigon,[1] the dispatch of elements of the Seventh Fleet to Saigon, and the processing of requests for economic and military assistance from the French Government and from the Government of Bao Dai.

Certain important decisions must yet be made in respect of:

(*a*) The extent and character of our military commitment in Indochina. This matter has been referred to the National Security Council for action.

(*b*) The French have proposed that conversations commence at once between the governments of the United States, France and the United Kingdom on the problem of general anti-Communist strategy in Southeast Asia and that staff talks between representatives of the three powers concerning the defense of Indochina be initiated. As you know, it is our purpose to embody the subject of Indochina in conversations now planned for the Foreign Ministers of the United States, France, and the United Kingdom on a wide range of subjects. FE and EUR are favorably disposed toward the initiation of staff conversations provided the Government of the United Kingdom is agreeable.

If you agree, therefore EUR and FE will make appropriate approaches to the British Government to determine its attitude toward

[1] See footnote 1, p. 738.

the commencement of staff discussions; if the British Government is agreeable the Department will notify the French Foreign Office that we are prepared to begin staff discussions at once on the defense of Indochina.

[Annex]

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Assistant Secretary (Butterworth)

SECRET [WASHINGTON,] March 7, 1950.

Subject: French Indochina

I The Department's policy with respect to Southeast Asia is to stop Communism at the southern border of China (i.e., to prevent the establishment by force in the countries south of China of Communist or Communist-dominated regimes) by all feasible and appropriate political, economic and military measures.

The importance of French Indochina is due to:

A. The fact that it is the key to the rest of the area. It can be assumed that Thailand would change sides promptly if French Indochina goes Communist. Burma would be outflanked. The position of the British in Malaya would be gravely prejudiced and the opening up to the Communist coalition of the raw materials of the Republic of the United States of Indonesia would be accelerated.

B. The probability that the inability of Mao Tze-tung to expand southward would increase the friction between China and Russia over Manchuria and the northern tier of Chinese provinces.

C. The certainty that the prestige of psychological results of another Communist triumph in Asia, following on the heels of China, would be felt beyond the immediate area and could be expected adversely to affect our interests in India, Pakistan and even the Philippines.

II The element of urgency in French Indochina is underlined by:

A. The recognition of Ho Chi-minh by Peking and Moscow.

B. The certainty of increased support in the form of arms and supplies for Ho Chi-minh's forces from the Chinese Communists now that the latter are established on Indochina's northern border.

C. The formal French request of February 16, 1950 for massive economic and military assistance.

III Actions taken by the U.S. in the political field include:

A. Recognition of Bao Dai and the Kings of Laos and Cambodia.

B. Efforts to persuade friendly Asian countries similarly to recognize.

C. Maintenance of continuing pressure on the French to extend the area of sovereignty granted to these three rulers.

D. Active cooperation with the British in the foregoing activities.

IV Actions taken by the U.S. in the economic field include:

A. Under the ERP Program for metropolitan France the necessary dollar imports of French Indochina have been and continue to be financed.

B. An unsuccessful effort was made to secure additional funds in ECA fiscal 1950 budget ($15 million) for economic projects within French Indochina over and above financing necessary imports.

C. It is our intention to seek Congressional extension until the end of fiscal 1951 authority to expend residual China Aid funds and to include French Indochina in the area of eligibility for the use of such funds.

D. The Griffin Mission arrives in Saigon March 6 to survey economic programs with political impact and promising early results which might be financed under ECA China Aid, Point IV funds or Section 303.

V Actions taken by the U.S. in the military field include:

A. Transmission to the President, with the concurrence of the Joint Chiefs of Staff and the Department of Defense, a request that $15 million be earmarked from Section 303 funds for military equipment to be supplied in Indochina.[2]

B. NSC 64 was submitted by the Department on February 27, 1950 requesting the establishment of a joint working group on French Indochina composed of representatives of the Departments of State and Defense.

C. Arising from informal meetings of this working group, the Department of State representatives have requested a military assessment of the magnitude and availability of the U.S. military effort which would be required of the U.S. either in addition to or in partial substitution for the French effort to render French Indochina militarily secure against:

a) A full-scale invasion by Chinese Communist organized forces, or

b) Increased insurrectionist activity by the forces of Ho Chi-minh, supported by arms and material support from China.

It is assumed that under *a*) above such an act of aggression would be promptly taken to the United Nations and that we would be committed to help enforce such solution as the United Nations agreed to. Under *b*) it should be assumed that no U.S. combat forces would participate in the internal police action conducted by the French Army and the troops of Bao Dai. Fundamentally, our policy with respect to Burma can be considered indentic with that applicable to French Indochina. Burma is distinguished from French Indochina, however, by the fact that as a member of the British Commonwealth [*sic*] it is primarily the political, economic and military responsibility of the Commonwealth and the Commonwealth has not requested assistance of the U.S.

[2] The request, approved by President Truman on March 10, was contained in a memorandum from the Secretary of State to the President dated March 9. For additional documentation on the allocation of Section 303 funds for military assistance to Southeast Asia, including the text of the memorandum of March 9, see pp. 1 ff.

611.90/3–750

The Deputy Under Secretary of State for Political Affairs (Rusk) to the Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance (Burns)

TOP SECRET WASHINGTON, March 7, 1950.

DEAR GENERAL BURNS: Embodied below is a brief statement of Department of State policy in Indochina and Southeast Asia. I believe that an examination of this statement will facilitate your consideration of NSC 64.[1]

The Department of State continues to hold that Southeast Asia is in grave danger of Communist domination as a consequence of aggression from Communist China and of internal subversive activities. The Department of State maintains that Indochina, subject as it is to the most immediate danger, is the most strategically important area of Southeast Asia.

The Department of State believes that within the limitations imposed by existing commitments and strategic priorities, the resources of the United States should be deployed to reserve Indochina and Southeast Asia from further Communist encroachment. The Department of State has accordingly already engaged all its political resources to the end that this object be secured. The Department is now engaged in the process of urgently examining what additional economic resources can effectively be engaged in the same operation.

It is now, in the opinion of the Department, a matter of the greatest urgency that the Department of Defense assess the strategic aspects of the situation and consider, from the military point of view, how the United States can best contribute to the prevention of further Communist encroachment in that area.

The military assessment requested above is necessary to a final determination by this Government of the manner in which United States policy in this area shall be executed.

Sincerely yours, DEAN RUSK

[1] *Ante*, p. 744.

751G.00/3–1050

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] March 10, 1950.

LIMITED DISTRIBUTION ONLY

General Romulo [1] called on me, off-the-record, at his request. The subject about which he wished to talk was the long letter he had

[1] Brig. Gen. Carlos P. Romulo, Permanent Representative of the Philippines at the United Nations; President of the Fourth Session of the General Assembly, 1949.

written me about Indo China.[2] Most of this letter complained of our recognition of Bao Dai on the grounds that he was and is regarded throughout Asia as a French puppet. One paragraph of the letter urged that we ask the French to make a declaration that the present agreements were merely part of an evolutionary process.

Summarizing our conversation, the following points came out:

1) I told the General that we believe that the present agreements were only a step along a longer route; that we had so expressed ourselves to the French, and that we agreed with him that some further statement would be desirable. I told him we have to be careful here that the French did not get discouraged by internal difficulties at home and withdraw from Indo China. If their troops were withdrawn there would be a real danger of the first magnitude. The General did not disagree with this.

2) I asked him whether, as a practical matter, he advocated our recognition of Ho Chi Minh. He denied any such idea and thought that it would be most disastrous. He said that he had known Ho before World War Two and, although he was a Communist and a Moscow-trained Communist, he thought that he was a patriot and that his overtures to Tito [3] indicate a desire to let both Stalin and Mao know that he was not a mere tool of theirs. I asked the General whether this meant that he thought Bao Dai should come to terms with Ho and whether he was thinking of a coalition government. He hastily denied either suggestion.

3) I then asked the General just what he would propose that we should do. The only suggestion that he put forth was that we should find some way of determining whether Ho was being backed into a corner and whether he could not be induced to give up the struggle against Bao Dai if both France and the United States assured Viet Nam that it would ultimately have its independence. Under some cross examination, he did not put much reliance in this suggestion. I told him that I would think it over.

4) General Romulo then turned to the subject of the Pacific Pact.[4] He told me that New Zealand had declined the invitation but that he still hoped New Zealand would send observers. He was not sure about the attitude of Australia. He asked whether we could help the Philippine Government with both New Zealand and Australia. He said that he was most anxious that the Pact should not have a racial foundation but should gather in as many of the countries of Southeast Asia as possible. I said that we had already done a great deal to help in both cases he mentioned, but that I would take this up with my associates to see if we could be of any further assistance.

5) The General made some complimentary observations about myself and the work of the Department, and I responded about his conduct at the General Assembly and urged him to get in touch with me whenever he desired.

D[EAN] A[CHESON]

[2] Letter not found in Department of State files.

[3] In telegram 228 from Belgrade, February 21, Ambassador George V. Allen reported that the Yugoslav Government had just recognized the government of Ho Chi Minh in response to a formal request for recognition from the latter (751G.02/2–2150).

[4] For documentation on this subject, see pp. 1 ff.

751G.00/3–1650

Memorandum of a Conversation at the Quai d'Orsay, Paris, March 13, 1950, 5 p. m.[1]

SECRET

Present: Ambassador Jessup [2]
Ambassador Bruce
Woodruff Wallner
M. Schuman
M. Parodi

M. Schuman began the substantive part of his conversation by asking Ambassador Jessup for his general impressions of his trip, with particular reference to Indochina. Ambassador Jessup said that his impressions on the whole had been good, that he had been well impressed by Bao Dai, High Commissioner Pignon and Generals Carpentier and Alessandri. He felt that there was a good chance of the success of Vietnam under Bao Dai but that this would require continuous and effective action. There were such real dangers of collapse that the situation could not succeed unless a lot of hard work were put into it. Passing to the the broader picture, Dr. Jessup said that the sum of opinions of the best observers in Southeast Asia indicated that there would not be an armed attack against Indochina, Siam or Burma but that the Chinese Communists would operate by military aid, infiltration, subversion, the sending of specialists, etc., perhaps in all three countries, probing for a soft spot and then concentrating on the place where the softest spot was found. Of the three, Burma now seemed to be the softest.[3] With respect to Thibet, Dr. Jessup said the general expectation was that the Chinese Communists would take this country over if necessary by the use of regular armed forces since there was no recognized international frontier. In general, the two forces at work in the area were nationalism and Communism, and it was important for the western nations to make every effort to show that the two were incompatible. There was also, he added, the element of defeatism to be overcome, particularly among the Chinese colonies in the area where the feeling was that Commu-

[1] This memorandum was drafted by Woodruff Wallner, First Secretary and Consul of the Embassy in Paris. It was transmitted to Washington in despatch No. 546, March 16 (751G.00/3–1650).

[2] Ambassador at Large Jessup stopped in Paris on his return trip to Washington at the conclusion of his 3-month tour of the Far East.

[3] Ambassador Jessup underlined this sentence and wrote "omit" in the margin. In a separate marginal notation he added "Don't think I said this but unimportant."

nism had come to stay and that there was no use or profit in attempting to swim against the tide.

Schuman said he felt that Bao Dai and the French had not sufficiently developed propaganda among the Annamites to the effect that Ho Chi-minh meant Chinese domination.

Dr. Jessup said that there were two aspects to this problem: arousing anti-Chinese feelings might appear advantageous on the short term but on the longer term had its dangers and disadvantages, and M. Schuman agreed that one must do nothing to provoke Chinese aggression. Dr. Jessup spoke of exploiting the alternatives before Indochina's natives: in cooperating with France they were dealing with a power that was giving up its former status and gradually retiring, while in cooperating with China they were dealing with something that was growing and extending its strength. He felt that it was important that the French should dramatize this role of their future withdrawal by a series of gestures confirming their intentions. Another important thing was that these neighboring countries should be better informed as to what had taken place in Indochina, what the March 8 agreements meant and how much the French had given away. He had been struck by the almost total ignorance of Indonesian and Siamese leaders as to the actual situation in Indochina. The French diplomats in these neighboring countries were not doing enough in this direction: they were taking too much for granted. It was important to develop a series of themes and keep pounding away at them. This was particularly necessary if the active and well-organized Viet-Minh propaganda was to be countered.

M. Schuman asked M. Parodi to note this point. He added that it was going to be difficult to convince the Indians because of Nehru's prejudices which were fed by the reports of the Indian Consul in Saigon. He agreed with Dr. Jessup that the Indians were inclined to link the Indochina problem with the difficulties about the French Establishments in India. He exclaimed over the tedious and obstructive way the Indians were behaving in this matter, saying that he and Parodi deserved going to Heaven because of their patience with the Indian tactics. Franco-Indian relations, however, were far too important to be spoiled by a minor matter such as these French possessions, and this was the guiding principle of French policy in the negotiations.

In reply to Schuman's question about conditions in Indonesia, Dr. Jessup said that they were on the whole good and that he had been particularly pleased to note that relations between the Indonesians and their Dutch advisors (particularly the younger ones) were splendid.

Schuman said that of course the Indonesians had more independence than the Viets and he felt that the latter should gradually achieve the same status. The Viets, however, were serving an apprenticeship. They must be given more but always with the impression that they had earned it. For this reason it was very difficult to announce one's intentions in advance: the element of reward, of merit, would then be absent.

Dr. Jessup pointed out that both in Vietnam and in the neighboring countries the populations needed to be reassured about French intentions. For instance, it had taken ten months for the French Parliament to ratify the March 8 agreements. This caused suspicion that the French were holding back, and the tardy ratification had not entirely reassured them. The suspicion lingered. Furthermore, invidious comparisons with the status of the Indonesians would continue to be made.

M. Schuman reiterated that it was impossible to go too fast, that the Vietnamese had much to learn.

Dr. Jessup said that there were other measures which could be taken by administrative action and which had symbolic value, such as the removal of Indochinese affairs from the Overseas France Ministry.

Schuman replied that the decision in principle on this matter had been taken: the affairs of the three Indochinese states would be removed from Overseas France but it had not yet been decided where to place them. The alternatives now were (1) a separate Ministry of Associated States patterned after the British Commonwealth Office and (2) an Undersecretariat of State attached to the Foreign Office.

In replying to M. Schuman's question Dr. Jessup said that he felt that the transfer would have more significance if made to the Foreign Office.

M. Schuman pointed out that the protectorates of Morocco and Tunisia were already handled by the Foreign Office and that it was important that they should not be confused with the Associated States of Indochina. Furthermore, the British system was an imposing precedent. He added that the matter would soon be decided.

In reply to a question by Dr. Jessup, M. Parodi said that the interstate conference would be held at Dalat early in April.

Dr. Jessup returned to the subject of a series of gestures which while not costly would have great psychological effect in the area. He referred to the joy which had attended the turning over of the University of Hanoi to the Vietnamese. A series of little things like this would bear great fruit. He then spoke of the symbolic value of a date, even an unprecise date, being attached to promises. Even the Soviets

had found it advisable to set the date of 1952 for the time when they would leave Manchuria. It was not necessary to be this exact: one could even use the formula such as "X months or years after a certain event came to pass".

Schuman said that while he was in principle favorable to such an idea, since it served as a target, a goal and an incentive for the local people, the situation in Indochina was complicated by the war and by the fact that the presence of French troops was necessary wherever they were needed.

It was impossible to set a date when they could withdraw to their bases. He added, however, that the subject should be given study.

Dr. Jessup then spoke of the necessity of establishing some guiding principles if the propaganda war was to be won. The first was, "We keep our promises but the Communists break theirs". The second was that both psychologically and militarily it was preferable to win over 200, say, Vietnamese followers of Ho Chi-Minh than to kill the same number. M. Schuman agreed.

In response to a question by Dr. Jessup, M. Schuman said that as he understood it the Vatican would not stop at the formal act of diplomatic recognition of the three Indochinese states but would follow through with an active campaign on the part of its local priests and bishops to cause the greatest number of defections among Catholics from Ho Chi-minh. As an example he cited the intention of the Vatican to appoint a Vietnamese as bishop of Hanoi.

Dr. Jessup then referred to the question of the Palace at Saigon. He said that Bao Dai had been reluctant to meet him in Saigon because the number one building belonged to the French and not to him, and had invited Dr. Jessup to go all the way to Hanoi where Bao Dai could receive him in the number one building of the town. M. Schuman seemed impressed, turned to Parodi and said: "*Il faut absolument arranger ça.*" He remarked that Bevin had also spoken to him about the matter and advised Dr. Jessup to take it up with Bidault, who would be the final arbiter in the matter.

Schuman then referred to the drain on France caused by the Indochinese situation and said that it prevented France from doing its part in the defense of Europe. It was particularly for this reason that he was happy that we were contemplating aid for Indochina. In extending this aid, he said he felt sure that the American Government realized that France was not defending her own interests alone in Indochina but was defending the joint interests of the non-Communist world.

After Dr. Jessup had answered some questions concerning his impressions re India and Burma, the interview came to an end.

PSA Files: Lot 54D190

Memorandum by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Butterworth)[1]

CONFIDENTIAL [WASHINGTON,] March 13, 1950.

I asked Bob Folsom,[2] recently returned from Saigon, to give me his views on the composition of economic missions in Indochina and on Ho Chi Minh. He has embodied those views in the two memoranda which I attach and recommend to your attention.

[Annex 1]

Memorandum by Mr. Robert S. Folsom to the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)

CONFIDENTIAL [WASHINGTON,] March 9, 1950.

Subject: Comments on Ho Chi Minh

I am completely amazed that there is any longer a question of whether Ho Chi Minh is a communist. I, personally, am completely convinced that he is a communist in the sense that he is the head of the Soviet Fifth Column in Indochina. I see no reason to believe that he is a "native communist" or a "true communist". The Soviet Union, the Comintern, and the Cominform have assiduously propagated such myths for years. That, after the Tito episode, anyone can suggest that a communist leader approved by Moscow is other than a Moscow agent, seems to me absurd.

That Ho Chi Minh will make a deal with Bao Dai or vice-versa appears to me to be highly unlikely.

a) In such a deal Bao Dai would be relegated to a back seat and if not eventually liquidated, at least deprived of all authority.

b) Bao Dai recognizes the danger of any "cooperation".

c) Past violent mutual denunciations would in themselves almost preclude any such settlement of differences.

[Annex 2]

Memorandum by Mr. Robert S. Folsom to the Director of the Office of Philippine and Southeast Asia Affairs (Lacy)

CONFIDENTIAL [WASHINGTON,] March 10, 1950.

Subject: Composition and Size of Economic Missions in Indochina.

It is my opinion that such economic mission or missions as may be established in Indochina should be kept to a minimum size and relieved of administrative functions to the greatest extent possible.

[1] Transmitted through Deputy Assistant Secretary Merchant.

[2] Robert S. Folsom, Consul at Saigon since August 1949.

Contrary to the practice under which the head of the ECA ranked all except the Chief of the diplomatic mission, any new economic mission should be clearly subordinated to the Legation.

Personnel should be confined to technical staff who are capable of and willing to get at the problems without fanfare. The housekeeping problems of the staff, including housing, office space, motor pool arrangements etc., should be handled by the Legation thus permitting control and avoiding the usual inflationary effects caused by large-scale operations by the new missions which in almost every case have caused rents and prices to soar.

JCRR operations in China constitute a model in that they were unobtrusive, economical and by and large very effective. In contrast, ECA operations have generally been characterized by magnificent offices, expensive homes, large motor pools and excessive emphasis on administration. These operations have aroused the resentment not only of the relatively poorer American and foreign diplomatic establishments but also of the local populace. To the extent that this resentment has reached sizeable proportions it has defeated the basic purpose of the programs.

751G.00/3–1450

Memorandum by Mr. William M. Gibson, Special Assistant to the Ambassador at Large (Jessup)

[Paris, March 14, 1950?]

INTERVIEWS WITH FRENCH OFFICIALS
PARIS—MARCH 13 [*14*], 1950

AMBASSADORS JESSUP AND BRUCE, FSO GIBSON

Mr. Pierre-Henri Teitgen—March 14

Mr. Teitgen, who is at the present moment Minister of Information in the Bidault Government, occupies a position considerably out of line with his actual title in that he is one of the leaders of the MRP Party and as such is a close friend and associate of Prime Minister Bidault. Teitgen appeared very poorly informed on actual conditions in Indochina and even at times somewhat disinterested. I gathered an impression that he had been briefed beforehand as he appeared to be delivering a little speech which was strongly reminiscent of other set speeches delivered by certain other French officials with whom Ambassador Jessup had talked.

Ambassador Jessup impressed on Mr. Teitgen the necessity of developing the French Information Service in Asiatic countries neighboring on Vietnam. He mentioned the effectiveness of the Viet Minh

propaganda office in Bangkok and complete lack of information concerning Bao Dai, the March 8th Accords and December 30 Convention and other favorable developments in those same countries. Teitgen agreed and stated that he had had these same impressions confirmed by some of his colleagues and intended to take proper steps to improve French Information Services, particularly in other SEA countries.

President Auriol—March 14

President Auriol had just returned from his official visit to the British Isles and spoke with warm enthusiasm of the manner in which he had been received there.

He spoke with obvious pleasure of his opportunity to talk privately and frankly with the Ambassador. He said that he had seen the Ambassador's press statement about independence for Vietnam within the French Union a few moments before we met and was very pleased that the Ambassador had seen fit to correct the erroneous impression said to have been caused by his press interview in New Delhi. He stated that Bidault had pressed him three times for permission to take the matter up officially with the United States Government and that he had declined to do so for he was sure he could arrange it to everyone's satisfaction after having had a private conversation with Ambassador Jessup. He then went on to explain at length that France did not propose to consider any status for Indochina other than that of a member of the French Union. He referred to the human and financial burden which French had borne in Indochina since 1945 and the extent of her sacrifice there in lives and money. All this could not be for nothing and she was therefore not prepared to go beyond the March 8th Accords and December 30th Conventions. The President also mentioned the fact that she felt that any policy set and maintained in Indochina would have a very strong bearing on the mother country's future relations with Madagascar and North Africa.

It was evident during this whole portion of the interview that the President was referring to the controversial "evolutionary statement" and was in his way trying to tell the Ambassador that the French would balk at any statement on further progressive steps at this time. During the whole discussion it was plain that the President took his position as President of the French Union very seriously and was making that clear to both Ambassadors as he already had to others in the course of recent weeks.

It was also my impression that the President was impressing the Ambassadors with the fact that he, a life-long Socialist and leader in the Socialist Party, was trying to indicate that the former differences of opinion covering Indochina which existed between the Rightist and Third Force elements in the Governments on one side and Socialists

on the other and particularly as they concerned negotiations with Ho Chi-minh, no longer prevailed.

Prime Minister Georges Bidault—March 14

The interview with PM Bidault was of short duration and relatively unsatisfactory as a result of the PM's apparent preoccupation with other matters. He referred vaguely to a paper which he had prepared in advance and which contained subjects he proposed to discuss with Ambassador Jessup, but which he never succeeded in finding. He apologized and promised to forward it on to the Embassy after editing for use by them and transmission to the Ambassador in Washington.

The Prime Minister spoke with satisfaction of the Ambassador's press interview of that morning and his statement of the fact that independence for Vietnam meant independence within the French Union. He, like President Auriol, spoke of the sacrifice France had made in Indochina and of the burden she was carrying there. He explained, as had his colleagues, that this was no longer a localized internal conflict between a Western nation and a former colonial area but now a full-scale war between two ways of life, the result of which would have serious repercussions for all the civilized world. He spoke with some feeling of the fact that France was carrying the burden of her responsibilities there and her allies should look upon her situation with sympathy. He reiterated President Auriol's statements concerning the unwillingness of the French to go beyond the March 8th Accords and December 30th Conventions.

Before the discussions got into any further detail on Indochina, Bidault had changed the subject and was recounting to Ambassador Jessup the importance of the proposed changes in electoral districts in France, the pressure he had been under since the formation of his government and how he had had to fight through 9 separate votes of confidence.

It was clear that he was either so preoccupied with these matters or so convinced that everything that there was to say concerning Indochina had been said previously by his colleagues (principally M. Schuman) that the interview need not be prolonged. It was therefore closed.

851G.00/3–1450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, March 14, 1950—8 p. m.

1204. During their talk this morning Bidault told Jessup that he would send him memorandum concerning aid to Indochina which he then had on his desk for approval.

Document of which translation follows just received: The French Government entertains the following views concerning the conditions under which the economic aid which the US Government contemplates granting to Indochina might take place.

(1) In view of the relationships which exist between France on the one hand and the Associated States on the other in the framework of the French Union, the French Government considers it desirable that the agreements relative to economic aid should be signed by the 3 Associated States and countersigned by France. It considers it preferable that the agreements be embodied in documents which are common to the 3 states rather than instruments particular to each one of them.

(2) It appears essential that the local French authorities should be closely associated in the management and distribution of American aid. To this end it contemplates the establishment of a joint quadripartite service wherein France and each of the associated states would be represented. The contemplated procedure appears necessary in order to insure the most efficient use of the aid and its distribution under conditions conforming closely to the interests of the three states. This procedure is moreover in harmony with the spirit of the agreement between France and the Associated States and in which each one of the latter has recognized that it has common interests in the economic and financial fields with each of the two others and with the French Union.

(3) In the light of the experience gained in the implementation of the economic assistance program to France, the French Government believes that the import operations to be effected from the assistance funds should be handled through private trade channels.

Sent Department 1204, Department pass Saigon 67.

BRUCE

851G.00TA/3–1850: Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

[Extract]

SECRET SAIGON, March 18, 1950—4 p. m.

189. From Griffin. A. Visit this mission IC resulted following conclusions:[1]

1. Wave Communism rising in IC predominantly nationalistic not economic, social, or ideological.

2. While situation serious, does not justify defeatism but does justify effective application US aid endeavor strengthen Bao Dai Vietnam Government versus Communist-controlled Viet-Minh.

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[1] For the text of the final report submitted by the Griffin Mission on "Needs for United States Economic and Technical Aid in Cambodia, Laos, and Vietnam," prepared during and after the Mission's visit to Indochina, see Samuel P. Hayes, *The Beginning of American Aid to Southeast Asia: The Griffin Mission of 1950* (Lexington, Mass.: D.C. Heath and Company, 1971), pp. 61–109.

3. View Government Bao Dai not puppet but intensely nationalistic government struggling secure more control and authority from France.

4. Feasible through economic aid program help win from Ho's Viet-Minh non-Communist elements that continue support Ho as well large proportion present numerous fence sitters. Believed can be promoted by application American aid through means Bao Dai government increasing appearance independence local and international prestige ability conduct useful works for benefit common people. US aid would thereby become major contribution factor psychologically and materially provided bold, quick, generous.

5. French Army although under severe pressure, gradually achieving important limited objective clearing Tonkin and Saigon deltas; most important population rice producing communications and urban sectors. As far we able observe locally, French Army and Vietnam units well led, efficient, will not withdraw face Communist threat. US aid following closely wake operations will speed task by village rehabilitation program.

6. Chinese Communists invasion does not appear immediate. US aid will better prepare French and Vietnamese checkmate it and sterilize areas Viet-Minh infection which might link up with threat. Other hand, Military Intelligence verified that limited but potentially increased Chinese Communist material support Ho has begun suggesting advisability speedy US aid.

7. Purely economic justification lies extreme poverty liberated areas, deterioration public works irrigation systems, rice culture, destruction by Viet-Minh farmsteads, villages, telecommunications, health facilities, etc. as personally surveyed by mission and Gullion in Tonkin. Deplorable health conditions people Tonkin warrant immediate relief.

B. Above facts govern type and tempo US aid. In general it should:

1. Concentrate projects which would best support military and political objectives.

2. Show dramatic and immediate results and arouse wide and realizable hopes prompt effect.

3. Be designed improve welfare living conditions as many people soonest in preference long-term projects or projects justified reference French balance payment needs.

4. Develop competence new government administration and create basic services and beginnings long-range program.

[Here follows discussion of specific programs, field organization, financial considerations, and other aspects of the problem.]

H. Gullion, Dickinson,[2] Blum[3] have collaborated in preparation this cable and concur.

Sent Department 189, repeated Paris 92. Department pass Paris. [Griffin.]

GULLION

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[2] Edward T. Dickinson, Jr., Director for Program Relations, Economic Cooperation Administration; member of the Griffin Mission.

[3] Robert Blum, Chief, Overseas Territories Division, Economic Cooperation Administration, Paris; member of the Griffin Mission.

751G.5 MAP/3–1850 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

TOP SECRET SAIGON, March 18, 1950—2 p. m.

190. Deptel 143.[1] 1. With respect 303 aid Indo-China, strongly recommend for maximum effect that token vessel be loaded or diverted to be in Saigon or Haiphong earliest time preferably within two months. Ideally cargo should include items of dual military or civil character; for example, mobile sanitation and clinic units, earth moving machinery, communications equipment, etc. which could be put to use rural rehabilitation immediately pending arrival similar items included in economic aid proposals Griffin mission. Deckload might be war planes. View of all parties here, in which Legation concurs, is that arrival of two ships within two months woud be more effective than arrival of 25 over a year.

Arrival of vessels would, of course, be properly publicized.

If question of who distributes aid has not yet been settled by sailing time, cargo could be provisionally consigned American Legation Saigon; however, if cargo arrived before agreement reached, problem would be all the more tricky.

2. I believe there are serious possibilities friction between French and Vietnamese on distribution of aid which have repercussions on military situation. Unceasing evidences of US interest in this area since recognition have had excellent effect increasing confidence and dynamism in Bao Dai ranks and provoking uneasiness among Viet-Minh and fence sitters. It has also made the Vietnamese Government increasingly impatient with any form of French control even that provided in March 8 agreements. In course my visit with Griffin Mission in Tonkin and conversations with Tonkinese leaders, I found that responsible Vietnamese believed they held whiphand on French and could play us off against them.

3. Symptomatic was slogan posted in villages we visited "Down with Colonialism and Communism" also "Communism—No; Colonialism—Never".

4. Despite juridicial justification for French control arms distribution and very real necessity for some effective Western control some formula will have be found attenuate, limit French supervision implicit in March 8 agreements. Moreover, as offset for insuring reliable control arms by French or US, I confident much more control economic aid must be given Vietnam than indicated in Schuman memo handed Jessup (Paris telegram 67 March 14).[2] Must emphasize seriousness this whole problem which local French authorities depreciated originally but which now I believe alarms them. Prolonged contro-

[1] Not printed.
[2] *Ante*, p. 761.

versy on principle quadripartite consultation will jeopardize Interstate Conference already on shaky ground. Believe, moreover, details must be worked out Saigon reference specific programs rather than broad lines of principle in Paris which only infuriates Vietnamese. Embassy Paris should, in my opinion, prepare French for concessions Vietnamese and for including them in programming. In studying possibility ways out and distribution dilemma am, of course, aware US must not prematurely be put position backing particular party or particular formula.

5. Legation would like be consulted with respect any press release which may be issued with respect 303 aid.

6. This Legation strongly favor projected US-British-French staff talks preceded by some US strategic concept with reference area more definite than discussed Bangkok Conference final recommendations which we have not seen. This to our minds is "missing component" and not some "evolutionary" or renunciatory declaration to be wrung from French.

GULLION

751G.00/3–1950 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, March 19, 1950—4 p. m.

192. 1. Demonstration put on March 17 by Viet-Minh in honor USS *Stickell* and *Anderson* now in port on courtesy visit was noisy but did not amount to much. About 11:30 p. m. small well concealed Viet-Minh party opened up with mortar fire (60 mm?) from Thu Thiem area across river from US mooring and somewhat downstream. Also about same time another group of about 100 Viet-Minh made raid on Tanthuandong village in southeast of city with light machine guns and rifles. French patrol boats and French mortars returned Viet-Minh mortar fire. Vietnamese police post pinned down rebel attack in village until intervention army unit whereupon Viet-Minh withdraw carrying wounded. No casualties Vietnamese or French side in village attack.

2. In mortar fire nearer US ships difficult to say whether they were target. One shell dropped about fifty yards astern, another exploded on quay nearby wounding a French petty officer and a Vietnamese policeman. Effect on US units was to bring back sailors returning from liberty on the run.

3. Grenade earlier exploded in central party of city (Rue Catinat) wounding newspaper boy. All this only slightly more than the routine here but in view of obvious timing with US visit I expect US correspondents now here will make great deal of it.

4. Have learned that Viet-Minh three days ago began circulating orders for general strike in protest American intervention. This 100 percent effective today in Standard Oil Co. 80 percent effective Shell and less so Caltex. Almost completely ineffective elsewhere. Employees US companies explain they influenced by Viet-Minh threats.

5. All above verified from US businessmen, Navy, French Army, Navy and Suret. General Carpentier claims had intelligence tip on show but expected 18th.

6. Last week window glass my house broken in arousing household. Investigated possibility this done accidentally by house personnel or guests. Have established however that was probable break in attempt thievery or other motive. House guarded but inasmuch as Vietnamese guards appear terrified of Viet-Minh seems question *quis custodiet ipsos custodes*. Stones thrown at car twice in last week.

7. I report above merely for Department guidance. Such manifestations are not to be taken as evidence Viet-Minh strength rather weakness. Viet-Minh activity still only occasional sporadic nuisance blindly delivered. American personnel report no incidents or threats surveillance or molestation. Just possible that as American aid takes hold Viet-Minh will try find ways to annoy us or cause us lose face. Will report all developments promptly and take appropriate action.

Sent Department 192; Department pass Paris 95.

GULLION

751G.00/3–2150

Memorandum by Mr. Charlton Ogburn, Jr.,[1] *to the Assistant Secretary of State for Far Eastern Affairs (Butterworth)*

TOP SECRET [WASHINGTON,] March 21, 1950.

Subject: The missing link in Indochina

In replying to your request for my views on Saigon's telegram no. 190,[2] I must admit that I simply do not know how much or how little warrant there is for Gullion's assumption that the quick delivery of weapons from the United States rather than further French concessions would supply the missing component. Maybe it would so discourage Ho Chi-minh's followers and shoot so much adrenalin into the Bao Dai Government as to bring about a fundamental change in prospects. Maybe it wouldn't. The trouble is that none of us knows enough about Indochina (unless perhaps it's Gibson, whom I've

[1] Policy information officer, Bureau of Far Eastern Affairs.
[2] *Ante*, p. 764.

never met) to hazard a really intelligent guess. As I had occasion to observe in a staff meeting while you were away, we have had no real political reporting from Indochina since Reed [3] and O'Sullivan [4] left, and that was two years ago.

What most worries me is that Gullion can certainly not have learned enough in the short time he has been in Indochina to justify his making the assertions he sends us. For example, in his telegram no. 191,[5] Gullion states that Ho Chi-minh is always four or five days late in his reactions due to the necessity of his consulting "the bosses." I should like to see him called on that one. It may well be true, but I believe Gullion would have difficulty supporting that breezy statement with facts.

Until we get an able chief of mission in Saigon, I suppose we shall have to shoot in the dark. On the understanding that that is how it is, I shall venture a guess that Gullion is wrong and that the quick appearance of US aid is not going to turn the tide in itself. For the first year after the war the French were continually unloading American military equipment in Saigon plainly marked with our insignia. In fact, the widespread employment of this equipment with our insignia still on it was a troublesome issue between us and the French. But though the Vietnamese resistance was exasperated it gave no evidence of discouragement. Incidentally, pretty much the same situation prevailed in Indonesia.

My hunch is that Ho Chi-minh's cohorts having stood off 130–150 thousand French colonial troops for four years (during which time they must have conceived a blazing hatred for France and France's friends), are not going to wilt under the *psychological* impact of American military assistance. They might on the other hand give way under the *physical* impact of American weapons—if we send enough. Should things get too hot for them, they will, I suppose, do what the Indonesian Republicans used to tell us they would do—i.e., go underground until a more propitious occasion presented itself. So unless the French are prepared to police Vietnam indefinitely or are enabled by the magnitude of our assistance actually to kill off a hundred thousand of the more ardent Vietnamese rebels, it may well be that a military decision now—even if it can be achieved—will be followed a couple of years hence by a take-over by Ho's party.

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[3] Charles S. Reed, Consul General at Florence; Director of the Office of Philippine and Southeast Asian Affairs, 1948–1949.

[4] James L. O'Sullivan, Acting Officer in Charge of Indonesian and Pacific Island Affairs; Vice Consul at Hanoi, 1946–1947.

[5] Not printed.

851G.00R/3–2250

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Butterworth) to the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)

SECRET [WASHINGTON,] March 22, 1950.

Following my conversation with Mr. Cleveland [1] yesterday, at the Secretary's meeting this morning I recommended that (1) the Secretary agree to recommend to the President expenditures out of Section 303 funds to set in motion as soon as possible an economic aid program for French Indochina, it being assumed that after July 1st funds from the extension of the China Aid Act would be forthcoming; (2) that the Department agree to the recommendations from the Field that ECA run the economic aid mission and should begin its planning, collection of staff, etc. forthwith. I did not raise the question as to who would run Point IV.

I shall communicate these decisions informally to Cleveland and PSA can proceed to do all the necessary.

[1] Harlan Cleveland, Acting Chief of the Far East Program Division, Economic Cooperation Administration.

751G.00/3–2950 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, March 29, 1950—6 p. m.

1363. Dept has predicated its course of action in Indochina since Feb 2 this year on assumption that fundamental objectives of US and France in Indochina are in substantial coincidence. Dept assumes:

1. That French are determined to protect IC from further Commie encroachments by polit, econ as well as mil measures.
2. That French understand that success of mil operation, i.e. containment of northern border against Commie penetration as well as reduction of Ho's forces elsewhere IC, depends, in the end on overcoming opposition of indigenous population.
3. Therefore France proposes in support of this policy to strengthen Bao Dai and the Kings of Laos and Cambodia in every practical way, to end that non-Commie nationalists abandon Ho, support Bao Dai and Kings and can thus reduce guerrilla activity.

It is evident from reaction Asian states to US and Fr effort to secure their recognition Bao Dai, from attitude Scandinavian powers and from reactions US press that large segment public opinion both East and West continues to regard Bao Dai and two Kings as French puppets not enjoying nor likely to enjoy degree of autonomy within Fr Union accorded them under Mar 8 agreements, analogous to that accorded Indo by Neth.

US Govt has used its polit resources and is now engaged in measures to accelerate its econ and financial assistance to IC states. As you know Dept has requested Joint Chiefs of Staff to "assess the strategic aspects of the situation and consider, from the mil point of view, how the United States can best contribute to the prevention of further Communist encroachment in that area." [1] You are of course familiar with position Jessup has taken re SEA during his recent tour. Dept accordingly considers that its position is clear and that the character of its past actions and proposed undertakings justifies its suggesting to Fr a course of action which it believes requisite to success of operation Indochina.

As said foregoing it appears to Dept that true character Fr concessions to IC nationalism under Mar 8 agreements and ultimate intentions in that area are clear to Dept but not clear to other interested parties. Dept believes that Indochinese natl movement, interested Asiatic states and large segment public opinion Western world unsympathetic and apathetic to this great issue because Fr have not made these elements sufficiently clear. You will surely understand that Dept does not believe that present situation IC calls for further substantive concessions from Fr at this time involving parliamentary action to Bao Dai or two Kings. Obviously Bao Dai and company barely able to discharge responsibilities they are now facing. No part of representations which Dept suggests you make to Fr shld be construed as arguing for increase in concessions at this time. This connection, Dept strongly of view that transfer of Palace to Bao Dai most important single propaganda move possible now; Abbott emphasizes this, suggesting suitable attendant ceremonies. It must be clear to you and through you to Fr that Dept's concern at present is only that Fr make its present position and future intentions clear to non-Commie neutral world.

Dept had previously considered asking that you transmit in appropriate form to Fr FonOff note quoted below. Upon reflection in the course of which views Jessup and Butterworth recd, Dept believes you shld make strong oral representations Fr FonOff using fol lines as basic guidance in such manner as wld in your judgment best serve the achievement objectives identified foregoing. Your advice as to manner and timing of such approach awaited by Dept.

"The US Govt has expressed its gratification at the ratification by the Fr Govt of the agreements with the Govts of Vietnam, Laos and Cambodia. The real and continuing interest of the US in the strengthening and stabilization of anti-Commie natl regimes in Indochina is well known to the Govt of France as is the full confidence of the US in the intentions of the Fr Govt to adopt all measures requisite to providing the three states with the strength, polit and mil, without

[1] See letter from Deputy Under Secretary Rusk to Major General Burns, March 7, p. 752.

which they will be unable to defeat Ho Chi Minh and his foreign Commie allies.

The Govts of France and the US have long considered that the recognition of the govts of the three states by Asian states was a matter of prime importance in order that the anti-Commie natl movements in Indochina be accorded, in the eyes of the world, their true characters as genuine natl movements and not, as world communism alleges, the creatures of 'Western imperialism'. The US Govt has, during the past several weeks, approached the several Asian govts most immed concern with the state of affairs in Indochina, impressing upon them the desirability of their immed recognizing the govts of the three new states. The Thai Govt recognized the Indochinese states on Feb 28. Unfortunately, the US reps accredited to the remaining Asian countries have been informed by the officials of those countries that they regard the govts of the three states as Fr puppets and that, more important, they are not convinced of the genuine character of Fr intentions ultimately to accord the states of Vietnam, Laos and Cambodia the full measures of independence and sovereignty which have recently been transferred by the Neth to Indo. The responsible ministers of the Asian powers concerned have stated in substance that were the Republic of France to announce publicly that the present agreements were the first steps in an orderly evolutionary process, the end and purpose of which is to accord the three states of Indochina complete independence, sovereignty and administration of their own affairs (within the Fr Union), those Asiatic states wld be prepared favorably to consider recognition of the three states in Indochina even before such additional transfers of sovereignty wld have actually been made. Therefore, while Dept obviously unable guarantee recognition and support fol such statement, Dept believes that in absence such statement further acts of recognition by Asian states not forthcoming. Dept keenly aware of self-evident fact that Indos cannot administer complexities Indochinese affairs without Fr assistance. Dept determined as matter of general policy to emphasize interdependence France and Indochina as was successfully done in case Neth and Indonesians. Dept believes that independence and autonomy of three IC states must clearly be understood to lie within Fr Union.

The Govt of the US is aware of the concessions granted by the Republic of France in negotiating and ratifying the Agreements. The US Govt has indicated to the Govt of France its desire to be of assistance to the three states and to the Fr admin in Indochina in enabling them successfully to contain and liquidate communism in Indochina. The US Govt is aware of the fact that the Govt of France shares its concern that communism be excluded not only from Indochina but from the entire SEA region. The execution of this policy requires, above all things, a unanimity of support on the part of the nations of SEA of the anti-Commie Indochinese nationalist govts of Indochina.

With full consciousness of the difficulties involved, the US Govt requests the Govt of France seriously to consider the issuance at the earliest possible moment of a public statement of the character identified in the foregoing. While it is not for the Dept to suggest the particularities of the text of such a statement, the Dept believes that the Fr Govt shld make clear therein the concessions to Indochinese nationalism which it made in the Mar 8 agreements and the supple-

mentary accords, lest both Fr accomplishments and intentions in this great matter be tragically misunderstood not only in Asia but in the Western world as well." [2]

ACHESON

[2] In telegram 230 of April 4 (repeated to Paris as 114), Gullion stated the following: "Have serious reservations about move proposed in urtel 1363 to Paris which are explained in longer wire being enciphered [see telegram 234 from Saigon, April 8, p. 773] and which I believe should be considered before action is taken." (751G.00/4–350) In telegram 1632 from Paris, April 7, Ambassador Bruce indicated that in view of this development he had cancelled an April 4 appointment with Foreign Minister Schuman and was awaiting further instructions from the Department (890.00/4–750).

890.00/3–2550 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, March 29, 1950—7 p. m.

176. Reurtels 204, 205 and 207,[1] for urinfo Dept informed Fr High Commissioner IC believes Vietnam Govt may refuse attend interstate conference or agree become member of a quadripartite group which wld either submit individual state requirements for both econ and mil aid, or a single document embodying requests from three states plus separate Fr needs. In either case it was Fr proposal that Fr authority countersign.

Pignon apparently believes this new attitude of Viets is due their misapprehension that perhaps as result Griffin mission and other expressions US friendship it will be unnecessary for Viets deal with other states or Fr in drawing up and submitting list mutually agreed requirements.

Dept desires such misapprehension be dispelled in as rapid and dipl a manner as possible.

US, having recognized status of States under Mar 8 and similar agreements has no intention allowing its position to be interpreted in such manner as to free Fr or IC states from performance under agreements.

While we will continue push Fr to interpret liberally terms their agreements with the states we also expect the three states, and particularly Bao Dai, to discharge their undertakings under the agreements. A specific case in point is their tendency overlook the responsibility provided by the Mar 8 agreements to Fr in matters affecting defense of the three states.

Dept continues feel problem of mechanics of aid is one which requires first the mutually agreed desire of three states and France and secondly acceptable US policy, resources and public opinion. If either interstate or quadripartite talks are made impossible by Viet intran-

[1] Telegrams 204 and 205, March 25, and 207, March 26, from Saigon, are not printed.

sigence it is obvious no mutual program can be formed for submission to US. Equally obvious wld be strong US public reaction against attempting deal with new states and Fr when they are unable, in view urgency situation as pointed out by both sides, to agree among themselves.

The tendency which the Viets are showing to play us off against the Fr where mil and econ aid are concerned is one which might well jeopardize our plans in this respect. It shld be made plain to them the early creation of a quadripartite organization to which econ and mil aid can be directed is of the greatest importance to this Government in determining extent such aid.

Example urgency solution is fact that it may be possible find 37 mm ammunition available for shipment within short time. However funds cannot be allocated until title of recipient determined.

Dept continues desire and assumes Fr accept desirability making three States publicized recipients mil as well econ aid, while actually utilizing channels most appropriate. Dept does not desire disturb any way Fr mil authority upon whom not only problem distribution falls but major share end use mil aid. Required therefore is mutually acceptable procedure applicable all types mil aid regardless end user. This decision need not any way prejudice quadripartite distribution committee allocations after arrival aid.

As an interim measure to apply to emergency items such as C–54's and 37 mm ammunition Dept is considering practicability vesting title and resting consignment in Commander-in-Chief Combined French Indochinese Forces. Do you believe similar formula desirable for all subsequent military aid? Cld title be vested in quadripartite personality and consignment made in the case of military assistance to Cmdr-in-Chief?

ACHESON

751G.5 MAP/4–550 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET SAIGON, April 8, 1950—noon.

1592. Tomap 1. During short visit with, and at request of, General Cherrière, chief of permanent staff of the president of the council, General Richards[1] was given following information with respect to Indo-China.

2. General Carpentier, Commander-in-Chief Indo-China, in letter to General Cherrière dated 31 March 1950, stated that according American source the Chinese Communist armies were concentrating northern borders Tonkin and that attacks near future expected on

[1] Maj. Gen. George J. Richards, Chief, United States Military Assistance Advisory Group in France.

Hainan, Formosa and Indo-China. According General Cherrière, French Intelligence confirms information on concentration and attacks Hainan and Formosa, but reports attack on Indo-China not imminent. French also report Russians now furnishing aircraft Chinese Communists. General Cherrière stated French aerial reconnaissance has reported that main roads leading from Southeast China into Tonkin are being repaired and that main road into Cao-Bang paralleling frontier is being banked on curves as if being prepared receive high-speed traffic.

3. In conclusion, General Cherrière made urgent request that some form American military aid arrive Indo-China as soon as possible for psychological and morale purposes, and that 37 mm. aircraft ammunition be dispatched with least possible delay. To both these necessities he gives equal priority. Reason for priority of ammunition is that French Air Forces playing important role gathering information and in ground strafing in Tonkin. Meager supplies this ammunition being used up rapidly and replenishment these stocks needed urgently to continue this important mission in theater.

4. It is considered that these two requests are justified. Recommend that action be taken upon them as soon as possible. Role of French Air Forces in surveying and guarding northern approaches from China into Northern Tonkin is of utmost importance for timely warning and protection of ground forces there. Early arrival military aid to Indo-China is bound to boost morale of all those opposed to Communist penetration and Communist-directed internal disorder. In addition, these shipments should bring further supporters to the French-Vietnam cause from the ranks of those who have remained in a state of prudent waiting. These latter will be influenced by clear evidence of immediate military assistance.

Sent Department 1592; repeated London (for JAMAG) 462. Department pass Saigon 75.

BRUCE

751G.02/4–850 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, April 8, 1950—noon.

234. 1. In view local situation IC and continuing Vietnam Government crisis [1] highly unlikely French would make statement proposed Deptel 1363 [2] to Paris nor do I believe they should.

2. Best chance getting any declaration lies in establishing close local (Saigon) relations with French in new over-all approach to propa-

[1] Three members of the Nguyen Phan Long government resigned on March 25.
[2] March 29, p. 768.

ganda and psychological warfare. When French become used thinking these terms under our guidance they may yet make some kind of statement their initiative although it may not be all Department hopes. Until draft French statement emerges from such working relationship I believe pressure on French in Paris would be unavailing and counterproductive.

3. Been discussing these matters with French and Vietnamese since arrival here and Landon [3] and I have given them detailed suggestions (reported separately). We have now set up informal American-British-French-Vietnam ways and means study group bearing in mind danger involving US responsibilities.

4. As to Department's analysis and suggested statement I discern two themes interlaced in message in reference.

a. French have come long distance down liberal road in IC and should tell world about it more skillfully.

b. French should announce now that what they have done only installment what they propose to do.

5. I agree first proposition and dissent second. It true French have bobbled propaganda opportunities and lost credit due them for very real concessions. Local French now fully agree.

6. I do not believe they will make statement at this time, drawing on future in sense Department prefers. If it is be more than merely perfunctory or aim at wider effect in Asia imagined by Department, it would have to be reasonably definite about timing and substance further concessions. French would not risk unhinging local military and political situation in hope gaining recognition by other Asiatic countries which:

a. May not be forthcoming and which, as Department says, we cannot guarantee and

b. May not have nearly so much effect local situation as we envisage.

7. Deptel 176, March 29 deals with some facts which determine French attitude. Renewed proposal for "evolutionary" statement comes precisely at time when local authorities hitherto more liberal than those in France are recommending to Paris that they dig in their heels on March 8 agreements for another year. Vietnamese, exhilarated at prospects American aid, are already in their minds telescoping evolutionary process down to nil, preparing claim command all forces in interior Vietnam, revision March 8 agreements, derogation from principle of coordinated action among associated states and with French. There is possibility friction among states and between French and Vietnamese with risk to interstate conference and repercussions military situation. Present government crisis Vietnam symp-

[3] Kenneth P. Landon, Officer in Charge, Thai, Malayan, and Indochinese Affairs, on visit in the Far East.

tomatic. If French were now to dangle prospect further concessions before Vietnamese, latter would merely delay buckling down and getting together.

8. There limits to promises French can make and those limits fixed by will to fight of individual French soldier. At heavy cost French army defends western and US interests on frontier which happens lie in Tonkin. If it failed this country and its neighbors would my opinion tumble into Communist catch all with record speed. Fact that French may have mixed motives or that they only discovered their wider mission late in day not important compared US interests they defending. Past certain point, pressure on French will yield diminishing returns. That point will be reached when individual soldier gets idea he fighting for Vietnam independence or for British at Singapore instead tricolor.

9. For indefinite time foreign army in being will be required IC, not so much for suppression Viet-Minh as to check threat from north. Even most ardent Viet-Minh [*Vietnamese*?] do not foresee time when this not necessary. Some would like see Jap army here under American command but most realize that French must stay on frontier. Behind frontier internal pacification job must be handed over to Vietnamese but timing transfer will long be subject controversy. If Vietnamese do well they can be entrusted with defense their own country all sooner. We cannot expect relations between Vietnamese as whole and French be satisfactory long as French army remains, yet remain it must.

10. This situation fundamentally different from that in Indonesia or in Philippines which are after all islands with few Communists. I do not see how if American public and "responsible Asian ministers" are seized with [of?] hard facts, they can expect Vietnam, Laos and Cambodia to have immediate "full measures of independence and sovereignty which have recently been transferred by Netherlands to Indonesia."

Statement of French intention revolutionary enough to make any impression on Nehru or Romulo would be too drastic for present delicate balance in IC.

11. I cannot agree that French can make evolutionary statement but cannot make further substantial concessions within March 8 agreements. They can liberalize stand on distribution American aid, expedite transfer of powers, accelerate creation of sectors under Vietnam use Army control, give Vietnamese postage stamps, share of communications, civil aviation, custom and exchange control. Our interest there can speed this process up and secure it adequate publicity. But French cannot do this in orderly way if Vietnamese encouraged hold out for further illusory benefits.

12. Other US missions in Asian countries will report effects French statement would have their countries and whether mere declaration

would move them to recognition. As I see it, Asian attitudes actually make little difference to local situation, however much they count in UN or with US public opinion. After great power recognitions on opposite sides only, others which made a ripple were Thailand and Vatican. India vote would count but prospects seem unlikely. Viet-Minh has never attempted to make capital out of hesitation of Asian states. Perhaps "responsible" Asian minister can be convinced verities of situation by personal inspection.

13. Embassy Paris will doubtless report effect on French politics of pressure for statement. I am advised that Senate, Minister of War and President of Republic all opposed to promising further concessions at this time. Pignon under heavy pressure from home to stick close to March 8 agreements.

Although idea of statement is now put forward with bow to past French efforts, it is still same old bone of contention between ourselves and French and has become gage of prestige.

14. It seems some that great powers move into periods of colonial aberration and out of them in cycle which cannot be particularly speeded by outside nagging. The French whose colonial history is series of washouts at hands of Anglo Saxons are likely to get backs up at pressure from US. Nor are they likely to be impressed by assurances JCS is studying strategic problem IC so long as ultimate decision is unknown.

15. European [*sic*] policy must be to strive in background and over long term to preserve precarious balance between increasing independence for Vietnam and support of French military effort, justifying each to each, and helping both to combat Communist efforts to exploit their differences until Vietnam can take over or Communist world threat subsides or is destroyed.

Sent Department 234; Department pass Paris 115, London 11, Tokyo 13, Moscow 5, Djakarta 9, New Delhi 6, Manila 21, Bangkok 32.

GULLION

751G.00/4–950 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, April 9, 1950—6 p. m.

244. Following is comment Huu appointment: [1]

1. Appointment Tran Van Huu as Prime Minister will be interpreted some quarters here and America as check to evolution independent Vietnam (Legtel 242, April 9).[2] Huu is wealthy man from Cochinchina traditionally more Francophile than other areas. He is

[1] Nguyen Phan Long resigned as Premier of Viet-Nam on April 27. He was succeeded by Tran Van Huu, Governor of Southern Viet-Nam.

[2] Not printed.

able citizen and patriotic Vietnamese but his background presents propaganda opportunities to Communists, northerners and disgruntled supporters of his rival Prime Minister Long.

2. On other hand, nomination has certain advantages. As Bao Dai points out, principal soft spot is in south and Huu has real prestige, knows how to make influence felt in villages, has large amount Catholic support, has countrymen's touch despite wealth. Caodaists may also join government. Huu claims to have abstained from joining earlier cabinet and his coming into new government shows he thinks Bao Dai-French partnership going concern especially with US as silent partner.

3. Believe it will be easier negotiate aid formulas with Huu government than Long not only because Long and Pignon crossed swords on matter but because Huu considerably more realistic. Long wanting to stay on would probably have grasped any aid formula given him by America.

4. Long failed for variety reasons: his personality rubbed people wrong way, he had few contemporaries in government (63 is ancient in these latitudes), he tried to run four jobs himself, he could not conciliate Tonkin, he did not work miracle in applying March 8 agreement, he had bad luck in having riot break out on March 19 (for which local officials more responsible than he) causing Vietnamese lose face before America. Unfairly, his enemies taxed him with this and with failure to put on big show Griffin mission. Finally, he humiliated Pignon publicly at final five cornered meeting Griffin mission.

5. French would probably never admit latter influenced them but it did. French have powerful leverage on any government in controlling rate of transfer of powers under March 8 agreement and execution of supplementary accords. If a Vietnam Government does not get powers rapidly from French, it comes under crossfire of own people and French, situation French can maneuver to a nicety. Of course, this cannot be done indefinitely. Exact manner and extent to which it occurred this time may never be known but Bao Dai's and Long's accounts sufficiently circumstantial to indicate something like this happened. Nothing so crude as dictum by Pignon or consultation of him by Bao Dai took place. Think French would undoubtedly have preferred Diem but Bao Dai opposed, face-saving continuance Long over Easter probably also his idea.

6. Following are implications for US policy:

a. Prospect of US aid indirectly cause for crisis by inducing Vietnamese hyper confidence and also by furnishing occasion for Viet-Minh demonstration.

b. Any Vietnamese who lose by change and think we are responsible will be better and may magnify our role.

c. In view of over-all objectives and aid programs and also because of absence party parliamentary system here as we know it, better

for us if national union government set up. Yet, if we took any initiative, we would have assume some responsibility. This may eventually become necessary as it did in Greece but not now. Nevertheless, believe Long ought to stay in government in some capacity probably information and that other Cabinet broadening desirable. Do not believe we should go beyond innocent inquiries and disingenuous hints for time being.

d. Aid program can be worked out more easily with Huu Government. But fact French appear to have promoted change, at least partly because Long's insistence on Vietnamese receiving aid directly, should cause us stick to our guns in establishing formula giving Vietnamese adequate recognition and participation. I aware best contribution I can make is to suggest Department concrete proposals. This impractical in government crisis and because press other business but hope produce something soon. Department's reaction various points this telegram would be useful.

Sent Department 244, repeated Paris 121; Department pass Paris, Djakarta 10 for Griffin.

GULLION

751G.02/4–1250 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET NEW DELHI, April 12, 1950—2 p. m.

503. During conversation with Bajpai, Secretary General External Affairs, April 11, I brought up question Indochina.

1. After again going over reasons for our recognition Bao Dai, I told him in confidence we had been hoping that French would issue series announcements which would make clear her intentions gradually to entrust more power to Vietnam Government. I asked whether in his opinion there was any kind of announcement which French Government could make at this juncture which might cause change in Indian feelings or in GOI policies toward IC.

2. Bajpai replied in negative. He said he had discussed IC on April 10 with Pannikar, Indian Ambassador designate to China. Pannikar had asked what he should say in case Chinese Government should inquire re GOI policies towards IC. Bajpai had suggested that he state that GOI favored full independence for all Asian nations including IC; that GOI would not recognize any government of Asia which in its opinion did not have popular support. Bajpai added he had been reading reports from Gupta, Indian representative in Saigon who had been visiting various parts of country. These reports indicated that majority Vietnamese people including many Roman Catholics had no use for Bao Dai or his government. Gupta's views were supported by other impartial observers. No matter what kind announcement French Government might make India would not

recognize Bao Dai until it had reason believe that he had support majority Vietnamese people.[1]

3. I said that several days ago high French official in friendly and personal conversation had told me that if he had his way he would order all French military and civilians leave IC immediately, that French blood and limited resources should not continue to be spent to defend independence of people of IC; particularly since French efforts were apparently not being appreciated. Bajpai said that he could understand such views and he personally could not see why French did not leave IC. I said that if France should abandon IC, Ho Chi Minh with backing Communist China would probably take immediate possession and set up a government which would take orders from Moscow direct or from Moscow via Peiping. Bajpai agreed. He feared it was too late to save IC. He doubted possibility checking tide of Asian communism by attempts to hold weak bastion like IC. He thought most effective way stop expansion communism in Asia would be to give adequate and immediate economic assistance to Burma and to strengthen Japan politically. Malaya might possibly be held. He made no reference Thailand and his omission caused me believe he had little hope for that country.

4. I told Bajpai that in spite of difficulties involved we could not, it seemed to me, cold bloodedly abandon peoples like those of IC to Communist tyranny. They had struggled long for freedom and were just as much entitled to working out their own destinies as peoples of larger or stronger countries. Disastrous consequences could flow from creation impression that democratic powers were not prepared to assist, defend integrity and independence small, weak nations in dangerous geographical positions. Such impression would give new confidence to aggressors and profound sense discouragement to their potential victims.

5. I asked what Bajpai meant by "to strengthen Japan politically". He said Japan could still be force in Asia—not as military force necessarily but powerful stabilizing factor. Everything possible should be done to make Japanese people feel their country was again respected member community of nations. I pointed out US was endeavoring to pursue such policy. He said his remarks were not intended as critical of US; he was not even advocating withdrawal of American troops at this juncture from Japan. He had been somewhat shocked recently in reading minutes of Far East Commission to see

[1] In telegram 507, April 13, Henderson stated the following in regard to the above exchange: "Bajpai's statements strengthen our belief that no announcement made by French at present likely to cause any important change in present GOI policies toward Indo-China or in personal attitude of Nehru who, in our opinion, would be more disappointed than pleased if Bao Dai experiment should succeed." (751G.02/4–1350)

how UK and Australia appeared to be dragging their feet in matters pertaining to rehabilitation Japan. Apparently British were worried about potential Japanese trade competition and Australians about their security. Considerations this character should not be permitted to slow up return of Japan to international stage.

6. Bajpai emphasized his remarks were personal and should not be considered as representing the policies of GOI. Nevertheless I believe that in making them he had in mind views of Nehru.

HENDERSON

790.5 MAP/4–1450

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET WASHINGTON, 14 April 1950.

MY DEAR MR. SECRETARY: In March, I asked the Joint Chiefs of Staff for their views and recommendations regarding:

"*a.* The strategic importance, from the military point of view, of Southeast Asia;

b. NSC 64, a report by the Department of State on the position of the United States with respect to Indochina,[1] which is now before the National Security Council for consideration;

c. The measures that, from the military point of view, might be taken to prevent Communist expansion into Southeast Asia;

d. The order of magnitude and means of implementation of such measures; and

e. A French *aide-mémoire* on the subject of aid for Indochina, dated 16 February 1950."

These views and recommendations have now been received, and I am forwarding them in this letter to you for your information and action. Although there are some points that may require joint discussions by our respective Departments, in particular paragraphs 10 and 18 below, I generally concur in these views and recommendations. I wish to point out that the Joint Chiefs of Staff, in paragraph 15 below, have stated their belief "in the possibility of success of a prompt coordinated United States program of military, political, and economic aid to Southeast Asia and feel that such a success might well lead to the gaining of the initiative in the struggle in that general area." Therefore, I strongly recommend that we proceed along the lines hereinafter set forth, with the details being worked out by our staffs.

"1. In the light of U.S. strategic concepts, the integrity of the offshore island chain from Japan to Indonesia is of critical strategic importance to the United States.

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[1] *Ante*, p. 744.

2. The mainland states of Southeast Asia also are at present of critical strategic importance to the United States because:

a. They are the major sources of certain strategic materials required for the completion of United States stock pile projects;

b. The area is a crossroad of communications;

c. Southeast Asia is a vital segment in the line of containment of communism stretching from Japan southward and around to the Indian Peninsula. The Security of the three major non-Communist base areas in this quarter of the world—Japan, India, and Australia—depends in a large measure on the denial of Southeast Asia to the Communists. If Southeast Asia is lost, these three base areas will tend to be isolated from one another;

d. The fall of Indochina would undoubtedly lead to the fall of the other mainland states of Southeast Asia. Their fall would:

(1) Require changing the Philippines and Indonesia from supporting positions in the Asian offshore island chain to front-line bases for the defense of the Western Hemisphere. It would also call for a review of the strategic deployment of United States forces in the Far East; and

(2) Bring about almost immediately a dangerous condition with respect to the internal security of the Philippines, Malaya, and Indonesia, and would contribute to their probable eventual fall to the Communists.

e. The fall of Southeast Asia would result in the virtually complete denial to the United States of the Pacific littoral of Asia. Southeast Asian mainland areas are important in the conduct of operations to contain Communist expansion;

f. Communist control of this area would alleviate considerably the food problem of China and would make available to the USSR important strategic materials. In this connection, Soviet control of all the major components of Asia's war potential might become a decisive factor affecting the balance of power between the United States and the USSR. 'A Soviet position of dominance over Asia, Western Europe, or both, would constitute a major threat to United States security'; and

g. A Soviet position of dominance over the Far East would also threaten the United States position in Japan since that country could thereby be denied its Asian markets, sources of food and other raw materials. The feasibility of retention by the United States of its Asian offshore island bases could thus be jeopardized.

3. In the light of the foregoing strategic considerations pertaining to the area of Southeast Asia, the Joint Chiefs of Staff, from the military point of view, concur in the conclusions in NSC 64.

4. Military forces of both France and the United Kingdom are now actively opposing communism in Southeast Asia. Small indigenous forces are allied with them. In addition, the generally inadequate indigenous forces of the independent states are actively engaged in attempting to maintain internal security in the face of Communist aggression tactics.

5. It appears obvious from intelligence estimates that the situation in Southeast Asia has deteriorated and, without United States assistance, this deterioration will be accelerated. In general, the basic conditions of political and economic stability in this area, as well as the military and internal security conditions, are unsatisfactory. These factors are closely interrelated and it is probable that, from the long-term point of view, political and economic stability is the controlling factor. On the other hand, the military situation in some areas, particularly Indochina, is of pressing urgency.

6. With respect to the measures which, from the United States military point of view, might be taken to prevent Communist expansion in Southeast Asia, the Joint Chiefs of Staff recommend early implementation of military aid programs for Indochina, Indonesia, Thailand, the Philippines, and Burma. Malaya might also be included provided the British by their actions in the areas in Asia where they have primary interest evince a determined effort to resist the expansion of communism and present sufficient military justification for aid. The effectiveness of these military aid programs would be greatly increased by appropriate public statements of United States policy in Southeast Asia.

7. The Joint Chiefs of Staff recommend that the military aid from funds already allocated by the President for the states of Southeast Asia be delivered at the earliest practicable date. They further recommend that the presently unallocated portion of the President's emergency fund under Section 303 of Public Law 329 (81st Congress, 1st Session); be planned and programmed as a matter of urgency.

8. Precise determination of the amounts required for military aid, special covert operations, and concomitant economic and psychological programs in Southeast Asia cannot be made at this time since the financial requirements will, to a large extent, depend on the success of aid and other programs now in the process of implementation. In the light of the world situation, however, it would appear that military aid programs and other measures will be necessary in Southeast Asia at least during the next fiscal year and in at least the same general over-all order of magnitude. The Joint Chiefs of Staff, therefore, strongly recommend that appropriations for over-all use in the general area of Asia be sought for the next fiscal year in terms similar to those under Section 303 of Public Law 329 (81st Congress, 1st Session). It is believed that approximately $100,000,000 will be required for the military portion of this program.

9. In view of the history of military aid in China, the Joint Chiefs of Staff urge that these aid programs be subject, in any event, to the following conditions:

a. That United States military aid not be granted unconditionally; rather, that it be carefully controlled and that the aid program be integrated with political and economic programs; and

b. That requests for military equipment be screened first by an officer designated by the Department of Defense and on duty in the recipient state. These requests should be subject to his determination as to the feasibility and satisfactory coordination of specific military operations. It should be understood that military aid will only be considered in connection with such coordinated operational plans as are approved by the representative of

the Department of Defense on duty in the recipient country. Further, in conformity with current procedures, the final approval of all programs for military matériel will be subject to the concurrence of the Joint Chiefs of Staff.

10. The Joint Chiefs of Staff recommend that a Southeast Asia Aid Committee be appointed with State, Defense and ECA representation which will be responsible for the development and implementation of the program for the general area of Southeast Asia. Requests for aid should be screened by the field representatives of the committee in consultation with the local authorities in the countries concerned.

11. Present arrangements for military aid to Indonesia through the military attachés and to the Philippines through the Joint United States Military Aid Group appear to be satisfactory and should be continued.

12. A small military aid group should be established in Thailand to operate in conformity with the requirements in paragraph 9 above. Arrangements for military aid should be made directly with the Thai Government.

13. In view of the very unsettled conditions in Burma, the program for military aid to that country should, for the time being at least, be modest. The arrangements should be made after consultation with the British, and could well be handled by the United States Armed Forces attachés to that country. Arrangements for military aid to Malaya, if and when authorized, should be handled similarly except that request should, in the first instance, originate with British authorities.

14. The Joint Chiefs of Staff recognize the political implications involved in military aid to Indochina. It must be appreciated, however, that French armed forces of approximately 140,000 men are in the field and that if these were to be withdrawn this year because of political considerations, the Bao Dai regime probably could not survive even with United States aid. If the United States were now to insist upon independence for Vietnam and a phased French withdrawal from that country, this might improve the political situation. The French could be expected to interpose objections to, and certainly delays in, such a program. Conditions in Indochina, however, are unstable and the situation is apparently deteriorating rapidly so that the urgent need for at least an initial increment of military and economic aid is psychologically overriding. The Joint Chiefs of Staff, therefore, recommend the provision of military aid to Indochina at the earliest practicable date under a program to implement the President's action approving the allocation of 15 million dollars for Indochina and that corresponding increments of political and economic aid be programmed on an interim basis without prejudice to the pattern of the policy for additional military, political and economic aid that may be developed later.

15. In view of the considerations set forth in paragraph 14 above, the Joint Chiefs of Staff recommend the immediate establishment of a small United States military aid group in Indochina, to operate in conformity with the requirements in paragraph 9 above. The Joint Chiefs of Staff would expect the senior member of this group to sit in consultation with military representatives of France and Vietnam and possibly of Laos and Cambodia. In addition to screening requests

for matériel, he would be expected to insure full coordination of military plans and efforts between the French and Vietnamese forces and to supervise the allocation of matériel. The Joint Chiefs of Staff believe in the possibility of success of a prompt coordinated United States program of military, political, and economic aid to Southeast Asia and feel that such a success might well lead to the gaining of the initiative in the struggle in that general area.

16. China is the vital strategic area in Asia. The Joint Chiefs of Staff are firmly of the opinion that attainment of United States objectives in Asia can only be achieved by ultimate success in China. Resolution of the situation facing Southeast Asia would therefore, be facilitated if prompt and continuing measures were undertaken to reduce the pressure from Communist China. In this connection, the Joint Chiefs of Staff have noted the evidences of renewed vitality and apparent increased effectiveness of the Chinese Nationalist forces.

17. The Joint Chiefs of Staff suggest the following measures with military implications:

a. An increased number of courtesy or 'show the flag' visits to Southeast Asian states;

b. Recognition of the 'port closure' of Communist China seaports by the Nationalists as a *de facto* blockade so long as it is effective. Such action should remove some of the pressure, direct and indirect, upon Southeast Asia; should be of assistance to the anti-Communist forces engaged in interference with the lines of communication to China; and should aggravate the economic problems and general unrest in Communist China;

c. A program of special covert operations designed to interfere with Communist activities in Southeast Asia; and

d. Long-term measures to provide for Japan and the other offshore islands a secure source of food and other strategic materials from non-Communist held areas in the Far East.

18. Comments on the French *aide-mémoire* of 16 February 1950, are contained in the substance of this memorandum. The Joint Chiefs of Staff do not concur in the French suggestion for conversations between the 'French and American General Staffs' on the subject of Indochina since the desired ends will best be served through conferences in Indochina among the United States military aid group and military representatives of France, Vietnam, Laos, and Cambodia. The Joint Chiefs of Staff are not unmindful of the need for collaboration and consultation with the British and French Governments on Southeast Asia matters and recommend, therefore, that military representatives participate in the forthcoming tripartite discussions on Southeast Asia to be held at the forthcoming meeting of the Foreign Ministers."[2]

I am forwarding that portion of this letter containing the views of the Joint Chiefs of Staff to the National Security Council for con-

[2] Documentation on the meeting of the Foreign Ministers of the United States, the United Kingdom, and France in London, May 11–13, 1950, is scheduled for publication in volume III. Regarding conference consideration of Southeast Asia, see also memorandum by Lacy to Rusk, May 22, p. 94.

sideration in connection with NSC 64. If you desire to discuss this matter, General Burns or I will be pleased to do so at the earliest mutual convenience.

Sincerely yours, LOUIS JOHNSON

851G.00R/4–1750

Memorandum by the Secretary of State to the President

SECRET [WASHINGTON,] April 17, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Allocation of Section 303 Funds to Provide Economic Assistance for Indochina.

The Department of State and the Economic Cooperation Administration have agreed that a program of economic assistance for Indochina (the associated states of Vietnam, Laos and Cambodia) is needed to improve the welfare of the people and maintain economic stability and thus increase the ability of those countries to resist Communist encroachment. Annex A attached gives supporting background taken from the reports of the Mission sent by the Department of State to survey the needs for economic assistance in Southeast Asia (The Griffin Mission).[1] The staffs of the Department and of the Economic Cooperation Administration estimate that $5,000,000 are initially required for this purpose. The Department of State believes that for urgent political considerations this assistance should be given as quickly as possible and proposes that these funds be made available under authority of Section 303 of the Mutual Defense Assistance Act of 1949, in addition to the $15,000,000 already reserved for military assistance to Indochina under this Act.

The Griffin Mission recommends a program consisting of rural rehabilitation, limited amounts of commodities and industrial equipment, and technical assistance aggregating $23.5 million through June 30, 1951. Although the main outlines of this program as recommended by the Griffin Mission have been jointly agreed upon between the Department of State and the Economic Cooperation Administration and are in line with earlier estimates of the Department, the exact content of the program has not yet been formulated by the staffs of the interested agencies.

It is contemplated that the greater part of Indochinese economic aid requirements would be financed out of residual China Aid funds; it is anticipated that a portion of these funds will be made available for the "general area of China" for the fiscal year 1951 under legis-

[1] Annex not printed; regarding the recommendations of the Griffin Mission, see the extract from telegram 189 from Saigon, March 18, p. 762.

lation now pending. The China Aid funds are not now available for this purpose; therefore, it is requested that the President at this time approve a general program of economic assistance to Indochina and that $5,000,000 be allocated for this purpose under Section 303 of the Mutual Defense Assistance Act.

The program of economic aid to Indochina to be instituted with the funds hereby requested is to be administered by the Administrator for Economic Cooperation in consultation with the Secretary of State.

The Department of Defense has stated its position with regard to this proposal as follows: "The Department of Defense will not object to the action proposed in the attached memorandum to the President from the Secretary of State but doubts that this fund should be so expended. It was not so intended when the Department of Defense originated the idea of this fund and supported it."

The Department of State and the Economic Cooperation Administration strongly recommend that the program as specified above be approved.

DEAN ACHESON

Department of State Executive Secretariat Files: Lot 62D1

Record of Action by the National Security Council by Memorandum Action as of April 18, 1950

TOP SECRET [WASHINGTON, April 18, 1950.]

Action Number: 288

Subject: The Position of the United States With Respect to Indochina.

(NSC 64;[1] Memos for NSC from Executive Secretary, same subject, dated February 27, 1950, and April 18, 1950)[2]

Adopted the reference report by the Department of State on the subject.

Note: The Secretary of the Treasury participated in this Council action. In approving NSC 64, the Secretary of Defense commented as follows:

"In connection with the implementation of Paragraph 12 of the Conclusions, which I have approved, it is the desire of the Department of Defense to include not only Indochina but also Southeast Asia, and to develop and execute a program by expeditious administrative arrangements, as a matter of urgency.

At my request the Joint Chiefs of Staff have prepared a strategic assessment of this area[3] which I am forwarding herewith with the

[1] *Ante*, p. 744.
[2] Neither printed.
[3] See letter, dated April 14, from Secretary of Defense Johnson to Secretary of State Acheson, p. 780.

request that it be circulated to the Council members. These views of the Joint Chiefs have my general approval."

NSC 64 subsequently submitted to the President for consideration [4] together with the comments of the Secretary of Defense and the strategic assessment by the Joint Chiefs of Staff referred to above. JCS assessment circulated for the information of the Council by the reference memorandum of April 18.

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[4] In a memorandum of April 24 to the National Security Council, Executive Secretary James S. Lay, Jr. stated the following: "The President has this date approved the Conclusions contained in the reference report on the subject [NSC 64] and directs their implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State.

"In approving this report the President expressed the desire that the program prepared pursuant to paragraph 12 thereof be submitted for his consideration." (Department of State Executive Secretariat Files: Lot 62D1)

751G.5 MAP/4–1950

Memorandum by the Director of the Office of Military Assistance, Department of Defense (Lemnitzer), to the Director of the Mutual Defense Assistance Program (Bruce)

TOP SECRET WASHINGTON, April 19, 1950.

Subject: Military Assistance for Indo-China

1. The Department of Defense has completed a study to determine those initial increments of military assistance which should be furnished Indo-China as a matter of urgency. Contained herein are the formal views and recommendations of the Department of Defense on this subject.

2. From the military point of view, the key area in Southeast Asia for stopping the spread of communism, is Indo-China. In view of this fact the Department of Defense recommends the provision of initial increments of military assistance for Indo-China as a matter of urgency and on a shipment priority higher than any other military assistance program. The maximum immediate assistance can be given by the implementation of the following two parallel projects:

a. The diversion, subject to French concurrence, of the second shipment of 40 U.S. Naval aircraft for France to Indo-China by the French aircraft carrier *Dixmude* at an estimated total cost of $6,500,000. Sixty days are required to get these planes, spare parts and the ammunition ready for delivery to Indo-China after approval of the project. It is also pointed out that such diversion would entail a delay of three to four months in delivery of replacements of the 40 Naval aircraft to France.

b. The provision, within thirty to sixty days, of all available high priority items of military assistance requested by the French for Indo-

China, from available U.S. military stocks at an estimated total cost of $9,799,680 (Inclosure 1).[1]

The items referred to in paragraphs (*a*) and (*b*) above are now being entered on Form DD318 and will be forwarded to the Department of State at the earliest possible date.

3. It is further recommended that the Secretary of State forward, as soon as possible, to the President, a request to increase the allocation for military assistance to Thailand and Indo-China from $25 million to $27 million to permit the accomplishment of the projects described above without affecting the currently proposed $10 million program for Thailand, and that immediate action be taken to allocate to the Department of Defense the funds necessary to initiate supply action on the Indo-China program. This increase of $2 million will provide funds for high priority items only and it appears probable that, from a military point of view, funds over and above the $27 million herein requested will be required for the Indo-China Program.

4. From a military point of view, the military assistance recommended herein should, as an interim policy, be delivered to the French authorities in French Indo-China with such participation by the representatives of Viet Nam, Laos and Cambodia as the Secretary of State may deem appropriate. It is further recommended that such military assistance as may be provided, be further subjected to observation and supervision by a U.S. Military Assistance Advisory Group. The Group should be aided by such temporary mobile training teams as may be required.

5. It is recognized that the political situation in Indo-China may require special arrangements regarding the transfer of equipment and the relationship of U.S. military personnel with the representatives of the French Government and the native governments. The Department of Defense, therefore, requires immediate guidance from the Department of State as to the latter's views regarding such arrangements in order that detailed plans may be worked out in connection with the shipment and transfer of equipment and size, composition and functions of the Advisory Group.

6. If initial assistance is to be provided to Indo-China as a matter of urgency it is requested that the Department of State at the earliest possible date:

a. Indicate its approval to the recommendations contained in paragraphs (2), (3) and (4) above.

b. Take immediate action to make the necessary funds available to the Department of Defense.

[1] The 10-page enclosure, not printed, consisted of a list titled "Initial Increments of Military Assistance for Early Shipment Based Upon Partial French Lists of Military Assistance Items for Indo-China."

c. Advise the Department of Defense of its views regarding the arrangements that are to be made in connection with the transfer of equipment and the responsibility of U.S. military personnel to French and Indo-Chinese authorities.

L. L. LEMNITZER
Major General,
U.S. Army

PSA Files: Lot 54D190

The Department of State to the French Embassy

AIDE-MÉMOIRE

With reference to the French Embassy's *Aide-Mémoire* of 16 February 1950 regarding political, military and economic aid requested of this Government for Indochina [1] the Department has the following observations to make:

1. *Political Aid.*

The Department of State is considering the advisability of a public statement concerning Indochina and Southeast Asia generally. The Secretary of State will discuss this matter with Mr. Schuman at their forthcoming meeting in May at which time the problem of Southeast Asia will be the subject of a tripartite examination.

2. *Military Aid.*

The interested Departments and agencies of this Government are agreed in principle that the United States shall furnish military assistance to the armed forces of the Associated States and to the French forces in Indochina. The various lists of military equipment which the French Government has submitted are being carefully examined by the United States military authorities with a view to determining the availability of the items requested as well as the possibility of their being furnished.

The Department of State and the Department of Defense are agreed that staff talks between the French and American general staffs would not serve a useful purpose at this time.

3. *Economic Aid.*

This Government is examining the French request for economic aid to Indochina and the preliminary recommendations of the Griffin

[1] Not printed, but see the memorandum of conversation by Mr. Acheson on that date, p. 730.

Mission in order to determine the manner in which economic assistance can be most profitably applied in that area and will keep the French Government informed of its findings.

This Government is giving these matters its urgent attention and it is expected that they will be further discussed at the forthcoming meeting of the Foreign Ministers.

WASHINGTON, April 28, 1950.

851G.00R/4–3050 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, April 30, 1950—6 p. m.

297. If I understand from Paris Embtel 97, April 29 [1] that $700,000 is total amount economic aid available IC until end fiscal year and as long as budget ruling stands, situation is fantastic.

2. I understand difficulties efficient spending short time. Must point out, however, that in expectation US economic aid and on issues arising from its distribution the French Government has reviewed its policies, the Vietnamese Government has fallen, the struggle with Viet Minh has been intensified. Ho Chi Minh has defied US and Southeast Asia has staked its last hopes. It has been assumed rightly or wrongly that we would never have proposed give aid if we are not reviewing our strategic concepts.

3. If now we speak in terms of $700,000, would be laughing stock of our enemies in Asia, the despair of our friends. If we give *military* aid to *French* and only token economic aid to the native peoples, Communists could claim corroboration then claim we here install French Colonialism by armed force.

4. It would be hopeless to explain to native peoples our fiscal year system or Budget Bureau review of our foreign policy.

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[1] Telegram 1998 from Paris, April 29, passed to Saigon as telegram 97, read as follows:

"1. Am profoundly disturbed by situation reported to ECA today by Robert Blum in his Toeca 500 April 29 [not printed]. Apparently Budget Bureau has approved only $700,000 from section 303 funds for economic aid Indo-China balance this fiscal year, this sum earmarked for emergency health project.

"2. This decision in view of recommendation of Secretaries Acheson and Johnson with Hoffman's [Paul G. Hoffman, Administrator, Economic Cooperation Administration] approval unless reversed will blast hopes and lower morale of three Indo-Chinese Governments, and is scarcely likely to make French think we are serious about our Southeast Asia policy.

"3. Was it taken without Department's knowledge? Strongly urge it be immediately reconsidered. Bruce."

5. Strongly urge ruling be reconsidered.

Sent Department 297; Department pass Paris 148, London 25.

GULLION

740.5/5–150

The President to the Secretary of State

SECRET WASHINGTON, May 1, 1950.

MY DEAR MR. SECRETARY: I have today allocated to the Secretary of Defense the sum of $13,000,000 from funds appropriated to carry out the provisions of section 303 of the Mutual Defense Assistance Act of 1949. Programs of military assistance to Indonesia and Indo-China utilizing these funds are to be approved by you, and forwarded to the Secretary of Defense for implementation. In addition, I approve in principle the provision of economic assistance to Indo-China as justified by your memorandum of April 17, 1950 and have allocated $750,000 to the Economic Cooperation Administration for an interim program of medical aid.

I have given full consideration to the request for $20,000,000 contained in the Department of State's letter of April 12, 1950,[1] to the Director of the Bureau of the Budget. It is my desire that, at this time, the United States provide to those nations only that increment of assistance which is a matter of urgency, and essential for furthering the achievement of United States objectives in those areas. For Indonesia, a program of the approximate magnitude of $3,000,000 should be planned to provide the basic arms and equipment necessary to assure an effective constabulary force. The remaining funds should be utilized for furnishing supplies and equipment from United States military stocks to friendly forces in Indo-China to strengthen their efforts to achieve internal security.

With respect to further economic assistance for Indo-China, funds available under the Mutual Defense Assistance Act of 1949 will be allocated for that purpose upon the development of a program indicating the aid to be furnished and the financing required in fiscal year 1950. The request for an allocation of funds should be submitted to me through the Director of the Bureau of the Budget.

I further desire that as soon as practicable you submit to me an estimate of the scope, character and timing of economic and military assistance which may be required to accomplish our objectives in Indonesia and Indo-China.

Sincerely yours, HARRY S. TRUMAN

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[1] Not printed.

751G.5 MAP/5–350 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET PRIORITY WASHINGTON, May 3, 1950—7 p. m.

2049. For Merchant.[2] Pres on May 1 approved allocation of ten million dols from 303 to Defense to cover current early shipment urgently needed mil aid items to IC. Also approved was three million for Indonesia.

Dept has requested Defense immed to start supply action on two hundred thousand rounds 37 mm ammunition plus 9,000 links to Army of Fr Union IC consigned Comdr in Chief Saigon. At same time Dept has requested Defense to initiate supply action equipment (less small arms) for 12 infantry battalions for the Vietnam State Army (as separate from Fr Union Forces). Dept has requested at least a part of latter equipment if at all possible be included in same shipment with 37 mm ammunition and consigned High Mil Comite for Vietnam Army.[3] Thus first shipment wld contain items for both Army Fr Union and Viet Army. Defense has no timetable yet for departure date of such shipment but Dept has pushed for early action. Aid will be subject usual bilateral agreements if in view Dept those required. Airplanes now under discussion between MAAG Paris and Fr authorities. When mutual agreement is reached on airplane types and firm program emerges, Dept will request further funds be allocated since ten million insufficient.

In view requests for info on US mil aid to IC from both Fr and Viets Dept believes above info shld be communicated to both Fr and Viet Govts for their confidential info.

Dept proposes communicate this info this week to Fr Amb Wash. US Del London notify Fr Del, Emb Paris notify Fr Govt and Leg Saigon notify High Commissioner and Viet Govt subj to comments USDel, Paris Emb and Saigon Leg.

ACHESON

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[1] Repeated as telegram 1974 to Paris and telegram 251 to Saigon for action and to Djakarta, Moscow, New Delhi, and Bangkok, for information.

[2] Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs, was a member of the United States Delegation to the May tripartite Foreign Ministers meeting at London.

[3] This information was transmitted to Maj. Gen. Lyman L. Lemnitzer, Director of the Office of Military Assistance, Department of Defense, by John H. Ohly, Deputy Director of the Mutual Defense Assistance Program, in a memorandum of May 2, not printed (751G.5 MAP/5–250).

751G.00/5–450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, May 4, 1950—7 p. m.

2096. I had lunch with Bidault today. He made following observations re Indochina:

We should disregard any newspaper reports or unauthorized statements that France intends to withdraw its troops from Indochina in case US does not take over major part of military expenses. He said that French Government is committed to defend Indochina within French Union against Communist attacks, and as long as he was head of government that obligation would be respected, regardless of what assistance was given. He added that obviously American aid in a massive degree would make the completion of task of consolidating Bao Dai's position in Indochina much easier. He wants personally to discuss this matter with the Secretary when he arrives in Paris, but meanwhile wishes the Secretary to know that the determination of French Government to use all resources of France in making effective the independence of Indochina within French Union will be exercised.

I feel certain, in spite of what Bidault said on this occasion, the principal question that will be asked the Secretary in his conference with Schuman will be the amount of military assistance which US will provide for operations in Indochina.

If the conversations on Indochina are to be fruitful, I believe it would be highly advisable if the Secretary could be prepared to inform French when he is in Paris:[1]

(1) What sums executive branch will be prepared to devote to this under existing appropriations;
(2) What the executive branch will be prepared to recommend to Congress as a ceiling of appropriations in the next fiscal year for this purpose.

Even though French expectations will probably be disappointed, I feel that discussion of what maximum may be is unavoidable.

In this connection, I suggest that information contained Deptel 1974 May 3 (sent London and repeated Saigon, Djakarta, Moscow, New Delhi, and Bangkok)[2] be communicated to Schuman by the

[1] On May 8, prior to participating in the London tripartite Foreign Ministers meeting (May 11–13), Secretary Acheson met with French Foreign Minister Schuman in Paris. Regarding that meeting, see editorial note, p. 812.

[2] *Supra.*

Secretary in Paris and that it not be communicated to others until after Secretary's departure.

Sent Department 2096 repeated priority London 589.

BRUCE

751G.00/5–450

Memorandum by Mr. R. Allen Griffin[1] *to the Secretary of State*

SECRET [WASHINGTON,] May 4, 1950.

Subject: Conference on Indo-China—May 2, 1950.[2]

1. *The Indo-China situation cannot be maintained in its present "status quo."*

Time is of the essence in the Vietnam situation. Bao Dai and his Government cannot maintain a *status quo*. Bao Dai must either quickly win additional support and begin showing gains in prestige or there will be a falling away of his present following. There is general cynicism in Vietnam about the French willingness to permit reasonable self-government, and that cyncism spreads to the Bao Dai Government. Bao Dai at present represents a minority group, but he still is potentially capable of achieving substantial majority support if he can prove that he is taking over authority and responsibility and is exercising them. He must be given face. Unless the present trend is materially and almost immediately corrected, Bao Dai's opportunity will be irretrievably lost and his strength will run to water. To salvage the situation a fundamental agreement must be brought about with the French, followed quickly and with certainty with action designed to make Bao Dai a success. If Bao Dai once starts slipping, it will be impossible to restore him.

2. *Problem of a foundation for agreement.*

In order to have a firm basis of agreement with the French regarding U.S. relations with the State of Vietnam and the Kingdoms of Cambodia and Laos, it is almost a necessity to secure from the French a rational evaluation of what they expect of Indo-China, a forecast of the situation they reasonably believe can be brought about that would satisfy the aspirations of the people of Vietnam within the French Union.

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[1] Chief of the economic survey mission which had recently returned from Southeast Asia.

[2] On May 4, Griffin transmitted this memorandum to Lucius D. Battle, Special Assistant to the Secretary of State, with the following notation: "This covers the discussion of the Indo-China situation in so far as I can reconstruct it. I was so busy listening to other people that I wasn't listening to myself. Please tell the Secretary this was most hurriedly written." Griffin's separate memorandum on other subjects discussed at the meeting of May 2 is not printed. For the record of Griffin's remarks at an interdepartmental meeting of May 11, see p. 87.

The French themselves were forced to the conclusion that a conclusive military solution of their problem was unattainable and they resorted, therefore, to the effort to bring about a political solution. In that effort the United States became involved in the recognition of the Government of Vietnam.

The French also recognize the fact that they cannot afford a continued military cost of hundreds of millions of dollars a year in a campaign that has failed and that has no prospects of bringing about a military solution. As ERP aid is subsequently reduced, it will be impossible for the French to carry this expense. Even today, with the help of ERP, domestic plans of the French Government are deeply affected by this drain, which indirectly but powerfully affects the Government's capacity to deal with labor, social and educational exigencies at home.

The French are also aware, realistically, of the military weakness on the continent due to the maintenance of a military establishment in Indo-China that absorbs half of the regular army and the best cadres for troop training, whose losses are continuous, and whose depletion of French officer strength equals the output of new officers from the French military academies. This, incidentally though importantly, affects the United States position in military assistance to the Continent.

Despite French sentimental aspirations for absorbing colonial areas within the body and spirit of "metropolitan France," there is no doubt that the French are realistic enough, when not emotionally disturbed, to appreciate the fact that the peoples of Vietnam can no longer be "integrated" in that respect.

Therefore it appears that the time has come than an entirely rational French consideration of this problem must take place, that can be the foundation of policy considerations. It is strictly necessary that this consideration be made now, so that U.S. policy may reasonably and justifiably work in cooperation with the French in attempting to make firm and workable a self-governed Vietnam State conditioned to find it desirable and advantageous to be a part of the French Union.

In short, we must find out what the French expect of Vietnam.

3. *Decisions and actions necessary to create public respect for the Bao Dai government.*

a. A clear definition of the French Union, its meaning, its responsibilities and guarantees including the guarantee of a method for "evolutionary" treatment of countries accepted as partners within the French Union. These conditions have never been defined, and no one knows what the French Union means.

b. Implementation of the provisions of the March 8 agreement. This should not be a mean or petty literal and parsimonious interpretation,

but broad and generous. Not only have the French been laggard in carrying out the terms of the agreement but they have been jealous and circumscribed in interpretation of every provision. (In the matter of technical assistance to the Viets, the French Secretariat was adamant in its opposition to any form of American or other foreign aid, stating that such aid was a violation of the agreement.)

c. The attitude of the French towards the Viet Government must be one of acceptance of a fact and a determination to make a success of that Government. This may be contrary to human nature, but it is doubtful if that Government can succeed without the most generous, if not passionate, French assistance. This assistance must be on a subordinate level, thorough and complete. It is indispensable. Until now the French attitude has been to point with scorn at the failures and aberrations of the untrained Viet Government leaders and to take the "I told you so" attitude.

d. Acceptance of the principle of bilateral relation between other governments and the Bao Dai regime. This will be hard for the French to take. They desire to maintain the form or myth of a quadripartite arrangement. While a form of at least tripartite arrangement is necessary among the Vietnam, Cambodian and Laotian Governments—for physical and economic reasons—it is imperative for the prestige of the Bao Dai Government for it to be able to conduct some dealings with other governments. This should apply at least to a substantial part of the proposed economic aid program. When the U.S. and Britain recognized Bao Dai, that recognition was taken as a bilateral action. In itself it established a precedent. This is a vital issue, and one of the most difficult to work out.

e. Turning over to Bao Dai of the No. 1 residence in Saigon, now occupied by the French High Commissioner. This is symbolic as well as practical. This is undoubtedly the reason why it is impossible for Bao Dai to take residence in the capital city, where his presence would be a sign of the reality of his Government. Even Pignon is opposed to this, on the grounds that it would affect French morale. Nevertheless this cannot be overlooked.

f. Statement of the French that their purpose in training and preparing for field operations of a Bao Dai army is part of their plan for the complete protection of the country by Viet forces, which thereafter would enable them to withdraw.

g. There are many other actions, most of them minor in importance in western eyes but highly significant to Orientals, that can be taken to set up the prestige and position of Bao Dai. Some of these proposals have been contained in Gullion's cables.

4. *Current Military Problems.*

A French army of mixed but "regular" troops of approximately 130,000 men is maintained in Indo-China, chiefly in the Province of Tonkin, to prevent the overrunning of the Province and the Red River valley by the Viet Minh and to stand guard against Chinese invasion or infiltration.

The presence of this army is indispensable even though many Bao Dai supporters would prefer to have it removed worthwith. These people believe they could settle their differences with Ho Chi Minh by negotiation if the French were withdrawn. The latter point of view is not realistic, and there is good reason to believe that withdrawal of French forces would quickly lead to Communist takeover.

French-trained Viet troops are effective and loyal, and those embodied in the French army are said to be the equal of any colonial troops. The French are vigorously training approximately 58,000 Viet troops for the Bao Dai army. Such units, once tried and found satisfactory, can in time begin to take over French garrisoned areas and make possible the return to the Continent of regular French contingents.

An American arms program can be used to stimulate this training and replacement program.

There is the danger that French public sentiment—and some practical military pressure—might cause the French to threaten to withdraw entirely from Indo-China and "cut their losses", if pressure on the French for "evolutionary" treatment of the Viet political problem became too severe. This consideration cannot be overlooked when working for concessions. There is already strong feeling in many French quarters that Indo-China should be written off before more blood and treasure are lost.

As the French are required by the situation and by our insistence to turn over more authority to the Viet Government, it must be recognized that the morale of the French army might be affected. No measure could influence that situation more favorably than if the United States were willing to pledge sea and air support for the Viet-French forces in the event of the threat of invasion of Vietnam from Communist China.

Generals Carpentier and Alessandri are officers of the highest calibre. Carpentier's apparent acquiescence to the arming of several Bao Dai battalions with American small arms is an indication that he is willing to yield on some subjects on which he had appeared to be adamant. He speaks frequently of his friendship and great respect

for American Generals Gruenther [3] and Mark Clark.[4] In matters affecting important military decisions and American policy in the Indo-China field it might be most useful to send General Gruenther there, after a complete policy briefing, to discuss and review the entire military subject with Carpentier.

[3] Lt. Gen. Alfred M. Gruenther, Deputy Chief of Staff for Plans and Combat Operations, U.S. Army.
[4] Maj. Gen. Mark W. Clark, Chief of U.S. Army Field Forces.

751G.00/5–1250

Memorandum of Conversation, by the Minister in the Embassy in France (Bohlen)[1]

TOP SECRET [PARIS,] May 5, 1950.

The following are the points in regard to Southeast Asia and Indochina at the forthcoming London conference and U.S.-French bilateral relations thereto made by M. Pignon, French High Commissioner for Indochina.

1. *General Southeast Asia Area.*

M. Pignon said that in Indochina and he believed in other areas of Southeast Asia the tripartite conference in London has aroused great expectations among the people of that area. At the present time he felt the dominant feeling of the masses of people in Southeast Asia was one of fear and a sensation of the absence of protection against the communist advance in Asia which they tend to regard as an expression of Chinese and Soviet imperialism. The people in that area see the relentless and coordinated Soviet-communist advance in progress, but on the side of the west they see good intentions but indecision and vacillation. He felt therefore it was of cardinal importance that out of this tripartite meeting should emerge a clear indication of the intention and determination of the three Western Powers to concert their policies and efforts in order to prevent Southeast Asia from falling into the communist network. A vague declaration in generalities would not be enough; there must be some indication that the West would be prepared to counter the Soviet-communist thrust with effective action. He thought personally it would be wise if at the meeting in London in addition to a declaration of policy of that nature it could be announced that there would be staff talks at some place in Southeast Asia such as Singapore. He was aware of the views held in some quarters that any such declaration by white nations might be coolly received by the native populations, but in his considered opinion

[1] Transmitted to Washington in despatch No. 1061, May 12, 1950.

this was secondary to the local feeling of fear and lack of protection against the communist menace. He emphasized very strongly that if nothing of this nature came out of the London meetings, he felt the psychological effect in Southeast Asia and particularly Indochina would be very bad.

2. *The Situation in Indochina.*

Pignon stated that the military situation in Indochina was quite satisfactory but that terrorism and fifth column activities had shown a sharp increase and he was convinced that this was a prelude to large-scale action on the part of Vietminh forces based upon increased assistance from the Chinese communists when the dry season began in October. According to French information, it is doubtful if Mao would use Chinese troops, but a large increase of military supplies with possibly some planes piloted by Chinese or even Russians is definitely to be expected. He said that he genuinely felt that the masses of people on the whole were not favorable to the Vietminh position; that they wanted above all peace and tranquility and therefore they were not unfavorable to the French but he admitted that the élite were still vacillating and sitting on the fence. He said that there had been a marked shift in Vietminh propaganda from a nationalist to a strongly Cominform-Stalinist basis.

3. *The forthcoming Schuman–Acheson Meeting in Paris.*

Turning to the question of U.S.-French discussions and American assistance to Indochina, Pignon very strongly emphasized his belief that the French Government must and he believed would produce for Mr. Acheson a political program indicating with complete frankness and sincerity how the French Government viewed the progressive development of their relations with the associated states in Indochina, what France was prepared to do immediately, and what France was prepared to do progressively as the situation permitted. He felt that this was absolutely essential if American assistance was to be effective in the area and the only way he could see of avoiding the danger of having the Vietnamese attempting to play off the United States against France. He said that if the French Government produced such a political program and it received general U.S. approval, it could then form a basis to guide the actions of both the French officials in Indochina and the American representatives there. Without some such agreed perspective as to future political developments and programs to be followed, M. Pignon seemed to be convinced that the Vietnamese would succeed in keeping the French and the Americans in Indochina divided and working against each other.

On the economic side, M. Pignon expressed himself as very pleased and satisfied with the agreement on economic assistance reached in

the talks with Mr. Blum here in Paris and the manner of its handling.[2] He felt that this formula for assistance would be workable and would help maintain a common position in this field of activity in Indochina. He emphasized that although the amount of economic aid was small, it represented not only psychologically but also on the spot economically a very important factor, particularly in regard to any counterpart funds which might result from American assistance which in his opinion should be used by the associated states to pay the Vietnam forces which otherwise could constitute a severe drain on the resources of these states and of France.

The London Discussions.

M. Pignon said that he did not feel that the difficulties which had been encountered in London over the draft estimate of the situation were too serious.[3] They related, he understood, only to paragraph 7 and particularly paragraph 8 of the draft. It was felt by the French here that in view of the gravity and importance of the situation as set forth in the first six paragraphs, paragraph 8 dealing with U.S. attitude was "feeble." He was confident, however, that this question which he regarded more as wording would be straightened out.

Military.

M. Pignon did not go into any military details of requirements but stated that the formula which had been worked out for the reception of arms between him and Gullion (concerning whom he spoke very highly) was a satisfactory formula. He said he thought it was a mistake to dwell upon aid being direct or indirect since those terms could be misleading. The important thing was to handle it on the spot so as to accomplish the maximum psychological and military results. He mentioned in this connection his intention to have the arms for the Vietnam battalions turned right over to the units at shoreside on arrival and that the Vietnam commanding officer would become directly responsible for this matériel. He said what he and General Carpentier did not wish to happen was to have the military equipment turned over on any generalized vague basis to the Vietnam administration.

In general, Pignon appeared to attach maximum importance to the following points.

1. A strong declaration of intention which he felt should come from the three powers with indications of future action for the psychological effect throughout the area.

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[2] Regarding the existing status of the economic aid negotiations, see telegrams Ecato 488, May 5, *infra*, and Ecato 495, May 6, p. 809.

[3] Preliminary conversations among representatives of the United States, the United Kingdom, and France took place in London during the first week of May in preparation for the Foreign Ministers meeting. The difficulties under reference involved a draft paper on Southeast Asia in which France was to accept prime responsibility in Indochina; scheduled for publication in volume III.

2. The cardinal importance of a French political program which should be communicated to the U.S. in order to insure harmony of approach in this field in Indochina.

3. Military preparation for a Vietminh offensive backed by the Chinese communists this fall.

He seemed quite optimistic that if action on the above lines could be taken this spring the chances were good in Indochina.

CHARLES E. BOHLEN

ECA Files[1]

The Acting Administrator of the Economic Cooperation Administration (Bissell) to the ECA Mission in France

SECRET WASHINGTON, May 5, 1950—9 p. m.

Ecato 488. For Blum. Paris Toeca 500, 1524,[2] rptd London unnbrd. Passed to Saigon. After full review of whole question of aid funds available and likely to be available for Indochina economic program, following is basis on which aid agreement negotiations can be begun, aid programmed, and operations commenced.

1. Dept and ECA agree that Griffin recommendations[3] which total for economic aid $23.5 mil, represent adequate basis for making detailed plans and procuring and shipping supplies and technical services. You should negotiate with recipient countries and Fr with view to developing (*a*) immediate projects for rapid implementation, particularly in agricultural and health fields and (*b*) program for period until June 30, 1951, for amount not to exceed $23.5 mil. Insofar as necessary to guess at amount of assistance during negotiations, believe you should use this total target figure rather than any interim amount.

2. For period from now until June 30, 1950 (or until China funds are available if earlier) source of funds will be appropriations of Sec 303 of MDAP Act. Presidential approval in principle of economic aid program for Indochina, and fact that not all Sec 303 funds will be obligated by end of this fiscal year, makes it reasonably certain that we can cover out of Sec 303 funds approved programs recommended by you for immediate action requiring obligation of funds during next two months up to approx $5 mil. We are setting no firm limit on obligations for this period, since we believe programs which can in practice be developed to the point of obligating funds can be covered by available funds. Basic authority for the program is contained in the President's statement, in May 1 letter to SecState, that "I approve in

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[1] Records of the Economic Cooperation Administration, retired by the Mutual Security Agency, Washington National Records Center Accession No. 53A278, Box 62.

[2] Neither printed.

[3] For the recommendations of the Griffin Mission, see pp. 1 ff.

principle the provision of economic assistance to Indochina as justified by your memo of Apr. 17, 1950." Text of SecState memo and President's letter being cabled. Actual allocation of $750,000 for medical aid is available, but there is no reason to work against this figure or to limit the initial emergency program to medical supplies and services. For your information we are in fact optimistic that residual China funds will be available shortly.

3. For fiscal year 1951, we are counting on funds for general area of China as contained in ECA authorization bill passed by House and now on Senate floor.

4. Arrangements described above, keyed to the President's approval of the provision of economic assistance to Indochina and the determination that the Griffin mission recommendations as to total amount of economic aid will be accepted as firm basis for planning, should provide adequate authority for negotiations regarding aid agreement and specific economic aid programs. Believe you should now proceed Saigon soonest.

5. Toeca 528 (relayed Saigon May 4)[4] received, will reply soonest. Re para 10 Toeca 528 do not describe to Pignon situation re funds in Washington in terms other than those outlined in this cable. Repeated to Saigon as Ecato 13, to London as Ecato 623.

BISSELL

[4] Not printed.

751G.00/5–650 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State [1]

TOP SECRET NIACT SAIGON, May 6, 1950—6 p. m.

334. Following is summary situation Indochina and implications for US policy as I see them after three months service here and on eve FonMin conference.

A. STRATEGIC CONCEPT

1. In context of world-wide conflict of interest between ourselves and Soviet Union policy making must begin with appreciation consequences installation of Communist Government in Vietnam either by invasion or by infiltration. So far as I aware Bangkok conference [2] did not spell these but nor am I informed that JCS or NSC has completed a reexamination.

2. In sense US entry into World War II became inevitable when Japs went into southern IC. After initial wavering our attitude stiffened at that point and Japs reacted against Pearl Harbor.

[1] This telegram was transmitted in three parts.

[2] See footnote 3, p. 698.

3. We not now faced with great power capable of exploiting IC bases so rapidly, but opposing power does have strategic air force, more submarines, an ally in China, and mighty fifth column in SEA. After installation Communists there would be time lag before resources of Asia could be organized against us which warrants our concentration on more decisive European theatre, but also means Communists can delude us with hopes of Asiatic Titoism.

4. Menace of Communists military bases in SEA not as important as danger that most of colored races of world would in time, fall to Communists' sickle if Vietnam were taken over.

5. As in case of Greece, threat of spreading Communist political contagion East and West from lost battlefields should influence our action, at least as much as classic but changing South Seas and Mediterranean strategy originally developed by British. IC is one other neuralgic focus like Greece. As Soviet power flows up to margin, where it must be contained, key points are fewer and stand in bolder relief. Twilight zones in which we would not know what to do in case of attack (or what to propose to Congress) have either been eliminated by Soviet action or by decisions taken by American strategic planners. I fear that IC may still be in Twilight zone and as long as it is it will remain temptation to Chinese Communists and Soviets.

6. In IC is European holding force of high quality disposed to resistance which can be supplied, air cover permitting. Terrain difficult for invader and local population hates Chinese.

7. My formulation of strategic concept for IC would be as follows:

(*a*) Installation of Communist Government in Vietnam by infiltration or by Chinese and Soviet aid to Ho Chi Minh short of use of armed forces should be resisted by US by all means short of use of armed force and specifically by:

(1) Persuading French to accelerate transfer of sovereignty to Vietnam, Cambodia and Laos at fastest rate consistent with maintaining morale of French army and secure Love-of-Charlie [*sic*].

(2) Military and economic aid to French Union and Vietnam, Cambodia and Laos which would be generous immediately, but consistent with US over-all commitments.

(3) Other means include covert activity and psychological warfare, black grey and white; as part of this program, statements of US concern for integrity of area.

(*b*) These measures should be sufficient prevent installation of Ho Chi Minh and to forestall invasion; but invasion or use of armed force by Chinese or Soviets which is opposed by French and Vietnamese should be met by all means including use of such US armed force as needed to enable French and Vietnamese to resist.

8. This flexible concept envisages possibility limited use of US force, takes account possibility checking threat by display determina-

tion and reckons with twilight zone in our constitutional system between war making power of executive and legislative branches. It envisages our going as far as we did in Greece and farther than was ever announced we would go. It is derivative of Truman doctrine. Its execution at any given time depends on relative military posture of ourselves and potential enemy, particularly in atomic weapons.

B. Strategic and Regional Plans

1. In my opinion French at FonMin conference will expect us to propose or be receptive to unified strategic concept for SEA. They interpret our decision to give aid here in this sense. They far more interested in strategic aid than economic. Many French officials consider latter merely token or means of relieving French payments situation and believe project has already caused more trouble in IC than it may be worth in view controversies over its nature and distribution.

2. Regardless French expectations, I believe situation calls for strategic conversations among ourselves British, French and later the associated states. Extent to which such conversations would develop decisions depends upon degree strategic concept of US is firm, far reach. In view fall Hainan and reinforcements of China in aircraft, position requires at least theater conferences to consider exchange of intelligence and hypothetical operational plans whether or not these are approved on government level. I believe ABDA command was first conceived in some such way. French now giving intelligence information freely, probably in expectation strategic understanding.

3. Believe joint planning and administration economic and military aid on regional basis preferable and consistent with unified strategy and efficient use of means would advance regional consciousness in SEA and give desirable multilateral aspect to what we do. Realize that difficulty getting massive over-all appropriation and danger of losing time may make regional action impractical now, but this should be our goal.

C. Present Position

1. MILITARY

(*a*) French army of 150,000 making precarious but satisfactory progress against VM only because absence of more opposition (French have only 70 FWX 63's, 20 Spitfires, some JU–52's, Legtel 89 to Paris March 14).[3] In Tonkin situation particularly satisfactory with clearing of Delta area completed last week. Tens of thousands Vietnamese returning to villages from areas once dominated by VM while political commissars and coercion detain many able-bodied combatants. Armed bands and some deserters also coming over to Bao Dai. On balance terrorists activity in north declining. VM clearly suffering hardships in mountain area deprived rice supply.

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[3] Telegram 179 from Saigon, March 14, passed to Paris as 89, not printed.

(*b*) Situation outside Tonkin delta not nearly so favorable. Delivery arms from Canton area to VM in mountain sectors daily increasing. Chinese Communist reinforcements arriving vicinity Tonkin, but not frontier itself. Occupation Hainan grave menace facilitating VM supply operation and furnishing potential fighter base outflanking Annam. VM hold coast opposite Hainan. French fear undertake easy clean-up operation because unwilling strip Tonkin frontier or commit sole operating reserve consisting parachutists.

(*c*) Situation in south still less favorable. VM "general offensive" proceeding in Cochin China and from plain Desjoncs. Regimental scale actions severely tried France at Travinh and Soctrang although victories were obtained. Terrorist activity mounting to high level Saigon and elsewhere. Nevertheless, French and Vietnamese have lost no terrain this area. Morale good, troops and equipment tired.

(*d*) Recruitment and use of 60,000 Vietnamese army proceeding rapidly. Efficiency depends on US aid and establishment officer cadres.

(*e*) If airplanes not delivered to Ho Chi Minh and if political situation does not crumble, over-all situation precarious but satisfactory. Balance sheet of military operations terrain and roads cleared since return of Bao Dai being compiled by French at my request, will be available during London phase of FonMin conference.

2. POLITICAL

(*a*) Vietnamese from Bao Dai down united on wanting independence, willing string along French Union only for protection and cultural sympathy. Independent instincts indicated by outgoing Vietnamese Cambodian governments stimulated by prospects US aid and expectation dealing with outside powers directly. This excessively frightened French who feared premature end of influence, unhinging political and military situation. Because of this and because Long government failed take energetic action to establish administration and to combat Communist, French helped ease Long out Huu in. Political situation may worsen to detriment military situation unless new government and French achieve union principal non-VM elements, accelerate transfer of powers to Vietnamese, step up publicity within country and abroad on concessions made by French and conduct effective political warfare against VM. If US is in position of pulling French chestnuts out of fire may earn Vietnamese resentment.

(*b*) As to Viet Minh, Communists have dropped mask and begun violent propaganda against US of America recognition and prospects aid have had damaging effect on Viet Minh partly responsible for intensifying purges and Communist Party discipline.

(*c*) Great power recognition, promise US aid, war weariness of Viet Minh have hurt Ho's cause but delay in US aid delivery, Viet Minh propaganda reaction, Chinese Communist successes, beginning Chinese Communist aid Viet Government crisis and alleged French intervention hurt Bao Dai. Yet over-all Western side has gained slightly in three months and wider participation fence sitters seems probable. Intensified terrorism Cochin China sign Viet Minh weakness as much as it is of strength.

(*d*) French dug in heels on March 8 agreement during government

crisis, issued Letourneau statement,[4] pulled wires on government changes creating trend to discouragement which must be rapidly reversed.

(*e*) French show tendency make US whipping boy for difficulties as if US aid were blackmail operation motivated by desire to displace French. This would be disavowed officially but manifests itself in nit picking e.g., stories of US interference leaked to French journalists; French attitude on acceptance US technicians, US military attachés; contacts between Cambodian and US representatives etc. Also partly responsible for French decision adopt some kind aid program of their own.

3. ECONOMIC

Short term position satisfactory. Food sufficient except liberated areas in north. French military expenditures sustain fair level business activity and French have kept up consumer goods imports program. Rice exports still only 20 percent of normal due mainly blockade imposed on southwest area by French and Viets to prevent Ho from collecting squeeze or clandestine profit on exports. Production will increase with agricultural aid proposed Griffin mission restoring pumps, mills etc. Ho Chi Minh piastre declined in last five weeks from 17 percent parity to 5 percent parity Bao Dai currency. Legal currency holding up well, is over-valued at least 50 percent in terms of franc and dollar.

Exports can recover fully only after (1) country is pacified, (2) piastre devalued, (3) production costs cut. Griffin long term aid may help secure latter objective.

Real want is in welfare and rehabilitation in north, clothing, some medical supplies, housing, agricultural rehabilitation etc. as assessed in Griffin mission recommendations.

D. Some Elements of Proposed US Program (Without Trimmings)

1. *Staff talks.* With French, British (possibly under cover NAP Council) to evolve joint strategic concepts or short of that theatre level talks for limited ends without commitment. Foreign Minister's conference might consider coordinating intelligence. We Saigon getting anything we want from French but *ad hoc.* They apparently have arrangement with British. Another American agency is to operate here and I recommend it should be notified to French. Carpentier talks with MacArthur [5] planned (Deptel unnumbered April 27, 1 p. m.).[6] Recommend it cover wide field and I included.

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[4] In telegram 1657, April 11, not printed, Ambassador Bruce reported on a press statement by Jean Letourneau, French Minister of Overseas Territories. The statement included the point that France did not intend to modify the political framework established by the March 8, 1949 accords. (751G.00/4–1150)

[5] General of the Army Douglas MacArthur, Commander in Chief, United States Forces, Far East Command.

[6] Not printed.

2. *Public declaration by US of aid intentions.* Should be made within one week. Outline by Jessup in London Secto 112, May 3,[7] satisfactory with suggestions mytel 322, May 6.[8]

3. *Vis-à-vis French.* They should be told informally, frankly at Foreign Ministers conference that we recognized Associated States as independent in framework of French Union as defined by March 8 accords. We not going back on that formula, wish French all luck in world with it and will render loyal assistance. Have our own reservations as to whether it will stick indefinitely and we trust French will not cling to Foreign Ministers preference to substance to point where position is endangered. We recognize moreover that sorely tried French Army is principal instrument Western policies left in Asia which is touchstone by which we judge our policies. We believe French agree that military solution alone not sufficient Indochina. Therefore Viets should be given all independence consistent with maintaining effective front to Communists. As French aware, we have thought a statement by France of their past concessions and future intentions would be useful. We still think so but we leave timing and disclosure up to them. (I still maintain we in Saigon can bring French to make some kind of statement and this approach better than gearing down inter-governmentally.) We would like to be of assistance publicizing evolution Associated States thus far in Indochina and in world.

We hope new Cabinet of Tran Van Huu will deliver results but it must contend with suspicion it is French instrument. It will presumably furnish necessary concrete achievement Viet part March 8 agreement but all more reason for quicker transfer sovereignty more publicity and accelerated evolution. Note French intend establish Ministry of Associated States (we had understood Foreign Office would get assignment) to which Indochinese Affairs would be transferred and that Ministry of Overseas France cites British dominion example. Indochinese states far from possessing dominion status as we know it and declaration may be harmful to French case not only in Vietnam unless followed up by real concessions.

We believe time now come for Vietnam, Cambodia, Laos to send own diplomatic representatives to Washington and propose invite them at time announcement US aid is made. Trust French agree.

Schuman knows we not out to undermine French position but not all French accord us confidence due an ally. We will hold our missions in Indochina to minimum, judge all policies in light alliance with French and make that clear to Viets. In return we hope, we can send enough technicians to do the aid job and that our motives won't be distorted.

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[7] Secto 112, May 3, is scheduled for publication in volume III.
[8] Telegram 322 from Saigon, May 6, is not printed.

4. *Propaganda and political warfare.* We should suggest not push transfer of HC palace to Bao Dai. We should attach American public relations expert to Bao Dai under cover. Book unmasking Communist Viet Minh should be published written by American under Vietnam cover. Plans for giving Viet administration "new look", e.g. native uniforms, postage stamps, government forms street signs, bank notes, seals etc. should be pushed. Efforts to insure sympathy youth, labor, religious groups systematically energetically promoted exchange of persons increased. American know-how drive advertising techniques should put to use of French.

Psychological warfare committees should be organized informally Saigon with ourselves and British as silent partners.

"Black" political warfare should be aggressively pushed—playing on dispersed character Viet Minh promoting discord, defeatism, confusion using all media borrowed or bought—radio pamphlets, press agents word of mouth with all shades of allegiance tailored to fit all target groups. Sponsoring friends of Vietnam should be organized immediately as well as league for Viet Minh. American experts for these purposes should be assigned Saigon immediately closely geared to military operations.

5. *US aid* (briefly). Economic aid should follow terms Griffin proposals documented and refined. It must be immediate as far as possible "direct" to associated states but coordinated among the three and synchronized with military operations. (For example, inhabitants of a liberated village should immediately enjoy such improvement in their condition as to attract envy of neighboring unliberated village.)

Military aid should immediately include fighter planes and ammunition without which situation is lost. French should be encouraged turn over more areas to autonomous native troops and policing. Spirit of offensive must be stimulated in French troops perhaps with aid US MAAG. Some arms must go directly to native units but French must have main control.

6. *Miscellaneous.*

(*a*) UN. Problem is not one for UN discussion unless Bao Dai solution totally fails. If UN is seized with matter, it merely means Reds champion Ho who gets cloak of legality. Ground lost cannot be made up and delay will favor Communists' cause weaken democracies. Do not know how Department will head off Communist maneuvers this regard but believe UN might be used for border and smuggling control.

(*b*) Arms traffic. We should put pressure on Thailand and Philippines for effective control and also encourage multilateral action useful in building up SEA regional consciousness. Topic should be broached at Foreign Ministers' conference.

(*c*) China. Recognition of China would dangerously confuse our position here as even some trade would do. Projects for famine relief should be carefully reviewed in light blockade considerations, possi-

bility whether could be effective enough to diminish Chinese yearning for SEA rice bowl. Chinese communities here so far undeclared for Peiping alienated by reports condition South China but shaken by Communist successes.

E. Over-all Situation

Prospects warrant vigorous US policies in full awareness precariousness situation. Speed essential. We, French, and Bao Dai are in race for confidence of mass of Vietnamese with Communists who may be first to announce substantial outside aid. In coming weeks we should know whether any non-Communist government can exist in Vietnam and whether France can hold.

Sent Department Tosec 1, Department pass Tosec Paris 155, London 31.

Gullion

ECA Files

The Acting Administrator of the Economic Cooperation Administration (Bissell) to the ECA Mission in France

SECRET PRIORITY NIACT Washington, May 6, 1950—8 p. m.

Ecato 495. For Blum. Pass to Secretary, Merchant and Wallner. This is joint State–ECA cable. Reference Paris Toeca 528, 537, 538, 542, 543, 544.[1]

1. Reftels indicate that preliminary negotiations with French contemplate channelling of economic and technical assistance to Cambodia Laos and Vietnam only through arrangements which give French veto on policy and operations, with USGovt exchanging notes with French to give formal recognition this arrangement.

2. We consider such arrangement unacceptable in view decision taken by USGovt to deal with and furnish aid directly to each of the three Indochinese Govts, in order that the anti-Communist Nationalist movements in Indochina be accorded, in their own eyes and in the eyes of the world, their true character as genuine NAT movements and not, as world communism alleges, the creatures of "Western imperialism." Draft *aide-mémoire* set forth Toeca 542 inconsistent this decision, which has been outlined at length in Deptel 1363 to Paris, repeated Saigon 175, Djakarta 298, Bangkok 246;[2] Ecato 302 to Paris;[3] and considerations set forth Griffin report in Saigon's 189, repeated Paris 92.[4] Draft text seems hark back to type arrangement contemplated at time we were considering proposal to sub-allot

[1] None printed.
[2] March 29, p. 768.
[3] Not printed.
[4] March 18, p. 762.

part of French program aid to Indochina. Our decision not to adopt that proposal was based on adverse political repercussions in Far East which we believed would result from directing US economic assistance to Indochina through French. Now that decision has been made to utilize Far Eastern assistance funds rather than sub-allot French ERP program funds to aid Indochina, it would be most anomalous to follow a course, which at the time we thought would have been politically unwise but legally necessary, now that the legal necessity has been removed.

3. Our recognition of interdependence France and Indochina need not, and should not, be embodied in formal agreement or exchange of notes entered into by US nor should USGovt insist upon such recognition by Indochinese as formal pre-requisite to furnishing assistance to Indochinese Govts. Relationship between French and Indochinese Govts should continue be articulated in agreements between French and Indochinese Govts directly, without US intercession and not in US Aid Agreements. We have faced similar problem in other areas, and have resolved it successfully by formal treatment of aid recipients as independent entities. For example (though analogies are not exact) in case of Belgium and Luxembourg, we have entered into separate bilateral agreement with each those PC's, notwithstanding Economic Union existing between them. In case of Fed Republic of Germany, bilateral agreement was entered into directly with that Govt notwithstanding reserved powers of Allied High Commission, of which France is a member. Accordingly, see no reason why we cannot follow similar formal procedure in case of economic aid to three Indochina Govts. (Please refer detailed arrangements set forth in HICOM agreement of Nov 10, 1949 set forth Bonn 35 to Dept repeated Paris 45, as illustrative of types of arrangements that might be worked out.)[5] We have accordingly provided in draft text of bilateral agreement for Indochinese Govts (being sent in separate cable) that each agreement will take effect upon notification to US by recipient Govt, that all necessary legal requirements in connection with conclusion of that agreement have been fulfilled by that Govt.

4. Our aid premised on understanding that political relations between Indochinese Govts and France will rest firmly upon mutual consent. US position based upon belief that only if this decisive factor of consent is present can we assure that Indochinese people will have the will to resist external pressure, and make aid a worthwhile gamble. We do not wish to risk possibility that US signature could be interpreted by the Indochinese and the world as US acquiescence in or insistence upon a permanent subservient status. If this were to be the case, US aid would achieve no useful purpose.

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[5] Not printed.

5. We are concerned also about para 3 of proposed *aide-mémoire*, which as we read it would rule out possibility of setting up, if deemed desirable, a joint commission between Govts of Vietnam and US (with which French experts would be associated) to undertake certain aid operations on joint basis.

6. Re paras 3 and 5 *aide-mémoire* and para 3C of Toeca 544, we cannot accept French position, for we consider continued insistency by French on narrow interpretation Sec 4 Mar 8 agreements very damaging efficiency and sought-for political effectiveness aid program and inconsistent whole conception progressive development self-government based on mutual consent. No replacement of French by Americans is here involved, for proposal is to supply without cost limited number of technicians additional to, not substitutes for, any technical corps local govts can afford or French likely provide free. Our technicians believed likely assist in building constructive relationship between Indochinese services and French technicians during operations and thus result in a desire for continued French technical advice.

7. French suggestion that counterpart funds accruing in Indochinese program be utilized to defray military expenses, is completely unrealistic and inconsistent with economic rehabilitation aims of US program. On basis present estimates, we have grave doubts that sufficient counterpart will accrue in the Indochinese programs to allow adequate implementation of economic assistance, let alone provide any possible surplus that could be diverted to military expenditures. Also, FYI, Hoffman, in response to Congressional inquiries, has stated emphatically general principle that ECA counterpart funds should continue be held or used for economic aid purposes rather than military expenditures.

8. Believe you should make clear to French that USGovt would be concerned if discussions and negotiations on these matters were to be so protracted as to make impossible the rapid furnishing of tangible aid along lines of Griffin Mission recommendations. We see no reason why initial shipments of aid supplies (especially pub health program) should not go forward before aid agreements concluded.

9. For all of foregoing reasons we strongly believe that discussions looking toward an *aide-mémoire* should be discontinued, and that every effort be made to persuade the French that an *aide-mémoire* is not necessary and would in fact be a confusing factor at this time. Questions of substance in which US should be involved can be sorted out with French and Indochinese states in course of negotiation of bilateral agreements.

10. To cover establishment of Economic Mission and departure of Blum for Saigon soonest (via Wash as agreed Blum–Cleveland telecon 6 May),[6] we approve identical letters to be presented simultane-

[6] Record not found in Department of State files.

ously by Gullion to Cambodia, Laos and Vietnam Govts and by Bruce to French Govt, within next few days, date to be notified to you. We have made some changes in draft letter included Paris Toeca 543, repeated London and Saigon, which should now read as fols: "I have the honor to inform you that the Govt of US had decided to initiate a program of certain economic aid to the states of Cambodia, Laos and Vietnam. With this purpose in mind, the USGovt is establishing, with headquarters in Saigon and associated with the USLegation, a special economic mission to Cambodia, Laos and Vietnam. This mission will have the responsibility of working with the govts of Cambodia, Laos and Vietnam, and with the French High Commissioner in developing and carrying out a coordinated program of economic aid designed to assist the three countries in restoring their normal economic life.

"It is understood that the activities and competence of the US special mission to Cambodia, Laos and Vietnam will be subject to such agreements as may be subsequently concluded."

11. Griffin concurs.

Repeated London as Ecato 628 for Jessup; Saigon as Ecato 19 for Gullion.

BISSELL

Editorial Note

During a conversation in Paris on the morning of May 8, Secretary of State Acheson and French Foreign Minister Schuman discussed Indochina. An account of that meeting in telegram 2185 from Paris, May 8, is scheduled for publication in volume III.

Later on May 8, the Secretary issued the following statement:

"The Foreign Minister and I have just had an exchange of views on the situation in Indochina and are in general agreement both as to the urgency of the situation in that area and as to the necessity for remedial action. We have noted the fact that the problem of meeting the threat to the security of Viet Nam, Cambodia, and Laos which now enjoy independence within the French union is primarily the responsibility of France and the Governments and peoples of Indochina. The United States recognizes that the solution of the Indochina problem depends both upon the restoration of security and upon the development of genuine nationalism and that United States assistance can and should contribute to these major objectives.

The United States Government, convinced that neither national independence nor democratic evolution exist in any area dominated by Soviet imperialism, considers the situation to be such as to warrant its according economic aid and military equipment to the associated states of Indochina and to France in order to assist them in restoring stability and permitting these states to pursue their peaceful and democratic development."

751G.02/5–1050 : Telegram

The Acting Secretary of State to the Legation at Saigon

CONFIDENTIAL WASHINGTON, May 10, 1950—5 p. m.

279. Dept somewhat concerned possibility Bao Dai leaving IC this month for visit Fr. At moment establishment new Cabinet, impending departure first aid shipment, conclusion bilateral aid agreement and other developments, Dept considers Bao Dai's place is in Vietnam and absence may have deleterious effect IC and abroad. It wld seem important for propaganda purposes that Chief of State give impression devoting full effort to pressing interests Vietnam.

What are avowed purposes trip? Dept hopes they include intention bring back Imperial family to Vietnam as indication Bao Dai's faith future his country and intention establish permanent residence there.

Foregoing may be tactfully discussed with Pignon if suitable opportunity offers and at ur discretion.[1]

WEBB

[1] In telegram 368, May 19, Gullion stated the following:

"Consider Bao Dai should remain IC at least till receipt of first US aid shipment and that in interim he should undertake program of military and village welfare inspection. Assume trip could be linked to interstate conference to be held at Cannes. As site for conference latter city has some propaganda disadvantages but do not consider we need voice opinion. Pignon arriving this afternoon and will discuss this first opportunity with him and Bao Dai." (751G.02/5–1950)

851G.00R/5–1150 : Telegram

The Chargé in France (Bonbright) to the Secretary of State

SECRET NIACT PARIS, May 11, 1950—8 p. m.

2261. From Bonbright and Blum. Department inform ECA.

1. After receiving Ecato 495,[1] we informed French proposed *aide-mémoire* unacceptable and showed them draft letter notification to states approved final paragraphs Ecato 495. Did not have full discussion as meeting with Pignon not possible until today.

2. Meanwhile, we concerted among ourselves in order to make fresh approach to formalities for initiating economic aid based on principles emerging from Ecato 495 and conversations between Secretary and Schuman on May 8. It was apparent we and French had been talking not only at cross-purposes but of different things. French concern about psychological impact of US economic aid on relations between them and associated states had before May 8 conversations led them to attempt to enlist our support in their negotiations with states for formation of quadripartite organization. This was not only unacceptable to us since it involved us in Franco-Vietnamese relations, but it

[1] May 6, p. 809.

also seemed unnecessary in light of May 8 conversations, which clearly established principle that US aid was in support of joint Franco-Vietnamese effort and question of substitution was excluded. It, therefore, seemed possible both to disengage ourselves from involvement in Franco-Vietnamese relations on matters of concern to forthcoming conference and to give French reassurance they were pressing for on psychological, if not actual, effect of substitution which presence of American mission with technicians might have in minds of Vietnamese.

3. Accordingly, when Blum, Wallner, and Koren [2] met with Pignon, Du Gardier, and Ledoux today they presented them with draft containing following principles:

a. Mission members will be guided by following principles emerging from May 8 talk: (*a*) Defense IC essential to that SEA which in turn closely connected with that of West. (*b*) Restoration security IC responsibility France and Associated states. (*c*) US aid complementary without intention substitution. (*d*) US conceives aid as reinforcing joint effort France and states.

b. Aid goes to states on basis bilateral agreements with such approval by France as required by existing agreements.

c. Desirable that France and three governments agree on coordination of aid programs to extent problems are common.

d. Mission will have contact with states, French, and coordinating body if established.

e. Mission members subject authority mission chief and will not become part administration Associated states. It was made clear this text had not been approved by Washington, and it was suggested that if informal agreement could be reached on principles contained therein, we could proceed to question of formalization.

4. French almost immediately accepted our text as meeting their principal concerns. Pignon asked that one additional thought be added, to the effect that US officials should remain at all times in contact with him on questions concerning aid to Associated states. Although this idea was already implied in point *d*, because Pignon attached such importance to it as evidenced in both this and previous meetings, we felt it wise to accept in principle.

5. We then raised question of whether and how principles contained in tentatively agreed text should be communicated to Associated states. French said they had no objection to document in its entirety being incorporated into letter of notification, pointing out, however, that we would no doubt prefer to modify point *a* in order to remove bilateral Franco-American implications. We observed that point to be added at Pignon's suggestion could hardly appear in document to be handed to states. It was agreed at end of meeting that we would seek clearance from our governments of understandings reached up to this stage.

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[2] William A. Koren, Jr., Second Secretary and Consul in the Embassy in France.

6. We feel that satisfactory agreement is to be found in proposed letter of notification to states and France that embodies agreed points mentioned above. Letter might be made public. Suggested text based on our discussions today and no doubt acceptable to French appears in immediately preceding cable. We feel this text overcomes objections to earlier proposal while being satisfactory to French and recommend its approval.

7. In order meet Pignon's point, it would be necessary send additional (and unpublished) letter to French referring to first and stating it was understood that US officials would maintain constant contact with French authorities Saigon on matters relating to aid to states.

8. Please furnish comments soonest. Pignon leaving for Saigon early next week.

Sent Department 2261; repeated London Niact 640 for Bruce and Merchant; Department pass Saigon Niact 105. [Bonbright and Blum.]

BONBRIGHT

611.51G/5–1650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, May 16, 1950—4 p. m.

2329. Re Saigon's 351 to Department, London 38, Paris 164.[1]

1. Schuman's May 8 remarks were in no way related to activities of Legation. Those of us who have been in close association on Indochinese matters over past fortnight in Paris and London with Pignon, Du Gardier, Baeyens, etc., have heard nothing but praise of Gullion's understanding and handling of highly ticklish situation.

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[1] Telegram 2185 from Paris, May 8, describing the Acheson–Schuman conversation of that morning, read in part as follows: "He [Schuman] then made this final point. French had enjoyed good relations with our special missions in Indochina and owed them a lot. French thanks were particularly due to Jessup for his objective assessment of tangled situation. In future, however, it would be useful if instructions were given to mission inspired by, and based on, our common objectives and members should be guided thereby with Viets, lest contrary attitude be exploited and contribute toward maintaining Indo-Chinese in present state of passivity and watchful waiting. Viets are too prone to avoid their responsibilities under present agreements in hope of getting something better. They must be told to get on with their business—administrative and military—abide by present agreements and expect to achieve further powers on basis of experience gained and accomplishments achieved. US representatives could be most useful in driving these ideas home." The full text of telegram 2185 is scheduled for publication in volume III.

Telegram 351 from Saigon, May 14, read in part as follows: "Trust Schuman's remarks about degree of docility proper U.S. missions will not go altogether unchallenged [telegram 2185 from Paris, May 8, scheduled for publication in volume III]. . . . I formally request French be advised immediately at high level in writing that there is absolutely no need issue me any instructions of kind solicited and this mission has Department's confidence (if indeed it has). Also request Bruce, Bohlen, Bonbright or Wallner ask Dugardier or Pignon what it is they think they are talking about and set them right or I will." (611.51G/5–1450)

2. There has been no criticism of actions or utterances or attitudes in Indochina of Jessup (Schuman paid personal tribute to his objectivity May 8) Griffin mission or naval or military personnel.

3. Effect on Viets of American diplomatic recognition and ensuing interest in Indochina which resulted in what appears from Europe as prolonged period of intoxication during which Vietnam was missing component while important decisions were being made about Vietnam's future caused deep concern among French and produced complex of contradictory reactions some sound, some silly.

4. USDel in London during preparatory talks (and concomitantly Blum in Paris discussions re economic aid formula) grappled successfully if at times brutally with ill-founded expectations or basic misconceptions of French.

5. May 8 talks resulted in recognition by US that Indochina was essential to defense of SEA and that defense of SEA was closely connected with defense of western world; in acknowledgement by France that defense Indochina was primarily responsibility France and associated states and that US aid was supplementary to, not in substitution of, Franco-Vietnam effort.

6. As seen from Paris principle of American support of joint Franco-Vietnam effort and renunciation of any spirit of substitution cuts two ways. In addition to putting quietus on French attempts to "share" burden of IC war with US, principle can be used to allay French fears as to our taking sides with Viets and we can avoid Vietnam efforts to involve us on their side in differences. It does not preclude possibility of honest brokerage if and when necessary.

7. Obvious that all US representatives in Indochina will be under instructions to reflect US policy and principles emerging from May 8 talks and if French return to charge on this point, Embassy plans to tell them off in so many words.

Dept pass Saigon sent Saigon 109 repeated info London for Merchant 657 Department 2329.

BRUCE

790.5 MAP/4–1450

The Acting Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET [WASHINGTON,] May 16, 1950.

MY DEAR MR. SECRETARY: Thank you for your letter of April 14 which embodied an estimate by the Joint Chiefs of Staff of the strategic importance from the military point of view of Southeast Asia as well as certain recommendations for action which the Joint Chiefs believe would further our purposes in that area. I am gratified to observe that the estimate of the Joint Chiefs of the strategic importance of the area coincides with that of the Department of State.

The Department concurs in the recommendation in paragraph 10 looking toward the establishment of a Southeast Asian Aid Committee and will designate Mr. Dean Rusk, Assistant Secretary of State for Far Eastern Affairs,[1] as the State member of this Committee.

We note that the request that military representatives participate in the tripartite discussions in London has been handled through the arrangements by which Admiral Conolly has served as an adviser to the United States Delegation.

The Department of State agrees with the Joint Chiefs, as pointed out in paragraph 18, that conversations between the "French and American General Staffs" on the subject of Indochina should not be held, but that the desired ends will best be served through conferences in Indochina among the United States Military Aid Group and military representatives of France, Vietnam, Laos and Cambodia.

The Department of State concurs in the proposal contained in paragraph 12 that a small military aid group be established in Thailand to supervise the extension of military assistance to that country. The Department also agrees that arrangements for military aid should be made directly to the Thai Government.

The Department of State concurs in the proposal that there be immediately established "a small United States military aid group in Indochina" to supervise the extension of military assistance to that country. The Department of State assumes, of course, that such a Mission would be instructed to act in accordance with the advice of the Chief of the United States Diplomatic Mission in Saigon.

Other points raised by the Joint Chiefs' recommendations will be dealt with subsequently.

Sincerely yours, JAMES E. WEBB

[1] Mr. Rusk became Assistant Secretary of State for Far Eastern Affairs on March 28.

851G.00R/5–2050 : Telegram

The Acting Secretary of State to the Embassy in France [1]

SECRET NIACT WASHINGTON, May 20, 1950—12 noon.

VERBATIM TEXT

2313. Fol is final text of ltr of intent to be delivered by Bruce to Pres of Fr Union and by Gullion to three Associated States in Paris and Saigon respectively in early morning local times on Wed, May 24 (disregard former delivery time announced Deptel 2221 May 16) : [2]

"I have the honor to inform you that the Govt of the United States has decided to initiate a program of economic aid to the States of

[1] Repeated to Saigon for action as telegram 314.
[2] Not printed.

Cambodia, Laos, and Vietnam. My Government has reached this decision in order to assist Cambodia, Laos, and Vietnam to restore stability and pursue their peaceful and democratic development.

With these purposes in mind, the United States Government is establishing, with headquarters in Saigon and associated with the US Legation, a special economic mission to Cambodia, Laos, and Vietnam. This mission will have the responsibility of working with the Governments of Cambodia, Laos, and Vietnam and with the French High Commissioner in developing and carrying out a coordinated program of economic aid designed to assist the three countries in restoring their normal economic life. The members of the American economic mission will at all times be subject to the authority of the Government of the United States and will not become a part of the administrations of the Associated States.

The Government of the United States recognizes that this American assistance will be complementary to the effort made by the three Associated States and France, without any intention of substitution. American aid is designed to reinforce the joint effort of France and the governments and peoples of Cambodia, Laos, and Vietnam, on whom rests the primary responsibility for the restoration of security and stability.

United States economic aid will be granted in accordance with separate bilateral agreements between each of the Associated States and the United States of America. The approval of these agreements will be subject to legal conventions existing between the Associated States and France. Initial economic aid operations, however, may begin prior to the conclusion of these agreements.

The United States Government is of the opinion that it would be desirable for the three governments and the French High Commissioner to reach agreement among themselves for the coordination of those matters relating to the aid program that are of common interest. The American economic mission will maintain contact with the three Associated States, with the French High Commissioner in Indochina and, if desired, with any body which may be set up by the Associated States and France in connection with the aid program.

Mr. Robert Blum has been appointed Chief of the U.S. special economic mission to Cambodia, Laos, and Vietnam.

Identical letters are being addressed today to the governments of Cambodia, Laos, Vietnam and the President of the French Union."

Emb and Leg shld agree on mutually convenient Press release time May 26 and inform Department soonest to enable plan timing Washington.[3] Ltrs delivered to reps of each of three Associated States by Gullion shld, in last sentence, include statement that identical ltrs are being addressed to the Govts of the other two States and the Pres of the Fr Union.

WEBB

[3] The letters were delivered by Bruce and Gullion on May 24; the text was released to the press by the Department of State on May 25.

851G.00R/5–2050 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, May 20, 1950—2 a. m.

2411. Following is text of letter I am writing Pignon May 22 : [1]

"Confidential Dear Mr. High Commissioner: In connection with the identical letters dated May 22, 1950, addressed by the American Chargé d'Affaires at Saigon to the Chiefs of State of Cambodia, Laos and Vietnam, and by myself to the President of the French Union, informing them of [the intent of] my government to initiate a program of economic aid for the three associated states, I am glad to confirm understanding reached during your recent visit in Paris that members American economic mission to Cambodia, Laos and Vietnam, will, at all times, remain in contact with you on matters relating to aid to the associated states."

Department pass Saigon. Sent Saigon 113 repeated information Department 2411.

BRUCE

[1] Telegram 2520 from Paris, May 25, read as follows: "Letter to Pignon dated May 24, text as contained Embtel 2411, Saigon 113, delivered his Paris office today with copy to FonOff." (851G.00R/5–2550)

751G.00/5–3150 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, May 31, 1950—2 p. m.

2585. For Department only. As seen from Paris, consequences of Secretary's talks with Schuman resulting in announced determination of US to assist in effort to deny Indochina to Soviet, present us with problem of which following are controlling elements:

Success of policy depends upon encouragement and support of both local nationalism and French effort in Indochina. Should either of these forces fail, i.e., should popular support be lost to governments of Vietnam, Laos and Cambodia, or conversely, should French relax or abandon effort which Schuman so aptly described as military and financial hemorrhage on metropole, area would fall without delay to Viet Minh. US, therefore, finds itself supporting joint effort of France and non-Communist nationalists of three associated states. Yet these two forces, brought together only by common danger of Communist imperialism are inherently antagonistic and gains of one will be to some extent at expense of other. Therefore, implementation of US policy, more particularly by US Government officials in Indochina, is highly difficult and delicate. Both French who must retain feeling that they are fighting for something, and natives, whose principal

emotional preoccupation is to rid themselves of French presence and influence, will inevitably seek to utilize American officials in Indochina for ends which by increasing inherent antagonism between two partners, will be detrimental to success of undertaking.

It seems to us that under these circumstances the Department, in connection with the organizational problems presented by the expected presence in Indochina of missions including personnel drawn from several government agencies and private life, will wish to consider the necessity for a centralized system for complete and thorough briefing of all officials proceeding to Indochina on basic aspects of situation and US policy to furnish guidance for a line of speech and action, official and unofficial, reflecting that policy. Such guidance would also be useful for us here in dealing with French officials.

Department pass Saigon. Sent Department 2585, repeated information Saigon 121.

BRUCE

751G.00/6–1650 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, June 16, 1950—8 p. m.

470. Blum and I talked frankly with Bao Dai last night in Saigon for an hour. Full substance of talk will be cabled in few hours. In brief he is profoundly discouraged and depressed although he was at pains to deny it as our interview closed. He will give no date for his return from France and says he will wait and see how events turn out. He obviously conceives of his visit as being means of putting pressure on French so that he may make concessions from this price of his return.

He believes military effort going badly and France on ropes. Politically he believes French welshing on their promises.

He speaks rather disdainfully of Huu Government as experiment with someone who loves France well. Says if it fails French policy here also has failed.

We did best bolster him citing Tonkin army successes, start of US aid and fact eyes of world on interstate conference. We conceded that at a certain moment French had apparently exaggerated fears of Vietnam intentions to force untimely dissolution of March eight agreements which caused them to stiffen attitude but we had good reason to believe they prepared to resume liberal policies. He impressed but far from convinced.

Imagine this account his state of mind will be alarming but would suggest it not be disclosed French pending receipt my full account and my interview with Pignon tomorrow. In any case impossible keep him from going France.

Sent Department 470; repeated info Paris 229. Department pass Paris.

GULLION

751G.00/6–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 17, 1950—1 p. m.

2938. I took Heath [1] to call on President Auriol yesterday.

Auriol spoke of importance of French Union saying he had encountered great difficulties in getting Parliamentary implementation of it even amongst his own party, the Socialists, as in case of retrocession of French sovereignty over Cochin-China. Shortly Auriol would meet with Prime Ministers of three associated states and would talk frankly with theim about their relationships within French Union. Obviously their membership in French Union involved certain restriction of sovereignty in component states in matters of foreign affairs, especially under circumstances now prevailing in Indochina. However, they will enjoy full sovereignty as regards internal management of their countries as rapidly as they can take over their responsibilities. In this connection he stated that he attached great importance to increased recruitment and training of native army and withdrawal of French troops as quickly as practicable.

He expressed some disappointment at actions or rather inaction of Bao Dai who is coming shortly to France, a trip of which Auriol disapproves. He hoped Bao Dai would decide to return from France within a short time to Indochina taking with him the Empress and their children which would display publicly Bao Dai's confidence in improvement of conditions in his kingdom. He expressed hope that Mr. Heath, whom he assured of full cooperation of French government would counsel Bao Dai to display leadership and activity appropriate to difficult situation of Vietnam.

Department pass Saigon. Sent Department 2938, repeated information priority Saigon 143.

BRUCE

[1] Donald R. Heath, officially appointed Minister to Viet-Nam, Laos, and Cambodia on June 29, was presently in Paris en route to Saigon.

751G.00/6–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 17, 1950—1 p. m.

2939. I took Heath to call on Mr. Schuman last night. The Foreign Minister said that his government was absolutely resolved to imple-

ment the terms of the March 8 agreements in a liberal spirit and regarded them as a minimum of what it intended to do toward advancing the establishment of independent states in Indochina functioning within the framework of the French Union. He said that neither he nor any other member of the government would permit any deviation from this policy which its executants had been advised should be loyally observed and carried out by them and if they failed to do so they would be summarily dismissed. He added that in the event of the defeat of the Communists and the pacification of Indochina, the French would continue their efforts to aid in the strengthening of the authority of the associated states and would have no disposition whatever to alter their desire to withdraw from their present commitments there.

He said that of course he was fully aware that there were minor functionaries and colonists who dreaded the diminution of French influence but that they were energetically weeding out the former and that through Carpentier and Pignon on the military and civil sides respectively they had succeeded in staffing the higher posts with officers wholly faithful to their instructions. He spoke appreciatively of US aid to Indochina, of our comprehension of the problems there, and wished Heath of whom he had received most flattering accounts the greatest measure of success in his mission.

Sent priority Department 2939. Department pass Saigon. Repeated info priority Saigon 144.

BRUCE

751G.00/6–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PRIORITY PARIS, June 17, 1950—1 p. m.

2940. I am frankly disturbed by Gullion's preliminary report of his conversation with Bao Dai and am cabling accounts of Heath's and my talks with Auriol and Schuman in hope that discreet use thereof might be useful in changing Bao Dai's present attitude of cynicism of French intentions. Nobody who knows the characters of Auriol and Schuman could entertain serious doubts as to their sincerity in regard to this matter. Nor could anyone familiar with the political and financial situation in France fail to realize that the great drain on her resources of men and money occasioned by commitments in Indochina is one that they would like to bring to an end as quickly as possible. If Bao Dai is ignorant of the atmosphere now prevailing

in France in this regard he should be enlightened. If he is not ignorant of it then his sense of logic should advise him that to use the threat of not returning to Vietnam to extract further concessions at this time when neither he nor his people have yet demonstrated the administrative capacity and determination to carry out their present responsibilities is not going to make his representations forceful in France. There is much to be said for Sulzberger's admonition that he cease being photographed hunting tigers, and become a real commander-in-chief of a native army, the recruitment of which he should stimulate instead of clamoring for paper digities at a time when the newspapers of France are filled with photographs of Frenchmen who have died in Indochina and which are also likely to be filled shortly with accounts of his activities on the Riviera under conditions which will contrast vividly with those of jungle warfare.

Department pass Saigon. Sent Department 2940, repeated information priority Saigon 145.

BRUCE

751G.00/6–1850 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET PRIORITY SAIGON, June 18, 1950—3 p. m.

476. 1. Audience which Bao Dai gave Blum and me in Saigon was held at his request to replace meeting originally scheduled for Dalat June 14 which we unable attend because bad weather conditions Dalat air strip. Bao Dai had come Saigon for ceremonies marking unification Vietnam by Gia Long founder of dynasty.

2. When I presented ECA letter of intent to Bao Dai, May 25 [*24*], I expressed hope Bao Dai would have opportunity see progress made Tonkin delta. He said he had every intention of going and asked me accompany him saying he also planned go into mountain regions. This invitation was later confirmed but Bao Dai subsequently cancelled his visit and came directly Saigon. In view of his disillusioned remarks to us and his non-appearance to official ceremonies scheduled for him Saigon, it is possible that he cancelled his appearance in Tonkin as part of a demonstration of estrangement from current Franco-Viet policies and that he conceives of his return France in same way.

3. He received us in Palais la Grandiere in native dress which he rarely wears but which presents him to advantage and which is in

keeping with commemorative purpose of his Saigon visit. It is also much cooler. He looked unwell and said he had been suffering from boils in addition to malaria and liver attacks which have afflicted him past several months.

4. Blum spoke of preparations for Tonkin relief and Bao discussed possible projects with interest and discernment of detail.

5. I asked if he had set date for his return from France. He said he had not and that he would see how matters turned out before returning. I asked him how he would assess military and political situation on eve his departure. He thought political outlook was fair but that military situation was disquieting. The rest of conversation was devoted examination this assessment in course which it developed that what he really meant was that French were losing ground militarily, that they seemed have abandoned all plans of political solution, that they were making it impossible for any real Vietnamese Government function or for it to have popular support. He talked with utmost frankness and a times, it seemed to us, on verge of tears.

6. He pointed out that his return to Vietnam was not at his request but on French urging. The French could not forgive him for this. He returned only because he had assurances from French that seemed promise independence for Vietnam. "But", he said, "This independence, what is it? Where is it? Do you see it? Is a government independent without a budget? When it has to beg 20,000,000 piastres a month for its existence?"

7. He no longer thought French had any intention leaving country. He put himself in their skin in considering the question. Would they or any whites support such struggle for sake of yellow race? Morale of French Army depended on less than real independence for Viets. French were afraid institute real Vietnamese Army for fear that it might be used against them. I referred French speed-up of Viet battalions equipment but he replied that there could be no real national army unless it had Viet command; under the accords direction of armed forces was French in time of war and as long as it was French the war was bound to continue and so on in a vicious circle. The French troops had been unable conquer this country and never could. The principal thing they should do was to go into mountains and clear out Ho Chi Minh and they seemed incapable of that. They were not aggressive and would not move at night.

8. With the enemy it was not only question of Communist discipline which had been strengthened lately, but also of an ideal, however misguided. He could call for people rally to him but he understood quite

well that they were considered deserters by other side. Recovered populations I had seen Tonkin were not fighting men but non-combatants. Nevertheless situation in north caused him consider political situation fair because they wanted no more of Viet-Minh. In south people were inconstant; Saigon was gangster city.

9. If French thought things were going well with Huu Government that would only confirm them in staying on. He was willing stay within French Union. He did not even want disturb French capital investment here, French rubber, or plantations, or factoring trade. But he had to have administrative responsibility and beginnings National Army. His situation with his people was precarious. He was gambling on being able secure genuine nationalism by his methods. No gambler could even begin lay his bets unless he had chips and French refused to give him chips.

10. He was trying an experiment with Huu, one who loved French well. If it failed—and he did not see exactly how it could succeed—that meant a failure for French policy.

11. French simply afraid to take real steps resolve Indochinese problems. Attitude on US aid was example. They wanted it as means engaging US responsibility out here but the moment it began take concrete form they had become frightened. They feared US sought supplant them which he of course knew was not case. He understood our delicate position since France was friend in Europe. But we must see this as Asiatic and Vietnamese problem and one of our own security. We might yet have send troops here. French had used pure blackmail on us threatening withdraw troops which they would never in world do not only because of interests in Indochina but because it would mean end French Union and falling away of African colonies. We had fallen for blackmail and not put one single condition on aid to French nor pressed any of our requests.

12. I contested these promises [*premises?*] and conclusions as energetically as I could and in friendly manner. I asked how he could say French military effort was lagging when it had been responsible for gains in Tonkin which we thought constituted element of optimism in political scene. He seemed discount change which US aid was already bringing in both military and economic side of picture, nor did he give us credit for the amelioration of French aid formulas which our mediation had secured. Aid was going directly to people and Viet Army was getting as much equipment as it could use. I knew he agreed that Communism could not be kept out of control without French support and/or power. We of course understood his need to

have means govern and I thought French intended provide them in increasing measure. The Interstate Conference [1] would almost surely take decisions on control of customs and financial matters which would make it possible for him control his revenues. Control of Army was coming to Viets in increasing measure where regions were pacified. We believed and had assurances on highest level of French good faith and intentions. I realized that there had been a moment when French thought Viets were acting in headlong manner at opening aid discussions and they got nervous during Cabinet crisis. But since Huu Government had come in French surely had less to fear. We had reason believe French could now resume process of building Viet independence in French Union which our common hope. I believed he should continue be patient. I said I was surprised find him so much more discouraged than when I last talked to him. In any case I hoped he could return soon Vietnam where he could be his people's best advocate.

13. Bao Dai said he not discouraged merely inclined question fundamentals. He would see what happened and then he would act. (He did not indicate what action.) We obviously placed too much importance on Interstate Conference. It would not deal with the important questions and French would play off Laotians and Cambodians against Viets claiming latter were potential imperialists, so that trivial results would be obtained. He did not plan attend because it would be said Viets trying dominate conference. He seemed impressed with our arguments but by no means convinced.

14. Legation comment: I had not previously seen Bao Dai in this mood. In my first meetings with him he talked strongly about French shortcomings but not with so much discouragement. During government crisis he seemed move closer to French position. There is always possibility that his mood is transitory, brought on by ill health, fatigue and perhaps some pangs of self-doubt about installation Huu Government. In addition he has been exposed to Nguyen Phan Long's embittered but cogent arguments for ten days which Long spent in Dalat. Yet fact remains he is seriously considering a "stay away" strike which would embarrass the French. His overall attitude is disconsolate and far from that of convinced single-minded leader of anti-Communist crusade. This interview is reported at inordinate length so that Department may have sense of atmosphere and of Bao Dai's disposition

[1] An interstate conference involving France, Viet-Nam, Laos, and Cambodia convened at Pau, France, on June 29, in an effort to reach agreement on common policies toward a variety of economic and administrative matters.

before he leaves for France.[2] I shall comment further on its relation to Interstate Conference and its wider effects in brief following telegrams.

Department pass Paris. Sent Department 476, repeated information Paris 232.

GULLION

[2] Gullion commented further on Bao Dai in telegram 505, June 23, which concluded as follows:

"7. I believe it would be mistake underestimate Bao Dai. It is possible he would like to run out on a job which is distasteful to him but he also thinks he finds political justification for his withdrawal and some genuine nationalists believe it is his only recourse. He has, I think, a long-range goal of independence for Vietnam and sense of tactics to that goal. For all his faults he is intelligent, patriotic and easily dominates type of politician Vietnam Government possesses. He is still only person capable holding together or fronting for any non-Commie government in Vietnam. Malcolm MacDonald now here on holiday, although he found Bao Dai somewhat less pessimistic than he was with Blum and me, talked with him at length and confirms opinion he is 'proper man to back, only man capable of holding job and knows where he is going'. Of course Bao Dai ought to get in front lines more and do more village visiting and would do so if he had better advice. He has bad press because he has taken few pains to have better one, because few American correspondents speak French, because for first thirty minutes with any stranger he freezes into traditional impassivity of an Annamite Emperor combined with oriental diffidence, because he is an easy scapegoat for new political involvement which many Americans mistrust, and because he is not an American, French, not a European, not a typical Vietnamese, not a 'good Joe'. He is also thoroughly unhappy man with no friends, a lonely man, with personality split between Europe and Asia. His nervous constitution does not stand isolation he imposes on himself and his all night jeep hunts after tigers are escapades of man possessed. Yet until his country gets some kind of democratic set up he remains, for that part of it which Commies have not suborned, its constitution, spiritual leader, substitute for parliament, for popular consent and national sovereignty. This is hard job for man brought up as puppet Viceroy and not as Thomas Jefferson." (751G.00/6–2350)

751G.02/6–1950 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, June 22, 1950—7 p. m.

2953. For Bruce from Rusk. Dept aware of Fr desire to maintain Pau conf on a technical level and to keep it a "family affair." These and the other points brought out in Embtel 2896, June 15 and Saigon's 478, June 19,[1] have been noted and Dept agrees with Paris and Saigon views in this matter.

However, in ur discretion, and if you believe that it wld serve a useful purpose, you may wish to bring to Schuman's attn Dept's thinking with regard to the possibility of using occasion of the Pau conf to counteract certain of the wide-spread misunderstandings which

[1] Neither printed.

exist concerning the relationship of France and the Govts of Cambodia, Laos, and Viet Nam and the nature of their independent status within the Fr Union.

The holding of the conf might provide a useful opportunity to publicize extent and nature of Fr concessions to the IC states and progress made since the declaration of the Baie d'Along.[2] Also the purpose for which the interstate conf was called, the nature of its agenda and its accomplishments in formalizing the independence of the three states within the Fr Union may offer opportunities for favorable publicity.

During the course of the mtgs or immed fol them an opportunity might be found to make a public declaration re the conf and Fr intentions by a high ranking official (perhaps Pres Auriol as Pres of the Fr Union) which cld usefully be publicized. Bao Dai, of course, might be encouraged to make a similar declaration at the same time.

Pls assure Mr. Schuman that in presuming to make suggestions to him concerning what the US Govt recognizes is a family affair between Fr and the members of the Fr Union we are giving the most sympathetic consideration to the weight of France's obligations as having primary responsibility for the area of Indochina and seek only to reduce the burden of such responsibilities by suggesting that full use be made of a unique opportunity to make the extent and true nature of the concessions made by Fr to the Associated States known.

It is not necessary to remind the Fon Min that in the US, as in other countries, there is a growing uneasiness in sections of the press and public opinion—a tendency to misinterpret present and future Fr intentions in Indochina and to regard Emperor Bao Dai as a "Fr puppet". This same press and public opinion is often unaware of the heavy sacrifices in lives and money made by the mother country in establishing and helping to maintain the integrity of the new Independent States within the Fr Union. Similar misunderstandings are encountered to a much greater degree in Asiatic countries. To use the circumstance of the Interstate Conference as a means of helping to dispel such impressions through the power of the printed word, public statements and other publicity is in Dept's opinion a course which can only lighten the burden of Fr and her allies with respect to Indochina.

Believe we shld limit our efforts with the Fr now to securing the points outlined above rather than striving to influence the agenda

[2] For documentation on the French-Vietnamese negotiations leading to the Ha Long Bay (Baie d'Along) Agreement of June 5, 1948, see *Foreign Relations*, 1948, vol. VI, pp. 19 ff. For the text of the agreement, see France, *Journal Officiel de la République Française, Lois et Décrets* (March 14, 1953), p. 2409. An English translation appears in Cameron, p. 117.

of a family discussion. If you think it feasible we can consider further steps to strive to influence the course of the conference itself. [Rusk.]

ACHESON

751G.02/6–2350 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, June 22, 1950—7 p. m.

407. Ur work resulting Saigon dateline stories identifying Ho with Chi and internatl Communism have achieved useful purpose shld be continued. Suggest U encourage nationalist officials release locally newsworthy items present case Associated States clearly to world build up leaders and Govts of IC as significant entities. Stories shld be broken by Viet Nam, Laos, Cambodian sources preferably Ministers of Info, Defense, or important releases by Premier, Chief of State. Cable releases Washington when significant and newsworthy for VOA and *Bulletin* dissemination.

ACHESON

751G.00/6–2350

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET SAIGON, June 23, 1950.

No. 248

Subject: Political Views of Ngo Dinh Thuc, Catholic Bishop of Vinh Long

I have the honor to enclose a memorandum of a conversation June 18 with Monsignor Hgo Dinh Thuc, Catholic Bishop of Vinh Long, who is planning to cross the United States accompanied by his brother Mr. Ngo Dinh Diem, and a pharmacist, Mr. Nguyen Viet Canh. It will be recalled that Mr. Ngo Dinh Diem, reputedly the chief leader of the Vietnamese Catholics, is perhaps the most prominent of the Vietnamese "fence sitters", having achieved a reputation for strong nationalist views while eschewing association either with the Viet Minh or with Viet-Nam government of Bao Dai.

It is said that Bishop Thuc, whose diocese owns extensive properties, is "one of the few persons who are able to bring in all their harvests." His attitude of abstract nationalism, neutrality between existing factions, and political inaction, is symptomatic of South Vietnamese "fence sitters". It will be interesting to observe whether Monsignor's visit to the United States will serve to open his eyes to the Communist danger to Viet-Nam or merely to make him impatient of the serious attitude now current in the United States toward Communism.

EDMUND A. GULLION

[Enclosure]

Memorandum of Conversation[1]

SECRET [SAIGON, June 18, 1950.]

Participants: Monsignor Ngo Dinh Thuc, Catholic Bishop of Vinh Long (South Viet-Nam)
Edmund A. Gullion, Chargé d'Affaires
H. Francis Cunningham, Jr., FSO

The Bishop called with regard to his desire to obtain visas to transit the United States from West to East enroute to Rome, accompanied by his brother, Mr. Ngo Dinh Diem, the renowned Catholic political leader and leading "fence sitter", and Mr. Nguyen Viet Canh, a pharmacist.

Mr. Gullion asked the Bishop if he cared to express himself with regard to the political situation in his region. Monsignor replied that from the beginning he has insisted that he and his priests must have full liberty to travel throughout their jurisdiction. Accordingly, he and his men move about as "neutrals", and have no difficulty in going anywhere in their region, regardless of whether the Franco-Vietnamese forces or the Viet Minh are in local control. He says he avoids political activity, and his trip to the United States will likewise be nonpolitical. However, when people ask him for his political views, he gives them. For example, he has given them quite frankly to His Majesty Bao Dai.

The Bishop said he felt pessimistic. He believes things can go on indefinitely as at present, with each side shooting at the other with no solution.

"What support does Prime Minister Huu's government have?" queried the Bishop. "Huu relies on His Majesty," said Monsignor in reply to his own question. "And what support does His Majesty have? Bao Dai relies on French bayonets." The Bishop declared there was no public opinion behind this government. He said the French should, in his opinion, give Viet-Nam its independence. The country has very little independence now. He believes Bao Dai needs to have an ideal for which to fight.

Mr. Gullion inquired what the Bishop thought of the Catholic Auto-Defense Group that controls a particular area of South Viet-Nam. The Bishop remarked that not all members of this organization are Catholic—many officers are non-Catholic. But he considers the group serious, thanks to the efforts of Colonel LeRoy, who organized and leads them. The Bishop went on to say that unfortunately this group also lacks a political ideal for which to strive.

[1] Presumably drafted by H. Francis Cunningham, Jr., Consul and First Secretary at the Legation in Saigon.

Mr. Gullion asked whether Monsignor expected important results of the Interstate Conference. No, said the Bishop, everything was being prearranged here, and the show to be put on in France was merely for public consumption.

The Bishop remarked that he deplored that American economic aid would be regarded by his people merely as help to the French Colonialists. Mr. Gullion emphasized in reply that the aid would really reach and benefit the people. The Bishop countered that it would still be regarded as Colonialist. In his opinion, the United States should have applied pressure to alter French political aims.

Monsignor said he was going to Rome for Holy Year and wished to pass through the United States for the personal reason of acquainting himself with America. He met Cardinal Spellman [2] when the latter was passing through Saigon.

[2] Francis Cardinal Spellman, Archbishop of New York.

795.00/6–2950 : Telegram

The Chargé at Saigon (Gullion) to the Secretary of State

SECRET PRIORITY SAIGON, June 29, 1950—1 p. m.

525. 1. No Vietminh or Chinese Commie action of unusual character yet observed following Korea development.[1] French forces hold initiative continuing Tonkin sweep-up and difficult operation into Plaine des Joncs Vietminh stronghold in south destroying "enormous" quantities Red munition stocks at considerable cost to French troops.

2. Effect US intervention in Korea all the more electric because both local French and Viets had discounted the possibility. They thought our procedure in SC was mere effort to talk our consciences clear before American people and mass UN action. News of intervention had not arrived before press had begun to take pessimistic tone. It was said

[1] On June 25, forces of the Democratic People's Republic of Korea invaded the Republic of Korea. On June 27, the U.N. Security Council approved a United States resolution recommending that members of the United Nations furnish assistance to the Republic of Korea to repel the armed attack. The same day President Truman issued a statement indicating that he had ordered United States air and sea forces to give support to the troops of the Republic of Korea. The President's announcement also stated that he had ordered the United States Seventh Fleet to prevent attacks on or from Formosa, and had ordered the strengthening of United States forces in the Philippines. In addition, the statement included the following with respect to Indochina: "I have similarly directed acceleration in the furnishing of military assistance to the forces of France and the Associated States in Indochina and the dispatch of a military mission to provide close working relations with those forces." For the full text of the President's statement, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington: Government Printing Office, 1955), p. 492, or Department of State *Bulletin*, July 3, 1950, p. 5.

For documentation on the Korean War, see volume VII.

that munitions to be sent by MacArthur would arrive too late and would only supply Commies.

3. Yesterday morning delivered substance of President's declaration to principal French and Associated States representatives now in Vietnam. Conferred at acting HC Torel's request with him, political counselor Bonfils, acting commander-in-chief Alessandri, Col. Brebisson, chief of general staff. French highly gratified, particularly military who had lately shown some skepticism (Legtel 524, June 29)[2] and disenchantment about our intentions in IC and Far East. They asked to be informed about progress of operations and further diplomatic negotiations. French civil administration particularly concerned about effect on Viets who had traversed psychological crises in last two days. First crisis was when they thought US and UN would not intervene. French described effect as "catastrophic". Yet when we reacted vigorously Viets showing tendency to panic, in fear of immediate extension of conflict here. Hoped in my remarks on reception of US aid aircraft I might help calm them. Replied would say that such aid was destined to make war less not more likely but I hoped Viets could be gradually brought to realize their stake in world-wide anti-Commie fight and their responsibility in it. Also they seemed completely to overlook that we had worked through and for UN, pouring strength in its forms and making it the enforcer of world peace it was meant to be. Viets showing tendency to view this as power clash between Soviets and US in which they might get hurt.

4. Then saw acting Prime Minister (Minister of Justice) Nguyen Khac Ve and secretary of FonOff Do Hung. (All other key Viet officials in France for Pau conference.) Viets obviously scared but agreed Vietnam would have run greater danger had US not intervened. When I stated that the vigorous intervention of US and UN ought to discourage further aggression, Khac Ve agreed and observed that situation recalled re-occupation of Rhine by Nazis, except that we had accepted the challenge thus probably preserving the peace whereas French had failed in their responsibility.

5. The group of French officials believed a further statement by high US officials (i.e., President, Secretary of Defense) expressing US concern and interest in IC would be very desirable for Vietnam morale. Even in spite Korea intervention there was lingering belief that Vietnam was beyond pale of US strategic interest and some Viets so interpreted declarations of US spokesmen, for example Secretary's Press Club speech of last winter.[3] I said that we had made many

[2] Not printed.

[3] Reference is to an address by Secretary Acheson on United States policy toward Asia delivered before the National Press Club, Washington, D.C., January 12, 1950. For text, see Department of State *Bulletin*, January 23, 1950, pp. 111–118.

declarations of our interest in IC most recently following Foreign Ministers conference and there would very possibly be more, how categoric I did not know. I recalled that the recognition of Bao Dai, US decision to send aid all had taken place since declarations they cited.

Department pass Paris. Sent priority Department 525; repeated info Paris 264.

GULLION

751G.5 MAP/7–150 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, July 1, 1950—6 p. m.

4. Tomap. Dept desires clarify principles governing US mil aid Indochina and ascertain that all parties to agreement fully understand and concur in arrangements for division of aid, trans of title, reception, distribution, accounting, maintenance and use this aid.

A. *Principles.*

Basic principles governing grant of aid are:

1. Provide mil assistance as supplemental to Fr assistance, and with their concurrence, to the three Assoc States in order assist them in achieving internal security. It is firmly believed that such security is essential prerequisite estab of stable economy and conditions wherein econ assistance and aid such as Point IV can effectively be applied. Aid to States will enable them develop their regular armies and to extent considered desirable in accordance Section D, below, their irregular forces (garde civile, autodefense units). Fighting conditions Indochina make it desirable utilize to greater extent native troops adaptable to conditions of area.

2. Provide assistance army of Fr Union so that this force may be strengthened in its resistance to Commie aggression both from within and without Indochina.

Pres Truman's statement Jun 27 confirms Dept's belief that as Fr forces represent only important unit in area capable decisive mil action, a particular effort must be made assist them. US mil aid, however, will continue supplement and not replace direct Fr efforts in area.

3. Recent developments Korea indicate possible diversionary efforts elsewhere by Commies. Events may therefore require reassessment aid requirements Fr, involving additional assistance by US at expense aid Assoc States. Until such eventuality develops Dept will continue give strongest support possible to Assoc States in order development independent and stable govts shall not be impeded and their position strengthened in eyes internatl public opinion.

B. *Military Aid Agreement.*

Draft agreement transmitted Deptel 427, Jun 28,[1] represents effort both to simplify requirements for furnishing mil assistance and to take due account of existing treaties, especially on mil matters, between Assoc States and Fr. In view Legtel 460,[1] Para II, five party agreement now appears more realistic than bilaterals countersigned by Fr. Dept urgently awaits your comments re applicability in unusual Indochina situation.

C. *Application Agreement.*

1. Trans title, receipt, distribution, accounting, maintenance of US mil assistance furnished.

Dept desires be assured mil aid program will be administered in most efficient manner. Since forces Assoc States are not yet fully organized Dept hopes Fr and Assoc States will estab mutually suitable working arrangements (ref Legtel 460) and subsequently will work in close coop Leg and its MAAG to assure satis handling and utilization of US mil aid provided.

Reftel Para II indicates Fr and Assoc States already developing such working arrangement for mil equip destined Assoc States. Dept and Def proceeding assumption procedures outlined now effective, and particularly that (*a*) HMC is official consignee equip destined each Assoc State; (*b*) mem or rep of HMC has been or will be designated to take title to and receipt for such equip; and (*c*) actual unloading, reception, assembling, distribution, protection, and continued maintenance, including stocking of spare parts, such equip will be as indicated. Desire Leg confirm.

D. *Aid to Unofficial Forces.*

Dept concurs mil aid shld be supplied units such as Caodai, Catholics, etc. Such aid, however, shld not be given direct either by US or Fr. Dept strongly feels aid to these units must be distributed only by Assoc States, at discretion of Chiefs of State with concurrence Fr. Such aid shld prove excellent polit weapon encourage integration these currently useful but potentially troublesome groups with regular forces Assoc States. As active part of natl forces these units shld prove to be valuable assistance guerrilla fighting. Uncontrolled, with possibility direct aid, they may well become embarrassing liability. Pls rpt to Paris as 5.

ACHESON

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[1] Not printed.

751G.5 MAP/7–350

Memorandum by the Secretary of State to the President

TOP SECRET [WASHINGTON,] July 3, 1950.

MEMORANDUM FOR THE PRESIDENT

Subject: Request for the Allocation to the Department of Defense for the Purpose of Providing Military Assistance to Indo-China of an Additional $16,000,000 from the Funds Provided by Section 303 of the Mutual Defense Assistance Act of 1949 [1]

The Departments of State and Defense have agreed upon a program of military assistance to the forces of France and the Associated States in Indochina in the estimated amount of $31,000,000 which it is proposed should be financed out of funds made available for fiscal year 1950 by Section 303 of the Mutual Defense Assistance Act of 1949. The outline of this program, which is now being refined as to detail, is set forth in the last paragraph of this memorandum. Of the $31,000,000 required, $15,000,000 has already been allocated by you in two installments—the first, in the amount of $10,000,000, on May 1, 1950,[2] and the second, in the sum of $5,000,000, on June 27, 1950.[3] The allocation of the remaining $16,000,000 at this time is urgently needed to permit immediate supply action on the balance of the program, and will, I believe, enable us promptly to implement your directive of June 27, 1950 to accelerate the furnishing of military assistance to the forces of France and the Associated States in Indochina. This program of military aid will continue to be administered, if you approve, in accordance with Executive Order No. 10099, under which other Mutual Defense Assistance programs are conducted.

In your letter dated May 1, 1950, in which you approved in principle initial programs of military assistance to Indochina and Thailand, you requested that you be informed in detail about the scope, magnitude and timing of proposed assistance programs to Indochina and Thailand. The interested agencies have been diligently studying the problem of effectively applying all the means available to this Government to advance our political, military and economic objectives in the critically and strategically important countries in the general area of China. In view of your directive of June 27, 1950, and the new developments in the Far East, our tentative conclusions on these

[1] This request was approved by President Truman in a letter of July 8, not printed.

[2] See letter of May 1, p. 791.

[3] President Truman's directive of June 27 allocating an additional $5 million to the Department of Defense for military assistance to Indochina is not printed.

points are being re-examined as a matter of urgency and I will advise you further as soon as this re-examination is completed.

Briefly, the principal components of the fiscal year 1950 program for Indochina are the following: Army—equipment for 12 Indochinese infantry battalions (less equipment to be furnished by the French); engineer equipment consisting of tractors, trailers and crane shovels, and sheds for bases; and anti-aircraft guns for two battalions with ammunition and spare parts. Navy—landing craft and river craft with armament, ammunition and spares; fighter aircraft (40 FSF's with ammunition and spares); two patrol craft; and marine engines. Air Force—ammunition and spare parts for aircraft already in use; transport aircraft (8 C–47's); and specialized maintenance equipment. Certain training ancillary to the provision of this equipment is also to be provided.

DEAN ACHESON

Editorial Note

On July 19, 1950, President Truman submitted a special message to the Congress reporting on the situation in Korea. The President indicated in the course of his statement that in view of the possibility of armed aggression in areas other than Korea, he had already directed the speeding up of military aid to the Associated States of Indochina and to the forces of France in Indochina. Regarding the circumstances of this message, see documentation on the Korean War in volume VII. For text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 527–537.

Editorial Note

The Indochina situation came under consideration during United States–United Kingdom political-military conversations in Washington, July 20–24, 1950. The United States was represented in the discussions by General Omar N. Bradley, Chairman of the Joint Chiefs of Staff, and Ambassador at Large Philip C. Jessup. British representatives were Sir Oliver Franks, British Ambassador to the United States, and Marshal of the Royal Air Force, Lord Tedder, Chairman of the British Joint Services Mission. The agreed memorandum of these discussions read in part as follows: "14. It was understood that the U.S. and U.K. would assist the French to the extent of their abilities in case of a Chinese communist attack, but the probability would be great that neither could provide forces for this purpose. There was no further discussion of the Indochina problem in the absence of the French, though further tripartite discussions

were considered to be necessary." The full text of the agreed memorandum and other documentation on the conversations is scheduled for publication in volume III.

851G.00R/7–2550 : Telegram

The Minister at Saigon (Heath)[1] *to the Secretary of State*

SECRET SAIGON, July 25, 1950—10 a. m.

100. 1. On occasions cited in Legtels 52, July 15; 70, July 19; Toeca 140, July 21,[2] French have reminded us of special role reserved for French under the March 8 and collateral agreements and offered polite but unsolicited suggestions about course the mission should pursue in contact with Viets.[3] They suggest changes in wording of my letters of credence to bring French Union to fore (Deptel 63, July 19);[4] they urged on Blum inclusion of wording in draft economic aid bilateral to stress Vietnam obligations as member of French Union, and they have addressed to me the letter cited in Legtel 70 which asks us to caution MDAP survey mission not to enter into any commitments with Associated States' representatives without consulting the French interest. This letter was sent without prior discussion of the subject or intimation to Legation that the High Commissariat considered such a caution might be needed.

2. I am confident that the French consider our attitude entirely correct. Our relations continue to be, as they have always been, genuinely excellent and marked by mutual respect. I report these matters merely for record and as characteristic of a special French touchiness already familiar to the Department. In view their delicate relations with Viets French are always afraid that some uncoordinated activity of ours might upset the apple cart or prompt the Viets to unrealistic plans and desertion of French-Vietnam understandings (this fear was evident during the visit of the Griffin mission, the naval visit and during the government crisis). Following Foreign Ministers' conference French attitude became less uneasy, the more so since no apple carts had been upset by us in five months since our recognition of Bao Dai. I trust French realize that this mission would lose much of its utility to US and to the US-French entente if Viets were to consider it a tool of the High Commissariat.

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[1] Minister Donald R. Heath arrived at Saigon on July 5.

[2] None printed.

[3] Reference is to the joint Mutual Defense Assistance Program survey mission to Southeast Asia headed by John F. Melby, Special Assistant to Dean Rusk, Assistant Secretary of State for Far Eastern Affairs, and Maj. Gen. Graves B. Erskine, Commanding General of the First Marine Division. For the press release announcing the dispatch of the mission, July 5, and other documentation on its work and recommendations, see pp. 1 ff.

[4] Not printed.

3. I believe that there are several reasons why French chose to dot the eyes for us at this time:

a. The Korean episode suggests necessity of tightening the ranks and US-French cooperation.

b. Pignon is about to leave for extended stay in France and perhaps thought it well to make position clear before his departure.

c. Similarly my arrival here as the first diplomatic envoy to Vietnam may have seemed an opportunity to do the same thing.

d. Pignon recalls vividly the experience of the Griffin mission and the intoxication produced among the Viets by their first negotiations with outside powers. He has often said that if he had returned to Vietnam a few days before the beginning of the meetings he could have averted Phan Long's defiance of the French on what was relatively an inconsequential issue. He knows also that Viets and Bai Dai himself have tended recently to call for revision of the provisions governing French and Vietnamese relations in military matters. He may have feared they would make the meeting with the military mission an occasion for pressing their demands. He knew also that the meeting would be largely directed by Bao Dai's Minister for Armed Forces, Vinh, and that the Caodaists have lately shown signs of disaffection toward Huu Government and with French command.

4. For these reasons Pignon took special pains to coordinate the meeting sent us his letter and was in contact with Khac Ve, the acting president about agenda. Whether as a result of his interest or not Viets asked little that French had not already asked in their behalf (Legtel 84, July 22),[5] stayed completely away from controversial issues and never mentioned the "Bao Dai" or "Quat" memoranda[6] which were the only official outline of arms needs which we had previously received from them.

5. In cordial conversation with Pignon recently I referred to his letter and assured him that we were well aware of provisions of the March 8 and other agreements which might affect distribution of US aid and that the military mission was well briefed on these matters. My acknowledgement of his letter will be limited to about that same statement. I believe Pignon appreciates our position clearly.

Sent Department 100; repeated information Paris 57.

HEATH

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[5] Not printed.

[6] The request for United States military assistance submitted by Bao Dai is summarized in telegram 69 from Saigon, January 31, p. 707. The "Quat memorandum" refers to a Vietnamese request for military aid presented to Colonel Duff, an observer with the Griffin Mission. Chargé Gullion discussed the memorandum with Vietnamese Defense Minister Phan Huy Quat on March 24. Quat indicated that the list was largely based on the Bao Dai request with a few additions. A summary of the list and the Legation's comments on it were transmitted in telegram 204 from Saigon, March 25, not printed. (751G.00/3–2550)

751G.00/7–2550 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET NO DISTRIBUTION SAIGON, July 25, 1950—8 p. m.

105. Lacy from Melby. Carpentier upon discovering we both speak Portuguese opened up to me on IC situation as follows:

1. All SEA and India are "ripe" for Communism. In case of India much blame must be attached to Nehru who unwittingly or not is playing Kremlin line.

2. VM problem cannot be solved by military means alone. French by proper application of force can break back of Viet Minh military strength, but basic problem it represents will crop up again in same or other form. Hatred of French is so deep-seated and traditional that French incapable of selling that political, economic and propaganda follow-up required to make military successes stick. Only Vietnam can do this and Bao Dai, though intelligent and aware of problem, seemingly lacks requisite determination and training. Some new and vitalizing element should be injected into situation within predictable future.

3. VM only group in IC possessing driving faith in its own cause. All Viets secretly pleased with VM success in bogging down French since distaste for white man greater than any other fear. Pignon believes Vietnam under certain conditions, notably a lack of determination on part of Viet leaders, capable at some point of making deal with VM. For same reasons, some Viets quietly pleased with American reverses in Korea. Foregoing views Carpentier obviously not those officially expressed by Pignon, though Carpentier asserts he shares them privately. I will reserve any comments until end of IC visit.

Erskine requests that Carpentier views be passed Defense since same also expressed to him. [Melby.]

HEATH

793.54/7–3150

Memorandum of Conversation, by Mr. James L. O'Sullivan of the Office of Philippine and Southeast Asian Affairs

SECRET [WASHINGTON,] July 31, 1950.

Subject: Common Western Policy in Southeast Asia

Participants: Mr. Henri Bonnet
French Ambassador
FE—Mr. Rusk, Assistant Secretary
PSA—Mr. O'Sullivan
WE—Mr. O'Shaughnessy

Ambassador Bonnet called this afternoon at his request. He began by mentioning the contradictory intelligence reports his Government was receiving regarding movements of troops within China, mentioning that some reports stated troops were being withdrawn from

the Canton area toward Hankow, while other reports indicated Communist troops were moving toward the Indochina border. He also said that there were reports on the building of roads in Yunnan and particularly Kwangsi. He pointed out that these roads might be used to move up tanks for an attack upon the Tonkin border.

Ambassador Bonnet then suggested that the time has arrived for the establishment of a common Western policy with regard to Southeast Asia. Within this framework the Ambassador thought that it was necessary to establish a common military policy, possibly by establishing a theater of Southeast Asia in which each country interested would have a specific field of responsibility. He pointed out that the British were already committed in Malaya and Hong Kong, and that the French should, of course, bear the major responsibility in Indochina, where they had 150,000 troops at the present moment. He adverted to the conversations in Saigon between the French and General Erskine of the Melby Mission, and said that the French were particularly concerned, should the Chinese Communists launch an attack on the Tonkin border, as to who would provide the tactical air support for the French defenders. He said that the French had insufficient aircraft to provide such support themselves.

In reply to a question, Mr. Bonnet said that he did not believe an attack by the Chinese on the Tonkin border would cause further mobilization in France.

He said that the French had, however, already appropriated an additional 80,000,000,000 francs for military expenditures and were stretched very thin.

In reply to a question, he indicated that the French were not certain that the Chinese Communist attack on the Tonkin border would be coordinated with an attack inside Indochina launched by Ho Chi Minh, but that they assumed liaison between Ho and the Chinese Communists was very close.

Mr. Rusk said that he would consult with his colleagues and that he felt a reply to the French proposal would take a considerable amount of study.

FMACC Files: Lot 54D5

The Joint State–Defense MDAP Survey Mission to Southeast Asia to the Foreign Military Assistance Coordinating Committee [1]

TOP SECRET [SAIGON, ?] 6 August 1950.

The Joint State–Defense M.D.A.P. Survey Mission arrived in Saigon on July 15, 1950 and departed for Singapore on August 7, 1950.

[1] Except for this covering letter, the report on Indochina by the Joint Mission is not printed. The report was circulated for the information and consideration of the Foreign Military Assistance Coordinating Committee as document FMACC D–33/6, August 24 (FMACC Files: Lot 54D5). For additional documentation on the work of the Melby-Erskine Mission, see pp. 1 ff.

During the three weeks of its visit, members of the Mission visited sectors and installations in the Saigon area, participated as observers in various operational activities, made a comparable tour of the Red River Delta area, including an inspection of the Chinese Border and defense installations in that area and visited installations in Cambodia and Laos. During all its visits, conferences were held with appropriate French, Vietnamese, Cambodian, and Laotian officials as well as with a number of other individuals, particularly in the Saigon and Hanoi areas.

It is a matter of great regret to the Mission that the High Commissioner for Indochina was recalled to Paris for consultation prior to the completion of the Mission so that it was impossible to hold final conversations with him. General Carpentier, the Acting High Commissioner, was, however, most cooperative as were all other officials, both French and local. It is also a matter of regret that General Alessandri, Commanding General in Tonkin, was also absent in France. Conversations with local officials in Cambodia and Laos were somewhat more limited than they might have been due to the absence of the highest officials in France, to attend the Pau Conference. The same limitation applied in Vietnam due to the absence of His Majesty, Bao Dai, and the President of the Council. It is the belief of the Mission, however, that it was able to accomplish its aims.

Tab A is an outline of the political and economic objectives of American policy in Indochina which should govern the MDAP Program for this country. There is also included as an attachment a memorandum prepared by the ECA representative on the Mission concerning the ECA interest in the MDAP Program. It will be noted that this representative recommends consideration of the possibility of utilizing a part of the ECA Program in Indochina for projects which would have military as well as economic utility. The remainder of this report has been prepared by the military section of the Mission and deals with the military aspects of the Program. The Chief of the Military Section of the Mission, Major General G. B. Erskine, has prepared a memorandum in which he summarizes his views on the military situation, including French and enemy capabilities, and the role which the United States can play in order to accomplish American objectives.

It will be noted that the Chief of the Military Section is of the opinion that any detailed appraisal of the French requests for military assistance can only be made by study and on the spot investigation which will require several more weeks of intensive work. The MAAG has, therefore, been instructed to proceed with this study and to report its findings, if possible, before the Mission has completed

its work in Southeast Asia. General Erskine believes, in general, that the French requests appear reasonable. The same applies, in general, to the priorities which have been established by the French. It is also noteworthy that General Erskine believes that the French requests conform in general to the capabilities of the personnel presently available in Indochina but that he questions the capabilities of these forces as presently constituted to repel any major invasion by the Chinese Communists.

The major impression of members of the Mission is that although there can be no over-all solution to the Indochina problem without a military solution as a primary requisite, this military solution can in no sense be decisive without the application of political and economic techniques to the problem. It is true that the defense of the frontier against external aggression is in the main a military problem, of which the main burden must be borne by the French. It seems unlikely that an attack from China can be repelled by the utilization of French resources alone, which are already strained to a maximum. Little help, if any, can be expected from Vietnamese sources and certain Vietnamese elements can be expected to exercise positive aid from the rear to the invading forces. For the most part, then, any assistance to France in repelling an invasion must come from the United States. It will, of course, be for the highest American authorities to determine just how far the United States is prepared to go in assistance to the French to repel any such invasion in the light of American objectives and over-all world commitments. The French are, not unnaturally, most interested in knowing just what the United States would be prepared to do.

Intimately connected with the defense of the frontier, as well as constituting a problem in itself in the American objective of containing Communism and wherever possible, rolling back its areas of control, is the problem of internal security in Vietnam which, in the present context, means the Communist-led and Communist-controlled Viet Minh Movement now in open rebellion against the Governments recognized by the United States.

The magnitude of the problem which confronts the French in this respect can hardly be overestimated. As has happened in so many other areas in the Far East, the Viet Minh originated as a nationalist movement dedicated to the independence of the people of Asia and to the elimination of the white man as the ruling group in the area. The Communist movement, as elsewhere, has succeeded in identifying itself with this nationalist movement and in spreading the conviction that non-communist nationalist groups are basically instruments and puppets of the colonial powers. Many elements which have aligned themselves with the Communists are basically hostile to Communism, but believe that the problem of independence must be solved first and

other problems subsequently. It should be noted, parenthetically, that no responsible Vietnamese suggest the desirability of the total withdrawal of French forces at present on the grounds that this would only result in an early Communist victory. Rather, they speak of a timetable for independence and assumption by the French of responsibility for defense against outside attack, leaving internal matters to the Vietnamese. Much public opinion which finds itself in open opposition to the Viet Minh secretly supports the Viet Minh as the group which is having the greatest success in opposing the French. These Vietnamese elements, at the same time, are skeptical of French protestations. The great political problem which confronts the French in Indochina, therefore, is to persuade the Indochinese that they will implement their signed agreements; and at the same time, to persuade that cooperation with the Communists will not, in the end, secure Vietnamese independence, but will represent only another form of subjection to an external force. At the present moment, it may be questionable whether the French can do this in view of the long standing suspicion and deep-seated hatred with which the Indochinese regard the French. This much is certain: that in the end, the French will have to make further political concessions if internal pacification is to be realized. It is the opinion of the Mission that unless some agreed political solution can be found, the French will, in time, find themselves eliminated from the scene.

Many Vietnamese also feel that the French are not proceeding in good faith to comply with their obligations. In view of current difficulties, it is difficult to appraise these charges with any reasonable degree of accuracy. Yet, it is the opinion of the Mission that the French could proceed far more rapidly than they are with the establishment of a Vietnamese Army, capable of taking over the internal security problem. On the other hand, the French claim that the Vietnamese, on several occasions, have refused to accept responsibilities offered them and there is some evidence to support these contentions. It is by no means beyond the realm of possibility that the Vietnamese, themselves, would not be too reluctant to see the March Eighth Accords fail in the hope of proving that further concessions by the French are necessary. In brief, a certain measure of good faith appears to be lacking on both sides. Just how this obstacle is to be overcome is beyond the scope of this Mission, but the Mission is convinced that it must be overcome if the military solution is to be effective in the long run. This statement applies to the over-all pacification of the country rather than to the immediate defense of the frontier against foreign aggression which the Mission believes can be accomplished in the predictable future with the application of the requisite amount of force.

The Mission also makes its recommendations and observations without particular reference to the internal situation in France or to French commitments in the NATO which lie outside its competence.

From a political standpoint, it is the belief of the Mission that the United States should continue to exercise its influence to the end that mutually agreed political programs be carried out in good faith by the participants most directly concerned. Only thus can the maximum utility be drawn from the military assistance which the United States is prepared to give and only thus can the spread of Communism throughout Southeast Asia be contained. It is almost a commonplace, now, to state that failure in Indochina will make well nigh inevitable the over-all and eventual victory of Communism throughout the area. The French and the Indochinese must be persuaded, wherever necessary, to rise above their own parochial interests by realizing that these interests can be served only by the establishment of a community of interests dedicated to the independence, integrity, welfare, and prosperity of the peoples concerned. Any division in this community of interests is and will continue to be the nourishment upon which the Communists will feed.

It would be appreciated if this report could be reproduced and disseminated to those concerned as quickly as possible. Since Indochina is the first country to be visited by the Mission, the report on it may subsequently be revised somewhat in the light of possible later findings bearing on Southeast Asia as a whole.

Respectfully submitted,

JOHN F. MELBY
Chairman
Joint State–Defense MDAP Survey Mission

G. B. ERSKINE
Major General, U.S. Marine Corps
Chief of Military Group
Joint State–Defense MDAP Survey Mission

751G.5 MAP/8–750: Telegram

The Minister at Saigon (Heath) to the Secretary of State

[Extract]

SECRET SAIGON, August 7, 1950—5 p. m.

170. State pass to CNO, CINCPAC, CINCFE. Tomap. Survey mission has completed initial report on military assistance for Indochina which is being dispatched to FMACC by courier.[1] Basically the French objectives appear to coincide with US objectives in the country. The military situation confronting the French in Indochina

[1] See covering letter of the report, *supra*.

is internal against the Viet Minh and impending external against Communist China. The French forces after approximately 5 years of warfare are stalemated against Ho Chi Minh and appear to have lost considerable amount of offensive spirit. This failure to restore internal security is attributed by French to lack of cooperation of noncommunist people and deep seated hatred and distrust of French which exists among large part of the population. Military action alone cannot solve this internal security problem. A political solution which includes concessions on the part of France and definite plans possibly backed by the US or the UN for eventual independence of Vietnam Cambodia and Laos is a necessary complement to military action. The overall assistance (military, economic and political) requested up to this time is considered inadequate to fully consummate US broad objectives in Indochina and assistance will have to be provided to the French Indochina on an increased scale to resist the encroachment of Communism in SEA. Recommend immediate assistance be provided in accordance with the requests contained in the mission reports being forwarded by courier. . . .

. . . . . .

HEATH

751G.5 MAP/8–750 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, August 7, 1950—3 p. m.

171. Tomap. No distribution. For Rusk and Lacy from Melby. In appraising Indochina situation certain facts stand out which highlight important facets of Indochina problem and may be suggestive of helpful course of action. This telegram is based on collected observations by all survey mission members, as well as conversations with wide variety of individuals. Erskine concurs with it.

1. Indochina is keystone of SEA defense arch. Failure here will inevitably precipitate balance of SEA mainland into Communist orbit with excellent prospect of similar eventuality in Indonesia and Philippines, barring American occupation of latter. Within Indochina complex, Vietnam is the crisis point whose resolution will largely determine outcome in Laos and Cambodia.

2. French are dedicated, at least officially, to proposition problem can be solved by military means and that this is only hopeful course. Pignon has agreed that political and economic measures should accompany or follow but his agreement lacks ring of conviction. Unfortunately his departure for Paris has denied opportunity for genuinely frank and confidential discussions with him. On other hand some other French in private talks, notably Carpentier, have revealed a conviction that although there is no reason why proper application of force cannot break military back of Viet Minh, such course will not solve basic Vietnam problem which will only re-emerge later in same

or other form. Carpentier insists French are incapable of applying requisite complementary political action. Vietnamese state, and many French reluctantly agree, that hatred and distrust of French so deep-rooted that no basis for long-range cooperation exists or can exist on present basis.

3. French military effort despite some successes in Red River Delta, has so far failed to break Viet Minh military strength. High local French commanders even state basic Viet Minh military strength actually increasing rather than decreasing. French entranced with analogy of tapping on a jar which later suddenly shatters. This doubtless had nineteenth century validity and might even today if Vietnam could be totally isolated; but given what we know of Communist hydra-headed policy of force, terror, propaganda, penetration, and cynical exploitation of any opportunity this concept would appear fatuous, even dangerous. French strategy largely one of static defense accompanied by disturbing amount of apathy. Division of opinion now centers around whether post-rainy season operations should concentrate on expansion of Tonkin pacified area for Chinese reasons or on cleaning up Mekong Delta area for economic reasons. Defensive attitude only encouraged by woeful lack of matériel. French also fail make proper use Vietnamese troops apparently on hypothesis, as Commanding Officer Langson put it, if more use made then greater concessions to Vietnam would also be required. Obvious French also fear armed Vietnamese might turn on them—surely a confession of something and perhaps not wholly without warrant under present conditions. Our evidence is that Vietnamese troops properly trained and equipped could make major contribution. Growth Viet Minh military strength is a demonstration native troops can be rapidly and effectively organized for combat.

4. Erskine convinced Chinese border could be made impregnable and coastline sealed off from external aid to Viet Minh. Present forces on border insufficient to prevent increasing arms traffic or stop any major invasion effort. It has been suggested locally that Japanese troops experienced in warfare in this kind of terrain might be used. Once border sealed Viet Minh problem would be immeasurably simpler with proper combination of military and political activities.

5. Illustrative of difficulties confronting French militarily is Red River Delta situation. To French pacification seemingly means control of certain strongpoints, absence of important enemy armed action, and ability of peasants to cultivate their fields by day unmolested. Balance of picture as we saw it in Tonkin in an area French cleaned out one year ago was our inability to move anywhere without armed guards, failure to restore and maintain minimum adequate road system, endless series of assassinations even in Hanoi, continuing and increasing volume of Communist propaganda without corresponding and effective counter-effort. French state Viet Minh are everywhere. I agree what has been done represents improvement but it is neither sufficient nor decisive especially considering lapse of time involved. I have no evidence anyone knows what Viet Minh does by night in Delta area. In absence of evidence to contrary and in light our Chinese experience, evidence recent Huk expansion in Cagayan Valley, and general knowledge of Communist methods, I believe we must assume Viet Minh actively engaged in organizing and disciplining peasant

lowest common denominator for opportune use. In this connection recall December 19, 1946.[1] Only ally French armed force has had in this nocturnal warfare appears to be Viet Minh excesses. I also partially discount muchly touted Tonkinese dislike of Chinese, especially in contrast to attitude toward French. Rude noises were once made that Chinese dislike of Russians would prove stronger than ideological pull.

6. As for Vietnamese attitudes and aspirations, Governor Tri, a truly impressive person, gave the best synthesis of statements by other responsible Vietnamese. He and others protest that total French withdrawal at this time would be disastrous and result only in Communist victory, due in major part to French failure to assist in establishment of Vietnam armed force adequate to its internal responsibilities. French can never genuinely pacify Viet Minh areas, and as noted above some French agree. Only Vietnam can do this. (One Mission member who participated in Vietnam night raid on a Viet Minh village was shocked and impressed by thoroughness and savagery with which patrol was carried out.) French should assume responsibility for protection against external threat or aid to Viet Minh and proceed rapidly to enable Vietnam to handle internal situation. There must also be some assurances concerning what future thereafter would hold. Primary Vietnam concern is eventual independence. Vietnam will have it regardless of anything else and will seek allies wherever it may be necessary. Other problems can be handled after that. Most Vietnamese secretly admire the Viet Minh for having fought the French to standstill and by the same token are not wholly displeased with North Korean successes. (Carpentier has expressed his and Pignon's fears that under certain circumstances Vietnam will reach some agreement with Viet Minh.) No French guarantee can ever be acceptable, since post-war developments have made it abundantly clear that France intends to re-establish itself in Indochina as far as possible. Any guarantee must be countersigned by someone in whom Vietnam has confidence. (Having a dirty mind, one presumes this means US.)

7. Line of reasoning in paragraph 6 has certain obvious gaps and deficiencies. I also assume a certain percentage of it is designed for our benefit. Still, the Vietnam attitude is a political reality which can hardly be ignored. Inevitably the confidence with which they speak of their own abilities leads to the naughty suspicion that they are overestimating themselves. This however is no reason we should underestimate them. If the border were effectively closed, it might matter relatively little what happened inside, except to the French who might rather understandably take a dim view of having to shut up on top of all they have already put up.

In summary then there is good reason to believe that proper application of sufficient military force, plus goading the French into a more offensive spirit, can hold the aid on the Indochinese kettle for the predictable, if relatively limited, future. It will not however solve the long-range problem. Neither can the French do it on their present

[1] For reports on the outbreak of hostilities in Tonkin on December 19, 1946, see *Foreign Relations*, 1946, vol. VIII, pp. 15 ff.

promises or without a radical change of heart and approach. If American interests can be served by the short-range approach then the rest need not concern us. This must be determined with relationship to over-all world situation, prospects, and time factors. If however the longer alley is important, then Franco-Vietnamese behavior in that alley, to borrow from the Churchillian analogy of the gorilla in the jungle, is a matter of the gravest concern.

If the latter be the case and the foregoing analysis valid, a satisfactory solution can only be found when the French have been persuaded to sweeter reasonableness and the Vietnamese firmly led by the hand through the growing pains of adolescence. Recent Korean precedent may be suggestive. I could propose consideration of following: French undertaking for Vietnam independence within specified period of 5, 10, 20, or 30 years with certain special compensations for French such as are found in Philippines-American arrangements.[2]

French would undertake to guarantee inviolability Indochina border. Vietnam national army would be rapidly created to assure responsibility internal situation and as this progressed French forces would withdraw to border areas or where unnecessary depart. Civil administration would increasingly be Vietnam responsibility. All such agreements would have UN public guarantee and such supervision as necessary. Assumably [*sic*] US would as usual pay most of bills. If US can bring its Korean responsibilities within UN framework, there is little solid reason why French cannot do same for Indochina.

Ever recognizing that this form is hardly likely to provoke dancing in the streets of Paris, it may well be that this or something similar is only real prospect for salvaging anything and French must be coerced into realizing it and behaving accordingly. If Vietnam as determined on complete independence as all evidence suggests, it probably cannot get it for a long time in face of French opposition, but it can create the kind of uproar which will constitute a continuing drain on French strength and in end benefit only Communists. Coincidentally, American identification with French in such eventuality will further weaken American influence in Asia. Historically no ruling group has ever remained more or less indefinitely in power in face of active or even passive resistance from the governed, or without ruining itself in the process. There is no convincing evidence Nationalism in Indochina proposes to be an exception. [Melby.]

HEATH

[2] For documentation on United States relations with the Philippines, see pp. 1399 ff.

751G.5 MAP/8–750 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, August 7, 1950—7 p. m.

172. Mr. Melby has presented a pessimistic but valuable appraisal of Indochina problem. (Legtel 171, August 7.)[1] We must, of course, recognize possibility that present French policy and efforts may not succeed. Moreover, an occasional appearance of a pessimistic review of problem is probably salutary for us who are working on it. Carefully conveyed, such expressions would probably also be salutary for French and might spur them to greater determination, imaginative effort and further useful compromises with Viet nationalism.

It is most decidedly our conviction, however, that it is premature to say that French will only be able to "hold the lid on Indochina kettle for the predictable, if relatively limited, future". It is at least premature to write off our new policy of both encouraging local nationalism and French efforts in Indochina. Melby will agree to this.

We have only just started on our program of economic and military aid to Indochina states and French. Operation of these programs will give us legitimate opportunity for useful counsel. Influence vis-à-vis both French and associate states. It might be well to say here that French military opinion here still generally holds that Viet Minh guerrilla and terrorism activities can within two years be reduced to local police portions unless, of course, Chinese Communists greatly step up aid and/or actually fight in Viet Minh operations.

General Alessandri, who cleared much of Red River delta last year, takes even more hopeful view and also favors much greater participation of Viets local military units under their own leadership than has so far been approved by Saigon Command.

If Department desires, will be glad to review, in light Melby's telegram, prospects for French policies and collaterally for American policies in Indochina. Suggest that Melby's telegram in reference be repeated Paris.

Sent Department 172, repeated info Paris 80.

HEATH

[1] *Supra.*

751G.5 MAP/8–950 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET SAIGON, August 9, 1950—11 a. m.

183. Tomap. We believe survey Mission's recommendations for increased scale of assistance to French forces as presented in Legtel 170, August 7, are very sound and Legation desires add its emphasis of

importance urgent implementation. We will comment on specific recommendations after study of group's final report. While we agree with these conclusions, we have following comments and reservations to make on several aspects of introductory argumentation in Legtel 170.

1. Re stalemate after five years of warfare. In Legation and Attachés opinion this ignores progress French have made and are continuing to make in expanding their areas of control and penning Viet Minh organized units (as opposed to individual Viet Minh terrorists) into increasingly well-defined enclaves. Moreover, it is not realistic to date beginning of fighting here from 1945 when French force was nonexistent. The real base line date should be December 19, 1946, when Ho attacked by surprise and brought to end all efforts to negotiate with him.

First French efforts with limited forces were in the nature of raids and punitive expeditions. It was only relatively late in campaigning season of 1949 that policy of clearing deltas began to be applied, largely as result of local initiative on part of General Alessandri and Pignon as opposed to the cautious counsels of Paris. Furthermore, the campaigning part of each year during which major deployments are undertaken is only from October to June. (It is possible, however, that with specialized equipment, more could be undertaken during rainy season. Unless one has campaigned in this country it is probably difficult to be certain on this point.) In any event test of capabilities will come when fall offensive opened, and any assumption of failure is considered premature.

2. Re statement that French forces appear to have lost considerable amount offensive spirit. We naturally would defer to General Erskine's appraisal of any matter subject to professional military judgment. Our first hand observations of several months leads us to believe that morale among junior commanders and troops is high. As regards High Command we doubt whether sufficient weight has been given in report to factor of pitifully small and obsolescent supplies hitherto available to French general staff, to difficulties if not impossibility of replacing casualties, to need of husbanding men and material against Chinese Communist threat which French until most recent past could only contemplate having to meet alone. There are only 21 batteries of field artillery in the country and not 1 90 mm anti-aircraft piece. There are no tanks.

We do not deny that a certain "command caution" has been apparent at the high echelons. Pignon has at times told us that he thought Carpentier was too attentive to the War Ministry which is said to take cautious view of overextension in a conflict as far from Paris as Korea from parts of the US. This command caution is possible responsible for limited number of night patrols. Yet General Alessandri called his shot on delta campaign and beat his own estimates by two months. He now says he could end effective Viet Minh resistance here in 18 months. So far as spirit of troops is concerned it must be recalled that this is war of men and not material; it has been marked by hand to hand, kill or be killed combats by individual GI's for three and half years of murderous jungle war. Problem in future will be of course transition from relative command caution in period of

straitened supplies to vigorous offense when adequate logistic support available. We think French areas eager as ourselves to destroy Viet Minh.

3. Re political concessions by French and US or UN backed "definite plans for eventual independence". We agree, of course, that no military solution is possible in political and economic vacuum. We believe that it would be at least premature to write off our present policy or to recommend at this time the political *démarche* of the kind envisaged in survey mission's preliminary reports (see Legtel 171, August 7).

4. It might be noted that interim report contained in reftel makes no reference to amounts and kind equipment for native troops. French initial requests were for equipment of twelve Cambodian, Laotian and Vietnamese battalions which will actually arrive within few days. Yet during mission's stay Viets asked for equipment for 20 battalions plus certain additional supplies and other states had occasion to present statements more recent than those on which original French requests based.

Nor does reftel go into amount and ratio of distribution of arms among home guard, various stateguards and other auxiliaries. These are questions with which Legation and MAAG will be continually concerned.

Above comments based on initial scrutiny of survey group report [1] received just prior group's departure.

Sent Department 183, repeated info Paris 85, Singapore for survey mission unnumbered.

HEATH

[1] For the covering letter of the report, August 6, see p. 840.

651G.93/8–1250 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET NIACT PARIS, August 12, 1950—1 p. m.

783. Eyes only for Secretary from Bruce. We are confronted with possible development in regard to French attitude towards Chinese Communist Government which I wish to bring directly to your personal and secret attention.

Parodi sent for me yesterday and told me that the French Government is extremely concerned, following Pignon's report, at the prospect of a large-scale Viet Minh offensive in Indochina as soon as the rainy season ends in mid-September. They are convinced that this attack will be launched, that it will be heavily supported directly or indirectly by the Chinese Communists. They have very definite information of preparations across the Chinese border of intensive training and supplying of Viet Minh forces including tanks and aircraft. The French take this information with the greatest seriousness, and fear the possibility of open warfare between the French Union and China.

Against this background Parodi told me that the French Government is anxious to neglect no opportunity by diplomatic or other methods to forestall or at least postpone, this eventuality. They are, therefore, coming to believe that they must make some effort to get in touch with Mao Tse-tung in order at least to ascertain whether a possibility exists of an arrangement which would bind the Chinese, even on paper, to refrain from involvement in Indochina. They recognize the flimsy value of any such commitment but are not in a mood to neglect even a hundred-to-one shot which might inhibit or delay active Chinese involvement in Indochina.

Parodi told me that they are, therefore, considering the possibility of informal approach to the British to ask their Chargé d'Affaires in Peking to get in touch with the Chinese Communist Government in order to ascertain what possibility, if any, there may be of an arrangement of the type described above. They anticipate the first Chinese reactions would be to request a change in the French attitude concerning the seating of their representative in the Security Council [1] and if in return Mao Tse-tung was prepared to make some engagement of non-interference in Indochinese affairs, the French Government would, I am convinced, give very serious considerations to some such bargain.

I, of course, pointed out to Parodi the obvious arguments from the point of view of UN, appearance of yielding to blackmail, relationship to Korean aggression and the strain it might impose on our relations with France at this critical juncture.

The French have agreed that they will take no step whatsoever in this matter vis-à-vis the British or anyone else until they have your views on the subject. I am, therefore, bringing this to your attention personally so that you can send me anything you would wish to have me transmit to the French Government which I would do both to the Foreign Office and I would recommend also to Pleven.[2] The question is still in a formative stage and I believe we can strongly influence its development but I do not feel that we should underestimate the real French concern both in government circles and in the public generally at the prospect of Chinese involvement in the near future and, secondly, their willingness to try almost anything which might conceivably have a chance to avert it. They are torn between this deep-seated desire and the recognition of the obligations which this might involve in relation to UN action in Korea.

If you could let me have your views early next week I will take it up immediately with the government, leading members of which

[1] For documentation on the issue of Chinese representation in the United Nations, see vol. II, pp. 186 ff.

[2] On July 11, René Pleven was appointed Premier of France, succeeding Georges Bidault.

in view of the Assumption holiday will not be back until Tuesday night.[3]

BRUCE

[3] August 15.

751G.00/8–1550 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET SAIGON, August 15, 1950—7 p. m.

220. With Blum called on Khac-ve, acting President of Council, to present draft text of economic aid agreement.[1] During conversation I inquired whether Khac-ve had any information on date of Bao Dai's return. Khac-ve replied that while not officially informed he was certain that His Majesty would not return unless he obtained from French valid assurance of real internal sovereignty and independence for Vietnam. I asked what were specific powers that His Majesty felt would be needed to achieve that situation. Khac-ve replied after some hestitation, cessation of French intervention in internal political affairs, entire Vietnamese control of finances and money, accelerated training and building up of Vietnamese army and finally and generally that Vietnam within the French Union should enjoy the same status and independence the dominions enjoyed in the British Commonwealth.

I inquired whether in this period of civil war and deficits the Vietnamese were really desirous and ready to take over finances and money and give up the support now received from the French Treasury. Khac-ve hastily assured me to the contrary, admitting there must be an interm period of continuing French participation and support: His Majesty was very realistic and intelligent and appreciated there must be such a transitional period. I asked whether the French could build up a Vietnamese national army and train and discipline a sure officers corps more rapidly than they were doing at present. He replied that he did not know.

Khac-ve then went on to say that while in the north the people were against VM in south Vietnam there was a general feeling that VM was really the protagonist of national independence against the French. People in the south and he very clearly indicated, the Vietnamese Government, had no confidence in French intentions. I asked if there was not also some lack of confidence in intentions of the Vietnamese on the part of the French. He said there was and the only recourse was to have the US act as arbitrator. I replied that that was an ungrateful role and that arbitration was not always the best method of settling such differences. I hoped that both sides would deal

[1] The draft under reference has not been specifically identified.

with each other in frankness and good will. It was my impression from talks in Paris that in high French Government levels there was willingness and comprehension that Vietnam would proceed onwards to self-government within the frame of the French Union. Mr. Schumann had said to me that the French Government realized in Saigon there were hold-overs from the old French colonial service who looked back to the old days reluctantly [*sic*]. Schumann seemed however to speak with entire conviction that these refractory elements were known to the central government would not be allowed to affect the course of French policy towards IC. I remarked that in my initial contacts with the local French I had found none who really believed that IC could or should return to colonial status, although I had encountered individuals who believed in France maintaining a considerable degree of control. With the present threat of international Communism and the fact of civil war, the degree of independence desired by Vietnamese could hardly be obtained overnight. Khac-ve reluctantly agreed and stated that of course it would be catastrophic if the French troops were withdrawn from IC in view of the threat from VM and China.

Sent Department 220 repeated information Paris 93.

HEATH

651G.93/8–1250: Telegram

The Secretary of State to the Embassy in France

TOP SECRET NIACT WASHINGTON, August 15, 1950—11 p. m.

805. For Bruce from Secretary. Dept views possible course action Fr re Chi Commie Govt outlined ur topsec 783 Aug 12 with concern.

We have of course been considering possibility Chi Commie invasion Indochina in light Korean developments and approaching end rainy season and had been inclined to consider likelihood more rather than less remote since invasion ROK. Consensus of intelligence info available indicates that Chi troop movements have been northward rather than to southern provinces. This, other factors, have pointed to emphasis on any and all of the following: 1) preparation for Formosa invasion; 2) precautionary defense dispositions in Manchuria and; 3) possible assistance to North Korea rather than preparation for mass intervention in Indochina.

We are also cognizant of signs of increasing Vietminh Commie mil liaison and without eliminating possibility this step in preparation for eventual Commie invasion more inclined to view it as further indication overall plan for intensification present practice using Vietminh as puppets to further common goals. In this regard we are not overlooking often cited Vietnamese antipathy for Chinese. Moreover, until

receipt ref and other recent tels indications were that Fr had situation well enough in hand to permit planning overall fall offensive to eliminate Vietminh as organized fighting force (Saigon's topsec 471, Jun 17).[1]

Notwithstanding, if Fr now view situation with such alarm that they are willing consider approach to Peking regime you shld make fol as Depts views known to Parodi and Pleven without delay:

1) Any "arrangement" with Peking regime wld be useless in itself for they cld not be expected to abide by its terms;

2) If Peking agreed to commitment, which we consider unlikely, it wld undoubtedly involve as *sine qua non* Fr support for seat in SC;

3) Any such move wld destroy present unified position Western World as manifested in SC since Korean invasion and USSR reentry. It wld among other things be yielding to very blackmail on seating Chi Commie member which we have resisted with such resolution and which is one of strongest arguments in present SC debate. We feel Chi representation question shld be dealt with on its merits at a later date but we wld most strongly oppose any Fr move which affected position in SC at present stage of Korean crisis;

4) It wld have very serious effect US public opinion now strongly behind MAP and other manifestations western solidarity but still unsettled as regards Indochina. A Commie invasion of Indochina without any prior Fr approach to Peking wld bring the whole weight US opinion behind Fr and Assoc States while same development fol such approach wld not and might have opposite effect. It is not difficult foresee sections US public opinion and press in latter eventuality leaning toward stand that Fr shld have made earlier concessions to Vietnamese nationalism rather than to Chi Communism;

5) Wld Fr expect Peking to withdraw recognition Ho Chi Minh? We cannot believe such request wld be seriously considered;

6) Finally, Dept inclined think any approach to Peking wld not influence plans for either increased aid Vietminh or actual Commie invasion one way or other and cld only serve to weaken Fr position and, indirectly, that of western powers.

In contemplating such action Fr Govt has surely considered what steps they wld take in SC fol Commie invasion or overt aid Vietminh? Is it their impression that prior effort approach Peking wld improve their position in such circumstance?

In outlining its preliminary views Dept does not seek to minimize seriousness present and prospective threat to Fr and Assoc States from both Chi Commies and strengthened Vietminh. As you know, matter receiving our full attention within bounds other urgent and related problems. US Govt is giving daily evidence of its increasing determination to assist the democratic powers, including Fr and Assoc States, within limits our present commitments and capabilities. As regards Far East our present actions in Korea within UN framework speak for themselves. With this action the Fr will be intimately associated

[1] Not printed.

as witnessed most recently by their tentative offer supply ground troops UN forces Korea (Embtel 649, Aug 4).[2]

Indochina is among those areas in Far East at top of priority list for US assistance as stated by President in Jun 27 declaration. Efforts increase military aid are being made Dept conjunction other agencies. These will not be relaxed.

In sum you shld, therefore, discourage contemplated Fr move to fullest extent possible using reasons outlined above. At same time you may assure Fr of our continued determination to increase scope of mil aid to them and Assoc States.

ACHESON

[2] Not printed. For documentation on United States interest in the composition of United Nations forces in Korea, see volume VII.

651G.93/8–1650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PRIORITY PARIS, August 16, 1950—7 p. m.

823. Eyes only for Secretary. Deptel 805.[1] This message very helpful. Had long talk with Pleven on subject this morning. He said conversation had with me by Parodi was of tentative nature only with view to obtaining our reaction. He wished Bohlen or myself to see Schuman upon latter's return from vacation next week and present to him the views that I had previously expressed to Parodi and Pleven. (It should be remembered that we have had no conversation at all with Schuman regarding this matter since he has been constantly away while it has been under consideration.)

I think that the issue can now be regarded as dormant. Pleven seemed to agree with my suggestion that if it is to be further discussed this should be done when Schuman meets you in September.[2] I have strong impression that Pleven himself has no enthusiasm for it although he is fully conscious of the universal concern here over France's commitment in Indochina and the dangers inherent in it.

BRUCE

[1] *Supra.*

[2] In telegram 854, August 17, Ambassador Bruce reported as follows:

"Parodi told me this afternoon that he had received instructions from Pleven that questions raised by mytel 783 and answered in Deptel 805 would be postponed for discussion by Schuman with you at FM meeting. Meanwhile nothing further will be done on subject here. Think this is admirable solution." (651G.93/8–1750)

Documentation on the meeting of the Foreign Ministers of the United States, the United Kingdom, and France in New York, September 12–14 and 18–19, 1950, is scheduled for publication in volume III.

Policy Planning Staff Files : Lot 64D563

Memorandum Prepared in the Policy Planning Staff

TOP SECRET [WASHINGTON,] August 16, 1950.

UNITED STATES POLICY TOWARD INDOCHINA IN THE LIGHT OF RECENT DEVELOPMENTS

The receipt of Paris's telegram no. 783 of August 12, on top of reports received from General Erskine and Melby, together with telegrams from our representatives stationed in Indochina, suggests that the situation in Indochina is more serious than we have reckoned. The question then arises—is our present policy toward Indochina realistic?

The French are seeking a solution of the Indochina problem on a military plane. Coping only with indigenous Viet Minh resistance, which has thus far not been supported by significant Chinese aid, the French have enjoyed notable success through resort to arms. But now it has been revealed that the French have no confidence in their ability to maintain a position should the Chinese Communists seriously go to the aid of the Viet Minh, either directly or indirectly. The reports which we have been receiving from our own representatives, including the MDAP Mission, give us no reason to believe that the French are unduly alarmist in this appraisal. If the French send reinforcements to Indochina, as they are reportedly planning to do, they will further deplete defenses of Western Europe without—so far as we can tell—solving the Indochina problem.

If what Bruce was told and what Erskine and Melby have reported is true, it is questionable whether such air and naval support as we could muster would, in the light of our Korean experience, balance the scales in favor of France and its associated states. The question inevitably arises: "Can we then supply supplementary ground forces"? The answer, subject to check with the Defense Department, would seem to be in the negative.

All of this being the case, the French position in Indochina is indeed imperiled. We would be deceiving the French Government were we to offer encouragement of decisive military support. Furthermore, we would be undertaking a responsibility for the course of military events in Indochina which could be flung back in our face with recriminations should the military effort fail. The conclusion, therefore, is that if the French—and we—are to be spared a humiliating debacle in Indochina, some means other than reliance on military force must be found.

What political moves can be made?

The French Government's inclination to appease Peiping is not only futile but a disturbing commentary on the general state of mind

in Paris. Obviously, we should give the French no encouragement along such lines.

A dispassionate examination of the Indochina problem leads one to the familiar conclusion that the only hope for a solution lies in the adoption of certain drastic political measures by the French themselves. We recognize that those measures would be extremely distasteful to the French. But the only foreseeable alternative would seem to be even more disagreeable and embarrassing. This is a matter for voluntary decision by the French Government. The American Government should not take the responsibility for pressing Paris to any decision on this score. To do so would only lead to misunderstandings and mutual reproaches between allies.

We would, however, be less than frank with the French if we did not expose to them our views regarding a possible new approach to the problem of Indochina. Such an approach might be along the following general lines: It would seem that the March 8 agreements are an inadequate basis for attacking the Indochina problem on a political plane. It appears that genuine nationalism in Indochina would not, in view of the embittered atmosphere, be satisfied with anything less than independence by a definite date—perhaps two years hence, at a maximum. If the French make such a commitment, we can visualize the removal of much of the suspicion among the Indochinese and other Asians, leading to a greater degree of spontaneous cooperation, both within Indochina and from South Asians, with the current French military efforts. Subsequent to such a declaration, were Paris to pass a large measure of responsibility for the Indochinese problem to the United Nations, it might well enlist an even wider support from free Asian countries and inhibit somewhat Chinese Communist support to Ho. Such developments would make our own military and economic aid role in Indochina more popular in this country.

An approach along the foregoing lines would in our estimation tend to (1) reduce the political appeal of Ho, (2) increase the support throughout Indochina of the Viet Nam regime, (3) raise the morale of the Viet Nam forces to a level approaching that of the ROK army, (4) provide for international surveillance of the border, (5) bring the Western powers and the new national states of Asia into closer alignment, (6) reduce our commitments in what is for us at best a tertiary theater, and (7) provide the French the least humiliating means for their inevitable retirement from the Indochina scene.

If Paris does not feel that it can adopt a bolder political approach with respect to Indochina, we must recognize that the French and we may well be heading into a debacle which neither of us can afford. For our part, it will become necessary promptly to reexamine our policy toward Indochina.

751G.00/8–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, August 17, 1950—4 p. m.

845. Saigon's 171 and 172, August 7 and 183, August 9 to Department. Embassy has for some time been casting about for suitable starting point from which we could usefully use our influence to alter present stalemate in Indochina.

While appreciating the weight of Melby's arguments, we are convinced that any major alteration in the organic political relationships between France and the Indochinese states is impossible of realization within the immediate future and that any US proposal to France along these lines would be at very least a waste of time. The same is true of any present attempt to find a substitute for Bao Dai. Imperfect as are the March 8 agreements and lacking in dynamism as is the Emperor, we feel that we must resign ourselves to living with the document and the man for some time to come.

The question of permanent economic relationships, which are now being negotiated at Pau, does not appear to require our intervention at the present time. While progress has been slow at Pau, we have had no indication from the Indochinese delegations that they have serious fault to find with the French negotiating positions. However, our influence may yet be necessary in case of deadlock.

The creation of a strong Vietnamese national army (and armies as appropriate in Laos and Cambodia) seems to us to be the logical starting point to bring an end to the present unhealthy state of affairs. This is one question which has clear legal basis in existing agreements and to which leading French officials, including Auriol, Pleven, Moch [1] and LeTourneau, are publicly committed. It is also question which lies closest to Bao Dai's heart if we are to believe him and his entourage. Furthermore, we have legitimate motive for interesting ourselves directly in this question both because of MDAP aid and because of Moch's and Alphand's requests to Spofford in London to help finance such an army. (Deptos 7 and 18) [2] and Pleven's renewal thereof

[1] Jules Moch, French Minister of Defense.

[2] In telegram Depto 7 from London, July 26, Charles M. Spofford, Deputy United States Representative on the North Atlantic Council, reported on an informal discussion with British and French officials concerning methods of strengthening Western forces in Europe. During the meeting, Jules Moch, French Minister of Defense, stated that he felt it essential to withdraw some French troops from Indochina as soon as possible, replacing them with indigenous forces. He estimated the cost of such a program at $300 million per year. (740.5/7–2650). Other portions of Depto 7 are scheduled for publication in volume III.

In telegram Depto 18 from London, July 28, Spofford, reporting on a July 27 conversation with Hervé Alphand, Deputy French Representative on the North Atlantic Council, stated the following:

"Turning to Indochina, Alphand said that this situation was draining life blood from France and could not be dealt with by France's resources alone.

Footnote continued on following page.

to me yesterday as reported in my immediately following cable.[3] National armed forces being one of the principal attributes of sovereignty, creation of such forces in the associated states should go far toward a satisfaction of one of the basic nationalist aspirations.

Obstacles to the creation of effective national forces in Indochina other than financial include French concern at the thought of a powerful army that might eventually be turned against its own and Bao Dai's fears based on the tradition of war-lordism in the Far East. (There have been reported to us a series of deadlocks between him and French on choice of native commander, Bao Dai reportedly wanting Giao and Giao only.) We have grounds for belief however that under US impetus and influence and possibly some financing, the reticences of both sides could be overcome. It is obvious that both must run these risks. One important element would be Bao Dai's agreement to be not only titular head but real animator of Viet army.

The above thoughts are necessarily summary. We have not seen the recommendations of the joint survey mission on the creation of national armies in Indochina, nor the possibilities of any US financing (as distinguished from equipment) for such armies. We recommend, however, that the Department, after receiving the comments which Legation Saigon will no doubt wish to furnish, concentrate its attention on the creation of national armies in Indochina as the next step in helping to secure our objectives in the area.

Department pass Saigon. Sent Department 845, repeated info Saigon 32.

BRUCE

Footnote continued from preceding page.

French Army now in Indochina must be replaced to large extent with native forces who must be equipped and trained, and French officers and non-coms brought back to France to help build new French Army. This would require financial resources which, when considered from French point of view, were staggering. Since 1945 France had spent 800 billion francs in Indochina. They must have help if situation were to be maintained. Prime Minister had instructed him to inform me French Government requested financial aid for Indochina in amount of 200 billion francs for next two years. This was essential if efforts referred to above were to be carried through.

"I assured Alphand substance of his statement would be reported immediately and I would let him know instructions received."

Depto 18 is scheduled for publication in volume III.

[3] *Infra.*

751G.55/8–1750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, August 17, 1950—4 p. m.

846. Pleven spoke to me yesterday about situation in Indochina. He said that only possible solution was to build up strong and sufficient native army thus making possible gradual withdrawal French Army for use on continent. He said that his plans for training additional

15 combat divisions here in forthcoming three years required bringing back as soon as practicable some of non-commissioned technicians from Indochina, and that they were lamentably short of both experienced officers and non-coms in the metropolitan establishment. He also stated that from the viewpoint of the people of the three associated states this was the only program that would convince them of the honesty of French intentions to give them full independence within the French Union.

Pleven said it was impossible for his government, however, because of lack of funds to implement this program further than it already has, since the expense of maintaining its own forces in Indochina were still mounting and would continue at an equally high rate while Indochinese officers and men were under instruction. It was for this reason that he had instructed Alphand at the deputies meeting in London to ask whether for this purpose the US would make available 200 billion francs over a two year period.[1]

The question of recruiting, equipping and training a native army in Indochina had, he understood, been considered by recent US missions there, and he knew that some of our officials had discussed it with Bao Dai. His government would welcome the replacement of French troops by indigenous forces and would aid in every way possible short of assuming an added financial burden which would directly impair its ability to increase its forces in west Europe.

He asked me to communicate the above to my government and to emphasize that an early answer, even if negative, was necessary for planning purposes.

Sent Department 846, repeated info Saigon 33. Department pass Saigon.

BRUCE

[1] See footnote 2, p. 859.

751G.00/8–1750

Memorandum by the Ambassador at Large (Jessup) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] August 18, 1950.

Telegram no. 845 of August 17th from Paris suggests the possible desirability of our working out a tight argument which Bruce could present to the French on the question of building up a strong native army in Vietnam.

My thought is that such an argument might in the first instance relate their particular problem to the general question of Asian manpower which you have discussed with General Merrill [1] and which is

[1] Maj. Gen. Frank D. Merrill (ret.), Deputy Commander of United States forces in the India-Burma theater, 1944; Chief of Staff, United States Tenth Army, 1945; Chief of Staff, United States Sixth Army, 1946–1947.

now being considered also in S/P. The argument might then proceed along the following lines:

First, the French wish to reduce their troops in Indochina as soon as possible. These troops can be reduced in only one of two ways (*a*) through the elimination of Ho and the danger of Chinese Communist attack or (*b*) through the substitution of some other force. I exclude the possibility of surrender to Ho. It does not seem likely that alternative (*a*) can be realized merely through a continuation of present plans. Alternative (*b*) can be satisfied only through the creation of an indigenous army since no foreign force can be substituted for the French. There may be a danger that the creation of a strong native army would create a new menace to the French themselves. However, if the French cannot count on support from the Bao Dai Government and its military forces it must contemplate an even more extensive military effort designed not only to defeat Ho and keep off the Chinese Communists but also to police the "pacified" areas of Vietnam. This is an impossible burden. The only alternative therefore is by wise political management to keep the Vietnam army on the side of the French. If a program of this kind could be worked out and put into effect we would give every assistance possible. We might want to stress the point frequently made that the primary role of the French Army would be guarding the northern frontier while the local task of fighting the guerrillas would be turned over to the indigenous forces.

PHILIP C. JESSUP

751G.00/8–1850

Memorandum by Mr. Charlton Ogburn, Jr.,[1] *to the Assistant Secretary of State for Far Eastern Affairs (Rusk)*

SECRET [WASHINGTON,] August 18, 1950.

Subject: Latest proposals for Indochina

From Embassy Paris's 845[2] and 846[3] (copies attached), it would appear that the French, who have been telling us every few days for many months that the French Army cannot be expected to fight for Vietnamese independence, have now decided that we should build up a Vietnamese Army to fight for the French Union. This, I grant, is at least a step forward, but it seems to me maddening that the French should remain so uninformed and irresponsible with regard to realities in the Far East. They seem scarcely to have progressed beyond the fatuous state of mind displayed four years ago by Premier Bidault, who, when asked if France were going to grant bases to the United

[1] Policy information officer, Bureau of Far Eastern Affairs.
[2] August 17, p. 859.
[3] August 17, p. 860.

States in the Pacific, retorted that France would in the future as in the past continue to guarantee alone the security of her Pacific possessions.

Over a year ago we drafted a long and carefully reasoned memorandum to the French Foreign Office [4] patiently explaining that the *best* that could be expected in Southeast Asia in the future was a community of genuinely independent states which were non-Communist and that any efforts to preserve special French controls in Indochina would lead to just the sort of mess with which we are now confronted. This memorandum was killed by a triple play involving WE, Embassy Paris, and the Secretary, who was then in France, and, in the absence of anyone to express FE's point of view, was at the mercy of Woodruff Wallner—an exceedingly talented officer but one accustomed to deriding any expressions of concern over the suppression of nationalist movements in Asia as being the result of a preoccupation with the "patter of naked brown feet" (a patter which I should think would by now have drummed its way into the hearing even of people in Paris).

Accepting Embassy Paris's view that any major alteration in the organic relationships between France and the Indochinese states is impossible of realization within the immediate future and that any United States proposal to France along those lines would be at very least a waste of time, can we not at least make Embassy Paris understand that the French, through their folly (specifically through the failure of a dozen successive French Governments to make any effort to educate the French electorate in the realities of the situation in Indochina), have left us with the choice of the following two ghastly courses of action in Indochina?

1. To wash our hands of the country and allow the Communists to overrun it; or,
2. To continue to pour treasure (and perhaps eventually lives) into a hopeless cause in which the French have already expended about a billion and a half dollars and about fifty thousand lives—and this at a cost of alienating vital segments of Asian public opinion. (Cf, the suspiciousness of many Asians of our motives in Korea and the increasing coolness of the Indonesians to any American connection.)

Merely to point this out to Embassy Paris would of course be a negative accomplishment (though not a wasted one). However, could we not also begin to give the hostile Senators here in Washington an appreciation of the dilemma we have been thrust into, not through our own delinquencies, but through the perversities of the French? As I

[4] The memorandum under reference was transmitted to Paris as the enclosure to instruction No. 289, June 6, 1949; for text, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 4 ff.

understand it (and I may well be mistaken) we have been giving the Congressional Foreign Relations Committees an impression that we are confronted with a clear case of Communist aggression in Indochina and that we are meeting it in a hard-hitting, two-fisted manner in a demonstration of positive policy. This is all right in the short run, but is it not sowing the whirlwind?—unless of course we intend when the time comes to commit American ground forces in Indochina and thus throw all Asia to the wolves along with the best chances the free world has.

In this connection—and also in connection with the possibility of our drawing the Asian representatives into closer consultation with us—could we not bring the Asian representatives here into association with our Congressmen? A suggestion was made some time ago that we bring the two sets together at periodic cocktail parties. Something along that line would seem to be an excellent idea. Our worse difficulties with Congress appear to arise from a lack of appreciation in Congress of actualities in Asia—especially with regard to China. I believe some of the abler Asians here could do a more effective job than we in educating Congressmen and relieve us of pressing burdens. We have already seen how effective the technique of the direct approach to Congress can be in the success of the Chinese Nationalists in getting the Generalissimo hung around our neck like an albatross and in the way in which the Indonesians (with remarkable perceptiveness considering their inexperience) aroused Congress to put the heat under us during the second Dutch military action; Senator Brewster [5] himself proposed cutting off ECA to the Netherlands.

There is no reason why the Asians should not approach Congress in order to help us as well as to circumvent us. The non-Communist Asians are given to warning us that if we do not help them, their position will be undermined and extremists will take over. Could we not use the same argument with them and, even if we cannot provide cocktail parties as a background, encourage them to seek direct means of getting Congress on the right track?

[5] Senator Owen Brewster of Maine.

751G.5/8–2350 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, August 23, 1950—9 p. m.

265. Personal for Secretary Rusk and Lacy. No distribution. Paris 846, August 17 to Department. Pleven's important decision press for formation of Vietnam national army has coincided with Legation's

preliminary survey of conditions for American aid to IC following the Korean war. Our conclusions on broad lines are as follows:

1. Since the Korean war began it has become increasingly evident that economic and military aid to IC will and should be on a larger scale than originally programmed. The threat to Vietnam is assuming sharper outline with the concentration of Viet Minh troops in China. The MDAP joint survey mission has not made its final recommendations but it clearly envisions expanded military aid. Plans for French rearmament in Europe must involve at least a compensation increase in the number of Viets under arms in IC as French units are redeployed. US aid will be invoked to finance and equip the new units.

2. American assistance on the scale now in sight will modify the concept that our aid merely "supplements" but does not "supplant" the French especially if it is accompanied by redistribution of French troops to Europe. Our experiences in Nationalist China and the Philippines suggest that we should not commit ourseleves to any substantial expenditures without being satisfied that French and Viets (and Cambodian and Laotian) operations, administration and policies will effectively serve the common aims of rapid extinction of Communist civil war within IC and building up of prosperous progressive and stable Indochinese governments. We should make no substantial new commitment until there is agreement between them and ourselves and unless we are assured of the means of making our advice continuously effective. The French must continue to bear the greater burden in financing the Indochinese states and military operations and will of course have here the greatest voice in any control measures but our influence must also be felt not only through the gravitational pull of our aid program but in actual participation in certain controls and in accelerating certain French concessions. Such participation will be welcomed by the Vietnamese and other IC states.

3. For example with reference to the creation of a Vietnam national army, which has already been linked with US aid by Pleven, Legation believes we must ascertain French intentions and express our views before aid is increased or any commitments given. Our advice on war plans should be sought and heeded. We should give our views on organization and training of army and advancement of senior Viet officers. US aid has such repercussions on Indochinese Government financing that we should participate officially or unofficially in fiscal planning. There should be an immediate sharing and synchronization of intelligence arrangements. We should advise on propaganda and political warfare and should improve Bao Dai's public relations.

4. As to concessions by the French we agree that the most fruitful and immediate should be creation of the Viet national army. Pleven's decision to accelerate its formation is a most welcome one even though he contemplates at the same time some withdrawal of French forces here. This decision, quickly exploited and publicized, could effect a very real improvement in the internal political-military situation in IC. Properly developed it would point way out of dangerous situation of political impasse and inconclusive military progress. It might also help convince the doubters of the honesty of French intentions to grant them full independence. The increase in Viet troops should be very much larger and more rapid than the reduction in French forces

and with proper training and control of the former the obstacle to Communist invasion of IC might shortly be a more imposing one than now exists. It was evident to Melby mission as it has been increasingly to us that the Viet Minh revolt cannot be extinguished without a very considerable increase in police and troops. The French cannot now increase their forces here. The increase must come from native forces.

5. It may be remarked here that the Melby-Erskine report and recommendations must be substantially restudied, revised and extended. Although recognizing need for getting more Viets under arms, the military aid recommended by the report make practically no provision of an expansion in Viet forces beyond level envisaged pre-Korea nor is any concrete recommendation made with respect to Viet army.

6. The French must make very clear that it is a true Viet army they are forming which after a specified training period, say three to four years, will be under independent Viet command. During the training period the high and intermediate command of course must be French. (In this connection it would be appreciated if Paris could specify just what Pleven has proposed and if possible what Bao Dai now has in mind.)

7. An accelerated recruiting of Viet forces will require an increased financial contribution which presumably France and certainly the IC states are not at present able to make nor has our military aid program contemplated for IC such direct cash assistance. We should grant such direct assistance for a period of two years or longer if we want real results in IC. If within that period French and enlarged native forces could really stamp out the rebellion in the lower Mekong region, the Viets and Cambodians might thereafter be able to meet the pay of the augmented forces from their own increased revenues. The bulk of the normally great IC export surplus comes from this region.

8. Although the creation of a national army appears to be most important immediately feasible French concession, we believe that there are many secondary political measures which can and should be taken and which should constitute not departure from but implementation of the March 8 accords. As we see it in order to be politically effective here, announcement of an increase in Viet national forces and related action should be accompanied by a number of those implementing measures which should be convincingly publicized as "new deal for Vietnam". Another French concession now fully due would be to turn over the High Commissioner's palace to Bao Dai. Now may also be time for French to bring forward candidacy of Vietnam, Cambodia, and Laos for UN.

9. These concessions may require changes in personnel. We have reservations whether General Carpentier would be the man to put through a policy of rapid formation of a Viet Army. His distrust of the Viets as soldiers and officials is in contrast with the attitude of General Alessandri, commander in the north who is rather liked and respected by Viets and who has advocated increasing Viet militia forces in his region.

10. As regards Viet concessions, these should begin with Bao Dai emerging from Oriental seclusion and publicly interesting himself in the welfare of his subjects and the administration of his state. It is also high time or shortly will be, to make some kind of start towards setting up Viet legislative bodies. It is however apparent that such bodies could not at this time be nationally representative nor could

initial selection be on basis of unrestricted suffrages. Bao Dai should also not object to some Franco-American control over the dilatory fiscal collections of Vietnam.

11. The policies and programs of the nations chiefly interested in IC were framed prior to the Korean invasion. All of them seem to be undergoing some reassessment of which Pleven's new approach is an important illustration. The discussions at Pau and the conversations which the French are holding with Bao Dai and Viet leaders will also affect the IC future.

12. We believe the time has now come for a review of IC affairs, appropriately at next Foreign Ministers conference if one to be held at an early date. We should go fully into Franco-Viet policies and give our ideas for a program. US dollar aid alone may not give US all that leverage on Franco-Viet affairs which the situation requires. It now seems to us more than ever indispensable that there should be early strategic US-UK-French conversation on SEA at the highest levels supplemented by frequent theater conferences.

Sent Department 265, repeated Paris 224.

HEATH

751G.5/8–2950

Memorandum by the Deputy Assistant Secretary for Far Eastern Affairs (Merchant) to the Secretary of State

TOP SECRET [WASHINGTON,] August 29, 1950.

Subject: Possibility Schuman may wish to Discuss with You Recent French Approach Concerning Deal with Mao on Indochina.

Discussion

It is possible that at the Foreign Ministers' meetings next month Foreign Minister Schuman may refer to the tentative suggestion the French Foreign Office put forward last month concerning a deal with the Mao regime on Indochina.

Parodi informed Ambassador Bruce on August 11 that the French were considering the possibility of approaching the Chinese Communists through the British Chargé in Peiping to see if an understanding might be reached under which the Chinese Communists would agree to refrain from interfering in Indochinese affairs. In return the French expected that they would be asked to change their present policy on Chinese Communist representation in the UN. The French admittedly regarded the proposal as a 100 to 1 shot. (Paris' 783, August 12, attached.)

The Department instructed Ambassador Bruce to discourage the contemplated French move to the fullest extent possible and at the same time authorized him to assure the French of our continued determination to increase the scope of military aid to them and other Associated States. Ambassador Bruce was given specific points which he might raise with the French which would indicate the Depart-

ment's general views on the tentative proposal (Deptel to Paris 805, August 15, attached). Ambassador Bruce reported after further discussions with the French Foreign Office that he believed that the issue could be regarded as dormant and that there seemed to be agreement that if the matter were to be discussed further the discussions should take place when Schuman meets you in September (Paris' 823, August 16, attached).

Subsequently the French Foreign Office inquired concerning press despatches from Washington indicating that the US Government had informed the Chinese Communist regime through the Indian Embassy at Peiping that we had no territorial ambitions in Formosa. Paris was informed for its information only of the action which we had taken in this connection and was told that the Department was discouraging speculation such as the press reports in question because publicity would be unfortunate. We have since learned informally from our Embassy in Paris that this French inquiry may have been prompted by a suspicion that we were feeling our way toward a deal with the Chinese Communists. We are taking steps to remove any such suspicion.

Recommendations

You should not refer to this subject unless the French bring it up.

If—as now appears unlikely—Schuman does refer to this subject, you should reply along the lines previously followed in discussions by Bruce with the Foreign Office and set forth in the attached telegram to Paris of August 15 (Tab A).[1]

If the general subject is under discussion, you may also wish to inform Schuman that the Government of India at our request asked its Ambassador in Peiping to transmit to the Chinese Communist Foreign Office the text of the President's message of July 19 to Congress with regard to Formosa.[2] You may wish to add that we took this step not with any view to reaching a deal with the Chinese Communists but to ensure that they were fully aware of the reasons for our recent measures with regard to Formosa which involve no hostile intent toward them.

[1] Telegram 805 to Paris, August 15, p. 854.

[2] For text of President Truman's message to Congress of July 19, see Department of State *Bulletin*, July 31, pp. 163–169 (for the passage regarding Formosa, see pp. 165–166); see also editorial note, p. 836.

751G.5/8–2350 : Telegram

The Secretary of State to the Legation at Saigon

TOP SECRET WASHINGTON, September 1, 1950—8 p. m.

238. Dept has viewed growing signs of polit and mil deterioration in Indochina with increasing concern. The failure of the Vietnam

Govt and its leaders to inspire support, the slow pace of the Pau Conf and inability or disinclination of Bao Dai to assume leadership as exemplified by his prolonged stay in Fr are among disturbing polit factors. Of even greater immediate import are mil considerations—the increasing indications of Chi Commie–Viet Minh military collaboration and ever present threat of Chi invasion.

Whatever prompt action we can take ourselves or recommend to Fr to stem unfavorable tide must bear fol objectives in mind:

1) Have sufficient dramatic impact to stir all factions of Vietnamese polit thought, preferably to extent of swaying fence sitters;
2) Serve to repudiate claim that Fr are not sincere in implementing Mar 8th Accords and are using "independence within Fr Union" as a cloak for colonialism;
3) Have sufficient psychological attraction to nationalists to appease, at least temporarily, their hunger for further evidences of autonomy;
4) Will not in any way jeopardize the already inadequate Fr and allied mil potential in Indochina;
5) Attract other potential non-Commie combatant units (Cao Daists, Hoa Hoa, Catholics) to side of Fr Union troops;
6) Cause no further depletion of West Eur mil potential and even improve it by releasing Fr troops from service in IC.

Dept concurs fully with Paris and Saigon that formation of natl army, at least in Vietnam and possibly to lesser extent in Laos and Cambodia, is action which approaches closest to these requirements while still remaining within realm of possibility.

We are, nevertheless, conscious of complexity of technical and other problems involved in accomplishing task and aware that it might be matter of years before armies actually exist in usual sense. We, therefore, are seeking means whereby psychological benefits of action may begin to be harvested immed even though full realization must, in fact, be delayed. The fol plan is therefore submitted for your study, comment and discussion with appropriate Fr authorities and possibly Bao Dai.

1) At earliest moment it be solemnly (and stimultaneously) declared by Fr (Auriol?) and Bao Dai that in keeping with provisions of March 8 Accords, Vietnam Natl Army under command of Emperor will become fact and that all indigenous troops then serving in Fr Union forces are incorporated into new Natl Army.
2) That pursuant to Art 3 of Mar 8 Accords[1] it is declared that a state of natl emergency exists and that His Majesty as Commander in Chief has therefore placed natl forces under command of Fr High Command in the face of threat of fon invasion.

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[1] Section III of the March 8, 1949 agreements, which dealt with military affairs, included the provision that in time of war, the Vietnamese army and the army of the French Union would be pooled, with a French general officer assuming command, assisted by a mixed general staff.

3) That fol emergency Natl Army will be released from service under Fr command to resume fundamental task of assuring internal order, etc., and that in meanwhile officer and NCO training program will proceed.

These are bare outlines which if found feasible may later be enlarged to include invitation to other partisan forces to join colors, provide for Viet staff officers on Fr staff, devise program for replacement Fr officers by Viets, etc.

In suggesting such a plan Dept does not seek to oversimplify problem or overlook drawbacks. It is realized that for the time being this will only be a paper transfer which will be subj to customary Viet criticism of another meaningless gesture. However, it wld legally establish a Viet Army presumably with distinctive *insigne* and to this extent represent a step forward. We believe need for action so great we must give consideration every possible action within practical limitations.

Nor does Dept intend ignore obvious corollary Alphand Pleven request 200 billion francs two year period for establishment Natl Army. Paris may inform French this question receiving active consideration and comment thereon will be forthcoming soonest.

For ur conf info matter of formation Natl Armies will be brought up in conjunction our discussions IC at FonMinConf preliminaries of which commence today. Ur and Paris recent reporting this related subjs of which ur 265 Aug 23 outstanding have been very helpful.

ACHESON

751G.5 MAP/9–350 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, September 3, 1950—noon.

305. Although post-Korean events here and in France appear to be overtaking terms and approach of joint MDAP survey mission (JSM) report,[1] possibility FMAC [*FMACC*] or other agency might initiate action because of urgency IC situation, on basis report compel Legation to present detailed summary its comments re JSM findings.

We acknowledge some disadvantage in analyzing JSM study as we have not seen full copy of report and its annexes and regret draft was not finished sufficiently in advance departure for discussion, for we feel sure more compatible conclusion might thereby have been reached.

JSM in our opinion performed truly outstanding job in staking ground for MAAG's subsequent studies. Basic analysis local situation prepared by Melby and Erskine is eminently sound. We agree this

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[1] For covering letter, August 6, see p. 840.

finding that: (1) forces now under arms in IC are insufficient to pacify area and offer adequate border defense; (2) some form new political and economic techniques must be injected into local situation before decisive military solution can be reached; and (3) increased US assistance must be made available.

We consider JSM report less satisfactory in respect to short-term aspects of IC defense and in its treatment of longer term politico-military policies.

On short-term defense, we appreciate difficulty formulating recommendations involving of necessity entire SEA on basis study first country visited. Yet all intelligence available to French ourselves and British indicated probability Chinese support Viet-Minh offensive October or November this year.

French repeatedly raised question of systematic intelligence exchanges, theater staff talks, reciprocal visits, and prepared such staff papers as enclosure 4 to Legation despatch 37, July 26, and enclosures 3, 9, and 12, to Legation despatch 70, August 10,[2] re "generalities defense of IC" against Chinese attack, French AF operational plans, ground installations program, area logistical base support. In time before it left, JSM did not find it possible to make preliminary appraisal or recommendations with relation to US policies re these French proposals. Sole exception was AF group report requesting JCS study French airport construction program in view its recommendation for ECA counterpart financing approved fields. Interval remaining before expected offensives is short for any effective planning. We can now only suggest importance entire French general staff documentation being screened for FMAC [*FMACC*] and JCS to determine urgently if any extra action can be taken by US or assistance offered by MAAG in immediate future of next 6 to 10 weeks.

On longer term politico-military problems JSM analysis seems to us to rest on 3 misconceptions. First, that political-military policy in IC can be compartmentalized. Thus on one hand JSM urged new political concessions from French guaranteeing eventual independence of States, but on other appeared to accept without question present status of military accords and current levels of organization and command of native forces. There is of course immediate inconsistency in claim that IC peoples are now mature enough to require new grants of purely political power but are incompetent to participate in direction their military affairs. More important, however, in situation where French are resolved against new organic changes in nature French union and where all factors non-Communist native opinion are united behind concept of real national army, no program which is politically

[2] None printed.

unacceptable to French and militarily disheartening to States, is practical or desirable politics.

Second misconception is that March 8 accords between French and States impose static and rigid form on their relationship. These agreements are elastic and permit substantial political evolution. Formation of national army is logical and imperative next step in their liberal implementation. It must, to be sure, be accompanied by other steps of type suggested in my 265 August 23 all of which present treaty relationship between French and States permits. These further measures are both political and military necessities for success in building national army and its future combat quality depend upon native morale that implementation of March 8 accords can alone provide.

Third misconception arises from JSM generalities or uncertainties re worth native forces. The use to be made of native troops is key to situation in IC and indeed in Asia. In 5 years of war the French have discovered that Vietnamese fighting for Ho Chi Minh are tough soldiers, Korea has discovered that continental Asiatics can handle modern weapons and manage a sustained offensive, and now continental Communist China seems to be putting these discoveries together to the benefit of Red imperialism by arming the Viet-Minh, for an all out onslaught.

Western problem is to devise ways to utilize same elements for defense its position in FE while it concentrates its forces on other vital points. We are unable to find just where the Melby–Erskine group stands on arming the Vietnamese. They bow in that direction by criticizing the French for not having proceeded more rapidly in building a Viet army, the army group says they fight well under white officers; the summary report seems to favor speeding up the arming of natives.

None of reports go into mechanics of the project which involve fundamental political relations of French and Viets, problems of inter-service command, feasibility integration auxiliary forces and use be made of village defense units. Instead, reports find that little military help can be expected from Vietnamese sources, that evidence, unreported, exists to effect that Viets have refused to accept what military responsibility has been offered them or having accepted it have made deals with Viet-Minh to avoid fighting. (Legation has no evidence to corroborate this charge.) Service group annexes upon which conclusions main report presumably based, view idea of arming Vietnamese with varying degrees of alarm and contain such opinions as follows:

"Delivery of US military aid matériel and equipment to Associated States except through French and as recommended by them is unrealistic and unsound. To emphasize this vital point attention is in-

vited to internal insecurity and confusion presently existing in Philippines which Government was at time it received its independence much more experienced and able in administration than is any of Associated States today . . .[3] no naval matériel should be consigned to various provinces or Vietnamese. . . . Should naval matériel be consigned to any one [garbled group] or else it would be wasted. There is even possibility that vessels assigned other than French would be smuggling themselves in less than few weeks 'or at random' natives suppletives of doubtful value in offensive operations. . . . Natives do not like to fight even for Bao Dai let alone for French. Soon as one of them becomes sufficiently educated to be of use to French he quits and goes back to civilian life. . . . Auxiliary troops are not too formidable beyond maintaining mere local security. . . . It is doubtful if natives will ever even in distant future be able to handle naval craft by themselves. . . . Laotians are a lazy peaceful people who want only to be left alone. French entertain considerable doubt as to their combat usefulness even after reasonable period of training. . . . Natives won't join navy."

If natives are neither to be trusted nor permitted to form major military forces, if French forces are insufficient for border defense and internal pacification, if IC is vital to defense of west, final logical implications of JSM report would seem to be commitment American troops in IC. And this implication, made explicit UN Melby–Erskine findings, seems above all to ignore the Korean experience which has demonstrated the capabilities of native forces and the fact that white occidentals cannot permanently police the world.

Now however that French seem prepared to accept principle of national IC armies we believe we can and should move rapidly forward from political morass and military stalemate JSM reported for IC.

I shall shortly forward in some detail our own positive suggestions in the premises.

Sent Department 305, repeated info Paris 129.

HEATH

[3] Omissions indicated in the source text.

751G.5/9–450 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, September 4, 1950—7 p. m.

312. 1. I agree that whatever action we can take ourselves or recommend to French must serve six objectives well stated Deptel 238, September 1.

2. As basis for discussion Foreign Ministers conference, with French authorities, with Bao Dai, Department's broad outline for announcement and formation Viet army requires some extension and changes. Our suggestions will go forward soonest.

3. Principal Indochina matter for decision at Foreign Ministers conference appears to me to be whether British and ourselves will actively participate IC defense in case overt or covert Chinese invasion. IC is keystone of the arch of defense of SEA against Communist attack. If imperative military examination problem is to go forward it seems to us it must be on basis of decision in principle by Foreign Ministers conference. I believe we must promptly reach decision participate IC defense in case of attack more actively than merely furnishing supplies and munitions French or Viet forces. Principal form that ours and British participation could take during present Korean phase would seem to be active air and naval support proceeding from Singapore and Philippines. I do not believe, however, that even if we were now in position to do so, we should give at Foreign Ministers conference unqualified commitment such participation or of substantially increased military and economic assistance either directly to IC or through metropolitan France (Pleven–Alphand request for two year loan to constitute fifteen French divisions) until French and Bao Dai have convinced us that they are going to undertake promptly and dynamically the military, political, and social measures necessary clean up Viet Minh revolt. There can be no successful stand against Chinese attack until revolt in hinterland substantially ended.

4. I do not believe that searching discussions internal situation here proper subject for tripartite discussion at Foreign Ministers conference. British are not as directly engaged IC operation as we are by virtue our military and economic aid program unless they achieve status partnership by definitely agreeing commit Singapore forces in case Chinese attack. However courteously phrased and with whatever understanding of difficulties French position our observations will frequently imply some criticism their conduct of affairs which would be galling for French listen to before third party (the British). Bevin could be informed later or in advance any bipartite discussion. I have in mind necessity of preparing for conferences soonest with Bao Dai, with Pignon, with Schuman and defense minister to insure that truly effective politico-military "new deal" is going to be inauguarated. In this connection, consultation with General Alessandri very important. He is the one ranking general here who has had conspicuous military success (cleaning out Tonkin delta) who enjoys some liking and respect of Bao Dai and Viets, and who has experience and understanding IC, and confidence in Viet troops. Carpentier may be excellent commander in other theater but not here. In my view, he should be replaced, preferably by Alessandri. Therefore, I believe there should be a very frank initial discussion between Secretary and Schuman of present situation IC, and in this discussion, I think the Secretary might well say *inter alia* that while we have full confidence Paris decision implement accords of eighteen months ago that Paris

orders and policy seem frequently delayed and in part frustrated by weight of old colonial bureaucracy and tradition and by French public opinion here.

5. It might be useful if a legation representative could stand by during discussions IC problems at New York (which I hope will be followed promptly by implementing discussions in Paris). It would certainly be useful for me and possibly for Department as well, for me to be present NY and if practicable have Gullion and Blum along; my absence from Saigon would be brief.

Sent Department 312, repeated info Paris 132.

HEATH

751G.00/9–550

The Ambassador in France (Bruce) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET PERSONAL PARIS, September 5, 1950.

DEAR DEAN: I take the opportunity afforded by Chip's [1] immediate departure for Washington to send to you by him this letter setting forth our reaction to the course of action outlined in the Department's telegram No. 1111 of September 1.[2] This letter will allow me to comment more fully than would have been the case in a telegram.

There is full agreement here with the Department's appraisal of the current situation in Indochina and our objectives there. There is also full agreement with respect to the desirability of reaping the maximum psychological benefit from action to be taken by the French toward the formation of an indigenous National Army. There seems to be nothing in sight at the present moment which offers the basic political (to say nothing of military) advantages equal to those to be derived from the creation of a national army in Indochina, even though the constitution of a considerable force will not be fully realized in the near future. This is a project fully in line with the March 8 accords and one on which there is basic agreement within both the French and Vietnamese Governments. Furthermore, there seems to be no other course which would on the one hand provide a basis for French withdrawal of their own forces, which are so badly needed for the defense of the European continent, and on the other serve to give outward and visible expression to Vietnamese nationalist aspirations. The propaganda benefits should be utilized to the utmost and at the earliest possible moment in view of the present stalemate. Lastly, the major decision should be made and announced before the expected autumn offensive of the Vietminh.

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[1] Charles E. Bohlen, Minister in the Embassy in France.

[2] Reference is to telegram 238 to Saigon, September 1, repeated to Paris for action as telegram 1111, p. 868.

I do, however, believe that we cannot approach the French along the lines suggested in the Department's telegram until we are in a position to give them a definite answer as to how much, if any, U.S. financial assistance in forming such an army will be available. As the Department indicated, the French request for such aid is an obvious corollary to such an approach. Pleven has personally begged me more than once for an early reply so that he and Moch can proceed with planning. Conversations with them in the absence of a more definitive reply than that the matter is under "active consideration" would be pointless at a time when we should strike hard and fast, whatever we do.

It occurs to me that the meetings in New York should offer a more logical opportunity to introduce the ideas outlined in the Department's telegram since the Department would presumably be in a position to give to the French some definite indication of its reaction to the French request for aid. Since the time element is of importance, this would provide the earliest action in this regard.

In this connection, Woodie Wallner is returning on consultation this week. He is familiar with my views and with the Paris end of the Indochina situation, and I think you would find him helpful both in Washington and in New York in discussion of this and other problems relating to Indochina.

I am sending a copy of this letter to George Perkins.

With all good wishes and warm regards,

Sincerely yours,

DAVID BRUCE

751G.00/9–850

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

TOP SECRET [WASHINGTON,] September 8, 1950.

Subject: Foreign Ministers Meetings—Indochina, Summary of Points Raised by Saigon and Paris concerning French Defense Measures.

At the suggestion of Ambassador Jessup I am listing below a series of specific points made in recent telegrams from Saigon, Hanoi and Paris in the thought that you may wish to refer to them either separately with Schuman or in one of the small closed meetings with both Bevin and Schuman.

Both Paris and Saigon have emphasized the fact that there are two questions of predominant importance now facing us concerning

Indochina. Without a decision on them, a consideration of other lesser points is largely academic. They are: (A) A decision as to whether the British and ourselves are prepared to participate actively in the defense of Indochina in the event of overt or covert Chinese invasion. If so, to what extent and under what circumstances? (B) To what extent are we prepared to finance the formation of National Armies in the Associated States? The Vietnamese, French and we are agreed that this step comes closest within present limits of practicability to meeting our objectives. Pleven has mentioned a sum of 200 billion francs ($570 million odd) as the sum required over a two-year period.

Other points are as follows:

1) Advisability of replacing General Carpentier as Commanding General of French Union Forces in Indochina. Saigon and Hanoi both regard Carpentier as less qualified to carry out any plan for the formation of a Vietnamese National Army than General Alessandri, present C.O., French Union Forces in North Vietnam. *Note:* Carpentier is generally opposed to the formation of a National Army and specifically opposed to arming a native militia on grounds that they cannot be trusted. Alessandri has a long Indochinese background and enjoys, with Pignon, the cooperation and respect of the Vietnamese to an extent not accorded to any other Frenchman.

2) To apply all possible pressure on Bao Dai to return to Indochina immediately together with his family and thereafter to emerge from his oriental seclusion and assume a more active role as Chief of State. The maximum we might hope for from Bao Dai is that he be persuaded to take active field command of the Vietnamese National Army.

3) Fully publicize the agreements concluded at the Pau Conference, primarily in Vietnam and the rest of Asia.[1]

4) Urge the French to impress upon the Vietnamese Government the need for more effective tax collections. In this connection U.S. assistance through our present economic mission or otherwise is available.

5) Urge that High Commissioner Pignon be authorized to release small arms in so far as available to the provincial governors for use in arming native militia and village chieftains in defense of the area recently liberated from the Viet Minh, particularly in the Red River Valley of Tonkin.

6) Submit once more to the French the thought that the turning over of the High Commissioner's palace at Saigon to Bao Dai might serve as a beneficial symbolic gesture.

The above points are supplemental to those emphasized in other documents on Indochina prepared for the Foreign Ministers Meeting.

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[1] Regarding the conclusion of the Pau Conference, November 27, see footnote 1, p. 930.

PSA Files: Lot 54D190

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State

SECRET [WASHINGTON,] September 11, 1950.

Subject: Possible Invasion of Indochina.

The following brief staff study is intended to sum-up the current situation in Indochina for your information:

1. *Military*

All indications point to a probable communist offensive against Indochina in late September or early October. While there is a possibility that this offensive would be directed by the Chinese Communists, who maintain approximately 100,000 troops on or near the border, we believe it more likely that the attack will be carried out by augmented Viet Minh forces under Ho Chi Minh, supplemented by material and possibly technical assistance from Communist China.

While the Viet Minh's capability has been increased during the past four months by the cooperation of Communist China, where an estimated 30,000 Viet Minh troops are now in training, there has not been a comparable increase in the ability of the anti-communist forces in Indochina to withstand a possible attack.

In the event of an attack by the Viet Minh, augmented by Chinese Communist assistance, we believe that the northern border area of Indochina could be overrun within a short time. In the event of a mass attack by Chinese Communist forces, augmented by the Viet Minh, we believe that by sheer numbers such a force could occupy perhaps the northern half of Indochina within a matter of weeks. In both cases, communist forces would then be in position along the Burma–Laos border; in the latter case, along the Burma–Laos and Thai–Laos borders, both relatively undefended by Burma and Thailand.

American military assistance consisting of equipment for twelve infantry battalions (less small arms) for the State forces, as well as aircraft and naval equipment for the French Union forces will be in Indochina by the end of October. It is expected that further equipment will be in the pipe line as soon as more funds are available.

The impact of the arrival of this equipment will be partially political since the build-up of the States forces by American assistance will have a salutary effect upon the morale of the three State Governments, with a concurrent increase in their abilities to withstand aggression from either internal or external sources. This effect, however, cannot be apparent by October, 1950, since a period of months will be required to train and equip the State forces. The air and naval equipment for the French Union forces, however, will be almost immediately effective since it will be used by trained personnel.

Although M. Pleven has informally suggested that the United States assume the financial burden of raising and maintaining larger State forces which would permit the withdrawal of French troops to Europe, and at the same time satisfy the new States' appetite for evidence of sovereignty represented by large national forces, such a program, even if adopted immediately, could not have an affect by October, 1950.

2. *Political*

The anticipated timing of the communist attack would take advantage of a partial political vacuum resulting from the transfer of powers from the French to the new State Governments. The new States have thus far failed to develop a solid anti-communist front. Their efforts and fears remain largely anti-colonial, a form of government which they know and dislike, rather than anti-communist, which is to them still a relatively unknown and unrecognized threat. They have devoted most of the nine months since their formation to gradually and haltingly assuming the powers granted to them. It seems doubtful that by the time of the possible offensive they will be sufficiently strong, or public opinion sufficiently concerned with the threat of communism to become effectively organized against it.

Although the non-communist nationalist leaders and "fence sitters" have continually pressed the French Government for further extension of sovereignty, such as a "timetable" statement promising complete autonomy at a future date, the French have informed us that they are opposed to any further extension of the March 8 Accords at this time. It is doubtful whether France, which is spending $500,000,000 a year in Indochina and has suffered approximately 50,000 military casualties since 1945, would be in a political mood to continue such an effort if a definite withdrawal date of French authority were announced. This view, however, cannot reduce the continuing French responsibility for the defense of the area against communist aggression. It would not seem reasonable or desirable for this Government to ask for the withdrawal of French support and troop strength from Indochina in view of the communist threat to that area outlined above. The presence of French and French controlled native troops in the area represents the only effective bulwark against communist encroachment.

3. *Conclusion*

The dilemma which has always faced American policy in Indochina is considerably heightened by the development set forth above. If the area of Southeast Asia is to be preserved from communist domination, it appears necessary for continued American assistance to be extended to the forces now opposing that aggression. At the same time the extension of American support to the Governments of the

three States, which were established under French patronage, will continue to give rise to charges of imperialism, not only from the Kremlin and its satellites, but by other Asian countries in whose minds the threat of colonialism is still more vivid than that of communism.

By continuing our present policy of assisting the forces in Indochina which are opposed to communist aggression, we will assist in the preservation of the area from communist domination. We note, however, that American assistance alone cannot ensure the area against communist aggression if the desires and capabilities of the peoples and governments do not provide the main effort against it. So far and for the predictable future, French forces appear to be the sole effective guarantee that communist forces will be resisted.

751G.55/9–1650 : Telegram

The Acting Secretary of State to the Legation at Saigon[1]

TOP SECRET WASHINGTON, September 16, 1950—3 p. m.

278. Infotel Sept 14.[2] Fol is summary of results informal conversations IC between US and Fr staff NY and tripartite conversations Sept 14: At Acheson's invitation Schuman opened conversations by canvassing history of Fr effort IC since Sept 1946. Turning to suggestion of Nat Armies Schuman described his Govt as particularly eager that this project advance in spite of occasional apparent indifferences of some Fr functionaries in IC. Obstacles to successful development Nat armies: (1) Shortage of officers, many of whom do not wish to leave Armies Fr Union (2) Lack money which France hopes US will provide, (3) Uncertain prospect of Chi invasion against which contingency Schuman made formal request for direct US tactical air assistance should invasion eventuate.[3] Schuman then empha-

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[1] Repeated to Paris as 1364, London as 1434, Djakarta as 275, and Bangkok as 257.

[2] The reference information telegram is not printed. The record of the fourth Acheson–Bevin–Schuman meeting, September 14, and the record of a preliminary staff discussion on Indochina and Southeast Asia on August 30 and Doc. 8 (D–6*a*) on Southeast Asia, September 1 (prepared by a tripartite drafting group), are scheduled for publication in volume III.

[3] The question of United States tactical air support arose in connection with a French request that the United States undertake to commit a carrier should the Communist Chinese enter Indochina. This request was presumably first delivered at the tripartite preparatory discussion of August 30, although the record of that meeting contains no specific reference to a carrier but only to undefined measures of United States assistance requested by the French for the eventuality of a Chinese attack. In a memorandum of his conversation with Pierre Millet, Counselor of the French Embassy, September 7, G. McMurtrie Godley of the Office of Western European Affairs stated the following: "When Mr. Millet called this afternoon he emphasized that at the preparatory talks last week Mr. Daridan was not referring to a MAP carrier for use in Far Eastern waters but rather appealing for a United States commitment of an American carrier with American personnel to supply tactical air support to the French in Indochina were the Chinese communists to cross the Tonkin border." (751G.5/9–750)

sized importance of earliest possible tripartite military conversations on high level. He concluded by saying that he realized that the volume and timing of US assistance in IC depended upon the military situation elsewhere at any given time; that he also realized that it was impossible for the US to make any firm commitment of US forces at this moment.

Mr. Bevin said he had nothing to add.

Acheson said that the US considered the development of military power in IC both native and Fr, as of high importance; that the US had accorded its assistance programs to IC high priority; that US proposed to increase its military assistance program; that US needed further details of the Fr program for the development of National Armies upon which details his staff and that of Mr. Schuman's were now working. (*Note:* Dept officers and Wallner preparing list of questions answers to which will be necessary to final high level decision in Wash as to extent and character US final participation in National Armies project. Info supplied by Fr delegation at NY inadequate.) Acheson said it was US desire to contribute to National Armies project through provision of end-use items; that we did not wish to contribute money for local use.

Acheson said US cld not promise tactical air support in event Chi invasion.

Acheson said US wished to commence tripartite high level military conversations on IC soonest; that these shld take place Far East where lessons of Korean campaign shld be taken into account.

Schuman expressed thanks, said Secy's remarks strengthened their hopes and bolstered their potential position. Expressed hope that improvement Korean situation wld result increased US assistance IC. (Mr. Bevin made no comment.)

WEBB

751G.00/9–1750 : Telegram

The Consul at Hanoi (Blancké) to the Secretary of State

SECRET HANOI, September 17, 1950—4 p. m.

82. ReContel 69, August 31.[1] Offensive appears begun. Dongkhe attacked by some 8,000 and French paratroops dispatched hence. Second bureau [2] not yet sure how fight going but no indication Chinese involved. French believe this is attack expected Caobang but say 8,000 more Viet-Minh in area may also hit latter.[3]

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[1] Not printed.

[2] French intelligence.

[3] The fall of Dongkhe on September 18 was followed by the rapid deterioration of the French position in northern Tonkin. After the evacuation of Caobang in early October, the retreating French garrison and a relief force sent to its

Footnote continued on following page.

Yesterday before this news Marchand [4] confirmed reports pressure at Pakha east of Laokay and admitted Pakha might be beginning; told me then he favored Dongkhe or other medium post for east side attack rather than Caobang. Asked if paratroops sufficed succor both corners said depended developments. If Pakha becomes second front French may be in trouble.

Support of local people may eventually throw balance and that should go to first apparent winning side. If Viet-Minh pulls off coup and looks good, may be signal for hell in Hanoi. Trevor Wilson's [5] border line connections claim city already organized in Viet-Minh blocks for uprising.

Imperative US support French to extent that even if lose face outset it will be evident this only temporary and plenty help on way. Arming villages also urgent or they will give up.

Department pass Paris; sent Department 82, repeated information Saigon, Paris unnumbered.

BLANCKÉ

Footnote continued from preceding page.
assistance were virtually annihilated. During the remainder of the month, the French abandoned one strongpoint after another. Langson was evacuated on October 21. With the abandonment of Laokay on November 3, French forces controlled only the coastal town of Moncay on the entire Chinese border.

[4] General Marchand, Acting Commander of French forces in northern Vietnam.

[5] Arthur Geoffrey Trevor Wilson, British Consul at Hanoi.

751G.55/9–1950 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

[Extracts]

TOP SECRET PRIORITY SAIGON, September 19, 1950—5 p. m.

393. Deptel 278, September 15 [*16*] indicates that studies are at present in progress in Washington preparatory for final high level decision as to extent and character US participation national army project for IC states. I recommend most urgently that any preliminary discussions and studies this problem should be carried on in first instance, and at least concurrently, here in Saigon and that French Government be requested authorize Pignon and his high command to discuss matter with me fully and without delay.

I submit that it is necessary that any French requests be screened here before any high level decision taken. . . .

. . . . . .

With all respect we doubt whether any group of high level French in Washington can sift these discrepancies and sort out command and political relationships of this complex congeries of forces at distance of 12,000 miles without preliminary or concurrent discussions in

Saigon. We suspect that final blueprints for such an army have not been drawn, and will not be until Alessandri, Pignon, Carpentier and Bao Dai get their heads together in Saigon. In this connection I would point out that MAAG here has been designated as having full primary responsibility for receiving, screening and passing on requests for military assistance in IC, and would be in position follow closely creation of national army.

. . . . . .

There is little doubt in our minds here that if we are to find a fairly rapid cure for this "civil war" which invites further Chinese intervention, native forces in the field must be greatly increased. This will of course involve more equipment and cash. Legation cannot state of course whether or how much it would be possible for French Government to increase its cash outlay in IC at this time. French finances might be able to afford some increase in their IC budgets. If they cannot, however, meet full bill for maintenance of increased national army and urgently needed pacification troops, then we shall be obliged to contribute some direct financial aid if we want this dangerously festering situation cleared up. I trust that French delegate now in Washington can provide prompt estimates as to French and Associated States financial possibilities in this regard.

Politically, I strongly hold opinion that purpose of national army concept will be dissipated unless Vietnam, (and Cambodia and Laos as well) are brought into discussions, their wishes consulted and their desires met to the extent that military efficiency will permit. In this connection President Huu's most recent press conference in which he declared that only Viet forces could obtain necessary rallyings and pacification brought him close to position advocated by nationalists of Nguyen Phan Long-Dam Viet stripe. Key figure in such consultations will of course be Bao Dai and I cannot emphasize too insistently my belief that the US should make no definite large-scale commitments for the support of the national army project without consultation with Bao Dai and determination exactly where he stands and what role he proposes to assume vis-à-vis the Viet national army.

Finally, but with equal importance, I would strongly urge that definition of US participation in policy and strategic decisions affecting the use of national armies and of American assistance furnished to them accompany any underwriting of the sort French have requested. This participation would involve continuing consultative relationships with French commanding general, with French military missions to the Associated States and with the high military committee and cannot be worked out, in its initial phases, away from IC.

Legation is highly gratified decision has at length been taken to hold strategic conversations in FE (Deptel 278). We should like to

suggest, however, that these be combined or paralleled by further political conversations and that members of the Legation staff attend (see Legtel 382, September 17).[1] We do not believe that the military elements of solution in IC can be divorced from political aspects. Frankly we have felt that delay in creation of national armies has been due not only to French hesitancy in making so capital a concession but also due to skepticism of some technical military opinion both French and American about value native troops.

We shall submit further suggestions for questions on technical aspects of French project by cable tomorrow.[2]

Sent Department 393; repeated info Paris 167. Pouched Hanoi.

HEATH

[1] Not printed.

[2] Telegram 401 from Saigon, September 20, dealing with technical aspects of the national armies project, is not printed.

751G.00/9–2850 : Airgram

The Acting Secretary of State to the Legation at Saigon

SECRET WASHINGTON, September 28, 1950.

A–50. Dir PSA [1] recd Ngo Dinh Diem [2] Sep 21 and in course of conversation emphasized fol: (*a*) emergence truly independent stable IC States impossible until Commie menace now centered Tonkin contained and ultimately liquidated; (*b*) that US attaches greatest importance legitimacy and constitutionality of states which it supports; that Bao Dai Govt legitimate and constitutional recipient powers already transferred and now in course of trans from Fr; (*c*) US therefore eager that Diem and Catholics give present govt every possible support.

Diem, evidently impressed by certainty US position, asked if US cld provide arms to Catholic Armies. (Diem identified one Catholic armed group in Phat Diem area. Said also that second Catholic Army was in existence in Hue–Tourane area in early '47 but this group later dispersed when Fr, according to Diem, withdrew financial support because of its outstanding success.) Dir told Diem that US now considering ways and means assisting formation and development Natl Armies and that Catholic contingents if part of Natl Armies wld therefore receive US assistance.

Diem was reminded of longstanding US interest supporting genuine Nationalist non-Commie states in Asia and in promoting mutually beneficial assoc between new states and old metropolitan power on

[1] William S. B. Lacy.

[2] For information regarding Diem's trip to the United States, see despatch No. 248 from Saigon, June 23, p. 829.

voluntary basis, citing Indo and Phil as evidence genuine character Amer intentions.

Bishop [3] kept reiterating fol two points for solution IC problem: (1) US must maintain pressure upon Fr to grant greater concessions to Vietnam than contained Mar 8 Accords. (Despite rptd questions Bishop at no time clearly identified specific concessions necessary. He resorted to generalities such as reduction in nr Fr civil servants now Vietnam, stating this connection that Fr officials IC exercising executive as opposed advisory role in VN Govt); (2) Creation Natl Army. When questioned re risk that Vietnamese armed by West might subsequently support Ho, Bishop said nucleus Natl Army shld be created from among Catholics whose reliability was unquestioned. When asked re use to which such army wld be put, Bishop emphasized that when Bao Dai supported by Vietnamese bayonnets, he wld speak with much greater authority. Bishop made clear that Bao Dai wld use such authority when acquired, as much, if not more, against Fr than Ho. Bishop felt that large majority partisans Ho wld flock to Bao Dai when it apparent that Natl Army created and true independence Vietnam assured Bishop felt Natl Army cld be under only indirect Fr control and was specific in excluding Fr cadres for Viet Army.

Diem, who seemed obviously to be coordinating his remarks with those made by Bishop, said Fr shld turn over control Cochinchina entirely to Vietnamese who wld then be in position pacify country. Diem pointed out Fr unable to distinguish between Commie and non-Commie Viets, something which Viets themselves cld accomplish with ease particularly as in Cochinchina, he himself had list of all powerful Commies there. Diem felt that after Viet control Cochinchina accomplished, Fr shld withdraw frm Annam into Tonkin where Fr forces wld provide shield against Chi aggression. Diem contd that after Annam pacified, problem Tonkin cld be examined. Bishop consistently deprecated nrs and strength Commies what he consistently referred to as "resistance." He said Reverend Pham Ba Truc, now member Ho's Govt, had permission from his Fr Bishop to protect Catholics in Ho dominated area. Bishop said that he himself had sent twelve priests in his diocese to work with anti-Fr forces. Bishop made clear that he felt more strongly about presence Fr than he did Viet Commies. While constantly reminded by Dept officers of position church in other countries now under Commie domination, Bishop did not seem greatly affected. Just before leaving Wash on his trip to Canada, Bishop in only display of strong, deep feelings said that church wld never identify itself so completely with Bao Dai that his collapse wld mean eradication church also. At another point in response to question, he said it was useless for his brother to become Premier at this time because latter's prestige under present circumstances wld be destroyed

[3] Ngo Dinh Thuc, Catholic Bishop of Vinh Long; brother of Ngo Dinh Diem.

within few months. Bishop asked that Heath visit dioceses of Phatdiem and Bu Chu to examine particularly provinces Ninh Binh and Nam Dinh to see progress Catholics have made restoring order these two provinces. He said this connection (using Heath's visit as evidence of US interest) that Catholic hierarchy wld instruct parishoners to form Catholic party within next six months and intimated that plans this connection wld be drawn up at meeting five Vietnamese bishops at Rome scheduled for late Oct.

Dept found Thuc to be more voluble if not dominating one of two brothers. We were impressed that he, thru the Catholics, might even be important factor in present IC complex. Diem impressed us as less precise, realistic and authoritative. Influence of Thuc's clerical background and position with its evident bearing on his thinking was apparent throughout.

Ngo fitted more into mould of present-day Vietnamese politician, steeped in oriental intrigue and concerned equally if not more, we suspect, with furthering his own personal ambitions than solving complex problems facing his country today. Like other prominent Vietnamese, i.e., Nguyen Phan Long, Diem is ever prepared to deliver endless dissertations on the errors of the past and hopelessness of the present but is either incapable or unwilling offer any constructive solution to current dilemma other than vague and defamatory refs to Fr and implications that only US can solve problem, thru him to be sure. Dept officers reiterated view that Vietnam's problems cld be solved only by Vietnamese, that West cld help, but that burden of solution rests with Viets.

Pls advise Dept and Paris any action you believe shld be taken consolidate Thuc, Bao Dai and Diem, or any other action deemed desirable in premises.

Thuc and party depart US Oct 15 for Rome via Paris.

WEBB

Department of State Executive Secretariat Files: Lot 62D1

Memorandum by the Southeast Asia Aid Policy Committee to the Secretary of State and the Secretary of Defense (Marshall)[1]

TOP SECRET [WASHINGTON,] October 11, 1950.
SEAC D–21, Rev. 1

PROPOSED STATEMENT OF U.S. POLICY ON INDO-CHINA FOR NSC CONSIDERATION

The Committee is submitting, for approval by higher authority, the attached draft joint memorandum to the National Security Council

[1] The Southeast Asia Aid Policy Committee was established pursuant to a suggestion contained in a letter from Secretary of Defense Johnson to Secretary

on Indochina. This draft joint memorandum contains a statement of U.S. policy with respect to Indochina. It is the Committee's view that the U.S. Government should decide, in principle, to contribute, in whatever ways are feasible and desirable, to the formation of national armies in Indochina. Such a contribution appears to the Committee as the most effective method by which the U.S. can, at present, strengthen the security of Indochina and add to its stabilization.

The Committee would like to point out that the extent and character of the contribution which the U.S. might consider furnishing for the formation of national armies in Indochina can only be determined by negotiations between officials of the French and U.S. Governments, on a ministerial level. During the course of those negotiations French officials may be expected to present, for the first time, detailed information on their plans for the formation of these armies. Approval of the draft joint memorandum would provide the authorization from the President for U.S. representatives to consider and act with full knowledge of the plans of the French.

It is recommended that, if negotiations are conducted with representatives of the French Government, U.S. representatives secure French acceptance of the following conditions which shall attach to the extension of U.S. assistance in the formation of national armies in Indochina: (1) French Union forces would not be withdrawn from Indochina until such Associated States armies were fully trained and ready to act effectively in replacement; (2) France would not decrease its outlays for Indochina below the 1950 rate during the period of the American military aid requested; (3) the national armies projects would have the approval of the three Associated States governments; (4) the High Commissioner for Indochina, the French Command, and the three Associated States would maintain

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of State Acheson, April 14 (p. 780) which was accepted in principle by the Department of State in Acting Secretary Webb's letter to Secretary Johnson, May 16 (p. 816). Initial members of the Committee were Dean Rusk, Assistant Secretary of State for Far Eastern Affairs; Maj. Gen. J. H. Burns, Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance; and Harlan Cleveland, Acting Chief of the Far East Program Division, Economic Cooperation Administration. Subsequently, Maj. Gen. Harry J. Maloney replaced Major General Burns, and R. Allen Griffin replaced Cleveland.

The record of the First Meeting of the Committee, July 20, read in part as follows: "It was stated that the agencies had agreed that the Committee was to be responsible for the coordination of general policy for political-military-economic aid from the United States to Southeast Asia. It would be primarily a policy consultation group which would have no direct operational responsibility but would see that major policy directives with respect to Southeast Asian aid programs were being carried out." The Committee held nine meetings in 1950. Documentation of the Committee is located in Lot 53D255, Department of State. For additional information on the operations of the Committee, see pp. 1 ff.

This paper was circulated in the Committee on October 11 under the cover of the following note: "The attached paper, prepared by the Department of Defense and the Office of Philippine and Southeast Asian Affairs of the Department of State, is a revision and expansion of the brief draft statement [not printed] considered by the Committee on October 6. It is now being considered by the JCS."

full consultative relations with the Legation and MAAG during the period of the formation of the armies.

If approved, this joint memorandum would provide the measures called for by NSC 64—"Position of the U.S. With Respect to Indochina",[2] approved by the President on 23 [*24*] April 1950. It is understood that the draft of this joint memo will be reviewed by the JCS before it is finally approved by the Secretary of Defense.

[Annex]

Draft Statement of United States Policy on Indochina for National Security Council Consideration[3]

TOP SECRET [WASHINGTON, October 11, 1950.]

(Reference NSC 64, NSC 73/4)[4]

1. Firm non-Communist control of Indochina is of critical, strategic importance to U.S. national interests. The loss of Indochina to Communist forces would undoubtedly lead to the loss of Southeast Asia as stated in NSC 64. In this respect, the National Security Council accepts the strategic assessment of Southeast Asia which the Joint Chiefs of Staff made on 10 April 1950 (Annex No. 1).[5]

2. Regardless of current U.S. commitments for provision of certain military assistance to Indochina, the U.S. will not commit any of its armed forces to the defense of Indochina against overt, foreign aggression, under present circumstances. In case of overt aggression, the Department of Defense will immediately re-assess the situation, in the light of the then existing circumstances.

3. To strengthen the security of Indochina against external aggression and augmented internal Communist offensives, the Joint Chiefs of Staff are authorized to conduct military talks with U.K. and French military commanders in the Far East. Such talks would seek, first, an agreed military plan for the internal defense of Indochina and, second,

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[2] Dated February 27, p. 743.

[3] For comments on this draft by Kenneth T. Young, Far Eastern Adviser in the Office of Foreign Military Affairs, Department of Defense, see memorandum for Maj. Gen. Harry J. Maloney, Defense Department Representative on the Southeast Asia Aid Policy Committee, October 13, 1950, see *United States–Vietnam Relations, 1945–1967*, Book 8, pp. 369–370.

[4] NSC 73/4, "The Position and Actions of the United States with Respect to Possible Further Soviet Moves in Light of the Korean Situation," a report by the National Security Council, August 25, is scheduled for publication in volume I. NSC 73/4 stated that Communist China had the military capability to initiate military action against Indochina and that an attack was possible. It further stated the following: "In the event of overt attack by organized Chinese communist forces against Indochina, the United States should not permit itself to become engaged in a general war with Communist China but should, in concert with the U.K., support France and the associated states, and accelerate and expand the present military assistance program."

[5] For text, see letter from the Secretary of Defense to the Secretary of State, April 14, p. 780.

the coordination of operations in Southeast Asia in the event of invasion. Such talks should clearly indicate to French authorities that increases in U.S. military aid will be provided in accordance with operational plans which are acceptable to the U.S. and are compatible with U.S. capabilities in the light of other U.S. commitments.

4. The U.S. should secure plans from the French and the Associated States for, and assist the French and the Associated States in the prompt acceleration of the formation of new national armies of the three Associated States (Annex No. 3 contains descriptive information on the magnitude of such plans). The employment of such armies would be for the purpose of maintaining internal security with a view to releasing the bulk of the French forces in Indochina for other duties, in accordance with the strategic plan for the defense of Indochina. In due course, as these national armies are able to assume responsibility for the functions of national defense, the U.S. will favor the phased withdrawal from Indochina of French forces in order to strengthen the defense of Metropolitan France under the NATO arrangements. U.S. and French support for the formation of national armies in Indochina should be given wide and vigorous publicity. Since it is a policy of the United States (NSC 48/2)[6] to use its influence in Asia toward resolving the colonial–nationalist conflict in such a way as to satisfy the fundamental demands of the Nationalist movement, while at the same time minimizing the strain on the colonial powers who are our Western allies, the U.S. should, for the time being, continue to press the French to carry out, in letter and spirit, the agreements of March 8, 1949 and the conventions of December 30, 1949 providing for self-government within the French Union.

5. Since the security of the Associated States of Indochina will be affected, to some extent, by the capabilities of neighboring or nearby countries to resist Communist encroachments, the U.S. should use its influence, wherever appropriate, to promote close relations and firm understandings, in political, military and economic fields, among the Associated States and Thailand, Burma and the Philippines. In particular, the U.S. should seek to envelop full diplomatic relations between the Associated States and other countries in Southeast Asia, collaboration among military staff officers of these countries on the security of neighboring or adjacent frontiers, and effective agreements on the control of arms smuggling and the movement of subversive agents. The U.S. continues to favor the entry of the three Associated States into the United Nations. As a culmination of these efforts the U.S. should encourage the Associated States, in due course, to participate in such arrangements for regional security under Articles

[6] For NSC 48/2, "The Position of the U.S. with Respect to Asia," approved by President Truman on December 30, 1949, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.

51 and 52 of the United Nations' Charter, as will effectively contribute to the common defense of the area.

6. The U.S. will have to devote substantial resources if the policies stated above are to be carried out effectively enough to assist in strengthening the security of Indochina. It is impossible at this time to set the exact cost in dollars to the United States of the formation of the national armies. When the details of the U.S. contribution have been determined, after discussions with representatives of France and the Associated States, the U.S. plan for assisting in the formation of the National Armies of Indochina will be submitted to the National Security Council for approval.

[Here follow annex 1, "Strategic Assessment of Southeast Asia" (see letter from the Secretary of Defense to the Secretary of State, page 780); annex 2, "Military Situation in Indochina"; and annex 3, "Information on the Formation of the National Armies of the Associated States." For the texts of annexes 2 and 3, see *United States–Vietnam Relations, 1945–1967*, Book 8, pages 358–368.]

611.51G/10–1350 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET NIACT SAIGON, October 13, 1950—8 p. m.

546. In my view, US should have some voice not only with respect to French "military operations" but with respect political and financial policy which are, of course, inextricably entwined with military considerations.

Secondly, with due regard to local sensibilities and the need for making our participation unobtrusive as well as effective, we must have an advisory if real influence over the military, political and fiscal policies of the three Associate States, in particular over those of the Vietnamese Government. Cambodia and Laos present much smaller problem.

Thirdly, it is not sufficient to have high-level general agreement between the Defense and Foreign Affairs Departments of our two governments. The French should be given to understand at this stage that we expect the Legation to be advised and to some extent advisory on local French planning and operations. Paris sets policy for IC but when put into operation here such policy frequently has quite different aspect than when it left Paris.

I do not propose that we take over managerial responsibilities or a veto role out here, even if we could. The Legation with MAAG does not have the special experience nor ability to fill such a role even if possible or desirable.

On the military side, it would not be desirable or practicable to have US military participation by US officers on the operational staff.

I contemplate that the Chief of MAAG, General Brink,[1] should act solely in an advisory capacity to French High Command and General Staff in IC and occupy similar capacity in relation to Ministries of National Defense of three Associate States and the commanders of the Associate State's armed forces. On French side, the French Command would be expected to keep MAAG Chief thoroughly informed of current operations including performance of US equipment and to consult with him during planning phase.

Obviously General Brink could not fulfill this function, purely advisory and consultative as it would be, without some increase in MAAG. His curbstone estimate is that he would require 15 officers. These would keep in touch at top-level with both the French and Associate States' military staffs attached to the three Ministries of National Defense, the heads of French Army, Navy and Air Forces top field GHQ for North Vietnam, Vietnamese Army headquarters and training centers and heads of Associate States' Armies. It would probably not be necessary to increase MAAG by this number since some of the officers already assigned could be utilized.

It would seem unnecessary in preliminary talks with French in Washington to discuss the small augmentation in MAAG which General Brink would require to fulfill his advisory functions. It would suffice to say that General Brink and MAAG should have continuing access to and general consultation with levels indicated above.

It is to be expected that Paris probably and the local High French Command would register objections to even advisory participation in military decisions and policy, particularly in view of absence, to date of any staff talks and arrangements, with the French and of a unified strategic concept. However, French complacency has been rudely shaken by the Caobang affair; and in Washington they are requesting further aid about equal in amount to their military expenditures in IC.

I believe the close and continuing practical advice is immediately needed here in IC and unless systematized arrangements for it are made at once, success of our entire program will be jeopardized. Lack of joint or unified strategic concept for this area should not be overriding impediment for advisory participation we are recommending in this localized theatre.

Although our personal relations with General Carpentier, French Commander in Chief, are good, he is very sensitive to any slight hint of American intervention in his command. For example, Legation has rarely been told by his staff of completed operations such as Caobang until well after press has been informed. We have learned and reported developments only by our own devices. And there are the factors of vestigial colonial mentality and French fears that American

[1] Brig. Gen. Francis G. Brink.

participation would be a derogation from French prestige in eyes of Associate States. Our advisory participation should be subtle and unadvertised. It should not be such as to undermine the French nor should it give grounds to Vietnamese for the belief we are irrevocably committed to support French aims and policy. I am confident General Brink would carry out activities outlined above with great tact and discretion. He is an old friend of General Alessandri for whom he has high professional respect. The proper degree of US participation here can best be arranged between Washington and Paris with Paris issuing appropriate instructions to HICOM and General Carpentier. Both would be inclined to yield readily enough to direct orders from Paris.

We, of course, could not ask or expect to obtain any definite engagement from the Chiefs of the IC states or the heads of their government to consult with us or accept our advice. No such arrangements or engagements would in fact be necessary. If our military and economic aid is administered on a specific project or short-term basis and its continuance or expansion subject to previous project performance, we should have all the influence and leverage required.

As to US grant of funds directly to states, Legation believes this legal under accords. (President Huu has expressed this view to me.) We believe French would, reluctantly, accept it. They would point out, what is perfectly true, that native states presently incompetent to present proper estimates, budgets or justifications and that French help would be required all along line. If such grants are feasible under US laws and procedure, and if lack of local funds is limiting factor on useful increase of native forces, idea should be seriously entertained. We fully aware difficulties of undertaking, in view loose procedures and undependability local authorities. We should have to consult with French, and we should require from all authorities a much more exact accounting of receipts and expenditures than any so far available in order to be sure that our aid would be a net contribution and not merely substituted for normal expenditures of local governments.

If substantial direct dollar assistance is given toward support national armies, Legation urges that one condition which should be insisted upon by US is that French Government through their foreign exchange authorities in Paris and Saigon or as otherwise appropriate should formally undertake to ensure that foreign exchange additional to IC's current requirements will be made available finance necessary imports in an amount equivalent to piastre value dollar aid. If this is not done, the additional piastre purchasing power which US dollar support of national armies will generate will simply increase already dangerous inflationary pressures in IC and thereby make it even more difficult than at present for IC's exports to compete in world markets.

It makes little difference whether additional foreign exchange be granted in dollars, francs, or other currencies since from US viewpoint dollars spent in IC will eventually be used through Metropolitan French gold and dollar pool arrangements either to finance additional dollar imports from US or other services including retirement debt or for building up France's dollar reserve. Actually last might be preferable US interests as it would defer drain on US resources with latter's contributory effect on inflationary situation in US.

Sent Department 546; repeated info Paris 261. Department pass Paris.

HEATH

Editorial Note

From October 13 to October 18, conversations occurred in Washington between United States and French officials concerning United States contribution to French rearmament within the framework of the North Atlantic Treaty. These discussions included consideration of the question of additional United States military assistance to Indochina. The United States was represented in the conversations by Secretary of State Acheson, Secretary of Defense George C. Marshall (who succeeded Louis Johnson on September 21), Secretary of the Treasury John W. Snyder, and Economic Cooperation Administrator William C. Foster (who succeeded Paul G. Hoffman on October 1). French representatives included Minister of Defense Jules Moch and Minister of Finance Maurice Petsche. Documentation on the discussions is scheduled for publication in volume III.

On October 17, the Department of State issued a press release announcing increased aid to France and Indochina. It stated the following with respect to Indochina: "In addition, the United States Congress has appropriated for military assistance in the Far East approximately one-half billion dollars. In view of the importance of the operations in Indochina, the major part of this sum is being used to provide military equipment, including light bombers, for the armed forces both of France and of the Associated States of Indochina.

"This assistance will provide a very important part of the equipment required by the forces contemplated for activation in 1951 in France and for current operations in Indochina. Deliveries of equipment are being expedited and, with respect to Indochina, a particularly high priority has been assigned." For the full text, see Department of State *Bulletin*, October 30, 1950, page 704.

751G.00/10–1550 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET NIACT SAIGON, October 15, 1950—3 p. m.

556. For Rusk and Jessup.

A. Military and political situation in Indochina demands highest level consideration US Government with respect to what immediate steps may be taken here to prevent loss of Indochina and with it, all of SEA.

1. Consequences French defeats in Northern Tonkin are far graver than indicated by loss of 9 battalions with 7,000 men and key positions along Chinese frontier. We believe:

(*a*) Loss of entire mountainous frontier region from Lao Kay to Mon Cay is now almost inevitable. Highly problematic if French can withdraw or link up garrisons, and losses might involve as much as 20 percent all French union forces (exclusive of Viets) in Indochina. At this writing several additional posts surrounded and preparations for withdrawal from Langson bastion are almost certainly underway.

(*b*) French offensive plans scheduled for north next month cannot now be implemented in view elimination strategic reserves and loss of pivotal positions.

(*c*) In these circumstances and while build-up of new model VM army in southern China continues, control of all Tonkin delta including Hanoi and Haiphong and of northern Indochina including Laos can no longer be assured.

2. Prime source of danger is snow-balling effect produced by impacts of defeats on already deteriorating political situation. We fear continuation of defeats may set up chain reactions in rear areas where fence-sitting Viets will be tempted to seek an accommodation with Ho Chi Minh.

3. Successes so far obtained by VM who have only committed about third of elements trained in China doubtless have exceeded even Chinese and VM expectations. Chinese participation will surely take ample forms. We look for much-increased flow of Viet recruits to China training camps and before long their new forces may well be able to hurl tank-led plane-covered assault against delta which French have no means to resist.

4. If French reveal no better military form than in past 10 days, then we must also add deficient French generalship and military intelligence to debit side of ledger for which we seek balancing factors. In spite of our constant warnings, they do not up to present time appear to have grasped full implication of practical disappearance of Chinese border as line of demarcation between Red China and Ho Chi Minh. Moreover, they have shown continuing squeamishness about taking any action which would provoke Chinese Communists, even including necessary high level aerial frontier reconnaissance.

5. Although French knew and informed Legation months ago that attack on RC 4 line possibly impending, they neither withdrew nor reinforced their positions. Apparently no one wished to take responsibility for hauling down flag. French insisted that fall of Dongkhe was

an isolated action and failed to admit connection between gathering threat in north and increasing terrorist preparations in large cities and around airports. They woefully underestimated the enhancement of Viet combat efficiency due to addition automatic weapons and an adequate field artillery. Although France's great hope is to induce US to undertake eventual air intervention, they have neglected to inform us currently and completely of recent actions in time for our government to make estimate of situation which would be required to move carriers or air into position if indeed such were our intention. We now fear that the situation may be gradually sliding into one of all-out Sino-Viet general offensive without French recognizing it as such and sending up in time the necessary danger signals to the world.

B. In this situation most measures now being applied by US are little and late. Our small program of economic aid is just beginning to take hold. Military aid is too little and is so far based on what we in Saigon believe to be an inadequate appreciation of dangers of present situation in Indochina and importance of Indochina to eventual defense of US. Although we understand Indochina in "highest priority" for MDAP assistance, measure of urgency secured by such priority is fact that vitally needed fighter aircraft demanded in February are arriving only in November.

We have lately placed much hope in rapid formation of Viet national army. This cannot happen in time to affect present situation nor can it have the same appeal as it would have had before recent defeats.

C. In view of these inadequacies, we therefore propose following for earliest high level consideration:

1. Although formation of Viet army promises less than formerly, nevertheless decision and declaration for formation of such an army might put spirit in Viets provided that such an army has its own commander, nucleus of its own staff and supply services, and that it will cooperate with French as an ally and associate rather than as tutelar. Also that its numbers will constitute a set increase in forces under arms in Indochina. These conditions do not appear to be adequately met under present French plans. As we have indicated in previous telegrams, we believe that US will be called on for some direct financing of this force.

2. Scale of urgency for delivery of US aid must be completely transformed. With all respect, we suggest that most urgently needed items should be moved to this theater with same rapidity as they would be moved under directions of JCS to a US force engaged in Pacific area. Although this may be outside the framework of MDAP procedures, I have directed MAAG to prepare with the French topmost priority list needed today, to meet a massive VM thrust. French understand this not in pursuance of instructions US Government.

3. Newspapers report that Indochina is on agenda of meeting in mid-Pacific.[1] We do not know whether or not this be the case. Legation has long urged, and at Foreign Minister's conference it was de-

[1] See editorial note, *infra*.

cided to hold, earliest strategic conversations in this area. It would have been better had these been held before present difficulties but they now all the more necessary. Respectfully suggest that both in US and, at conclusion of mid-Pacific meeting, statements to effect that US line of defense runs through chain of islands off shore from Asia should be avoided. Each time this thesis has been stated in last year, we have had perturbed reaction [and] would be critical blow to Western Power interests.

4. Also believe time has come, as Legation has recently urged; for need French-US consultation in military planning in this area.

5. We hope some way can be found to apply some of resources of UN to this theater. Arbitration or good offices now seem out of question, not only because Soviet bloc interference but because proposal of cease fire and conciliation would now seem be impossible for French to accept or for US to propose. Moreover, such interposition would confer cloak of legality on Ho Chi Minh and weaken world-wide front against Communists. Furthermore, any engagements taken as result such intervention would not be respected by Communists.

We assume, however, Department considering possibility of UN border commission operating under Assembly mandate with terms of reference restricted to establishing responsibility for border violations and actively abetting aggression on a neighboring state. We realize, of course, that Soviet bloc is, in its view, holding commerce with legally recognized Ho Government.

Fact is that Russia–China is invading Indochina using VM forces they are rapidly training and equipping as an invasion force. We must now reckon with possibility that it may be only question of weeks or even days before China overtly participates in this aggression.

Department pass Paris; sent Department 556, repeated information Paris 266.

HEATH

Editorial Note

During the course of the Wake Island Conference, October 15, 1950, President Truman, General MacArthur, and others present discussed briefly the situation in Indochina. For a record consisting of the substance of statements made at that conference, see volume VII, page 948.

French-Iberian Affairs Desk Files: Lot 53D246

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)

SECRET [WASHINGTON,] October 16, 1950.

Subject: Desirability of French Government Bringing Indochina Situation to the United Nations.

Participants: Mr. Pierre Millet—Counselor, French Embassy
Mr. Lacy—PSA

Mr. Millet asked to see me during the afternoon of October 14. During the course of conversation on the military situation in Indochina (see Memorandum of Conversation entitled "Military Situation in Indochina", October 14)[1] Mr. Millet said that his Ambassador had asked him to secure my entirely personal and unofficial views on the attitude of the Department toward the desirability of the French Government bringing the Indochina situation, in some unspecified manner, to the United Nations. He seemed to imply by several elliptical statements that either General MacArthur or the Department might consider that the success of the United Nations operation in Korea argued for a reproduction of the same operation in Indochina.

I replied that any views I might express were entirely my own and that, as he knew, this subject could be more profitably discussed with Mr. Hickerson.[2] The rest of my remarks were designed to convey to Mr. Millet the idea that: (1) the decision as to whether to take the Indochina situation to the United Nations lay with the French Government and not with the United States. (2) I did not think that the Department had developed, during the last few weeks as Mr. Millet implied, a sentiment in favor of the French submission of the Indochina situation to the United Nations; that so far as I knew the Department continued to adhere to the position in respect of this problem agreed on between the United States, French and British delegations during the course of their discussions preliminary to the Foreign Ministers Conferences in New York.[3] (3) United Nations activity in Indochina seemed to me to require either a border observation team or mediation between two parties at interest. I observed I thought that the border team, whose function would presumably be to observe indirect Chinese aggression, would necessarily include Asiatic membership and that as he well knew, the attitude of certain Asian countries toward Chinese Communism and toward Ho Chi Minh differed from the views held by the Western Powers; that I presumed the French Government did not look with favor on the treatment of Ho Chi Minh as a party of interest in any case.

I had the impression from Mr. Millet that in its desperation the French Govenment was for the first time seriously considering United Nations action in Indochina. I did not think it wise therefore, to give Millet even in personal conversation anything that he could describe as a Departmental position beyond that already discussed in the preliminary conversations with the British and French Delegations in September.

Mr. Merchant and Mr. Godley[4] were given the sense of the foregoing on October 14.

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[1] Not printed.
[2] John D. Hickerson, Assistant Secretary of State for United Nations Affairs.
[3] See telegram 278, p. 880.
[4] G. McMurtrie Godley, Jr., of the Office of Western European Affairs.

Editorial Note

On October 17, 1950, an informal State–Defense meeting occurred during which the recent talks with the French Ministers (see editorial note, page 893), overall estimates of the Indochina situation, and the proposed NSC policy statement (see SEAC D–21, Rev. 1, October 11, page 886) were discussed. Participants included William S. B. Lacy, Director of the Office of Philippine and Southeast Asian Affairs, Department of State; Robert Hoey, Officer in Charge, Indochinese Affairs, Department of State; and Major General Harry J. Maloney, Defense Member, Southeast Asia Aid Policy Committee. For a record of the meeting, see memorandum by Kenneth T. Young, Far Eastern Adviser, Office of Foreign Military Affairs, Department of Defense, in *United States–Vietnam Relations, 1945–1967*, Book 8, pages 373–376. There is attached to the memorandum a draft *aide-mémoire* to the French Government, not sent, summarizing the ministerial conversations as they concerned Indochina; for text, see *ibid.*, pages 377–379.

751G.00/10–1850 : Telegram

The Secretary of State to the Legation at Saigon

SECRET PRIORITY WASHINGTON, October 18, 1950—2 p. m.

384. Dept wishes to have fol msg delivered to Bao Dai personally by Min immed after Chief of State's arrival in Saigon.[1] It shld be delivered informally without submission written text but with sufficient emphasis to leave no doubt in Emperor's mind that it represents Depts studied opinion in matter now receiving attn highest auths US Govt.

Begin msg: Bao Dai will arrive in Saigon at moment when Vietnam is facing grave crisis outcome of which may decide whether country will be permitted develop independent status or pass in near future to one of Sino-Soviet dominated satellite, a new form of colony immeasurably worse than the old from which Vietnam has so recently separated herself.

The US Govt is at present moment taking steps to increase the amt of aid to Fr Union and Assoc States in their effort to defend the territorial integrity of IC and prevent the incorporation of the Assoc States within the Commie-dominated bloc of slave states but even the resources of US are strained by our present UN commitments in Korea, the need for aid in the defense of Western Europe and our own rearmament program. We sometimes find it impossible to furnish aid as we wld wish in a given amt at a given time and in a given place.

Leadership of Vietnam Govt during this crucial period is a factor of preponderant importance in deciding ultimate outcome. Govt must display unusually aggressive leadership and courage before a discouraged people, distraught and floundering in the wake of years of civil

[1] On October 11, Bao Dai announced that he was concluding his 3-month stay in France and returning to Viet-Nam.

war. Lesser considerations concerning the modalities of relations between the States of the Fr Union and the Rep of Fr must, for instance, be at least temporarily laid aside in face of serious threat to very existence of Vietnam as autonomous state, within Fr Union or otherwise.

We are aware (as is Bao Dai) that present Vietnamese Govt is so linked with person of Chief of State that leadership and example provided by latter takes on extraordinary importance in determining degree of efficiency in functioning of govt. Through circumstance of absence in Fr of Bao Dai and other Vietnamese leaders for prolonged period, opportunity for progress in assumption of responsibilities from Fr and extension authority and influence of govt with people was neglected. Many people, including great number Amers, have been unable understand reasons for Emperor's "prolonged holiday" on Riviera and have misinterpreted it as an indication of lack of patriotic attachment to his role of Chief of State. Dept is at least of opinion that his absence did not enhance the authority and prestige of his govt at home.

Therefore, Dept considers it imperative Bao Dai give Vietnamese people evidence his determination personally take up reins of state and lead his country into immed and energetic opposition Commie menace. Specifically he shld embark upon immed program of visits to all parts Vietnam making numerous speeches and public appearances in the process. Chief of State shld declare his determination plunge into job of rallying people to support of govt and opposition to VM immed upon arrival Saigon. He shld announce US, Fr support for formation natl armies and his own intention assume role Commander in Chief. He shld take full advantage of Fr official declaration of intention to form natl armies (confirmed yesterday by Min Assoc States Letourneau) and set up precise plan for such formation immed.

Finally, it shld be tactfully suggested that any further display procrastination in facing realities in the form prolonged periods of seclusion at Dalat or otherwise wld confirm impressions of those not as convinced of Emperor's seriousness of purpose as Dept and Leg are and raise questions of the wisdom of continuing to support a Vietnamese Govt which proves itself incapable of exercising the autonomy acquired by it at such a high price. *End of msg.*

Endeavor obtain private interview soonest possible after arrival for Dept regards timing as of prime importance. Simultaneously or immed fol inform Letourneau and Pignon of action. Saigon advise Paris in advance to synchronize informing FonOff.

ACHESON

751G.00/10–1850 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET NIACT SAIGON, October 18, 1950—8 p. m.

588. We are told by French that Moch has been informed that light bomber group cannot reach IC before first two weeks in December. We consider it imperative that this schedule be accelerated to utmost.

Suggest Department consider transfer of B–26's or similar aircraft from operational or reserve squadrons now actually Korea or Japan or nearby point, also that these aircraft be ferried directly here by American crews in view fact that French cannot spare crews and that additional delay would be imposed.

Paris message also indicated possibility second bomber squadron being dispatched IC. Legation and MAAG recommend eventually, but consider first bomber squadron as highest priority. We consider that whole of Tonkin, including Delta, potentially Laos in grave danger. If Washington wishes influence situation by military means, this reinforcement appears one of few measures available to it short of direct intervention by carriers.[1]

Department pass Paris; sent Department 588, repeated information Paris 285.

HEATH

[1] In telegram 2126 from Paris, October 19, transmitted with reference to the present telegram, Chargé Philip W. Bonsal stated the following: "Without commenting on military aspect problem transferring bomber squadron Indochina, Embassy wishes point out that immediate action deliver such military assistance Indochina, particularly since US promise provide bomber squadron made public [see editorial note, page 896], would have beneficial psychological and morale effect here at time Indochina developments very much to fore in National Assembly against background French reversals and withdrawals Tonkin." (751G.5/10–1950)

Telegram 734 to Saigon, December 12, read in part as follows: "Flight delivery B–26 aircraft delayed due adverse weather between San Francisco and Honolulu; present condition expected prevail until Mar. In order effect early delivery, B–26s being shipped Honolulu via aircraft carrier for flight delivery from there to IC." (751G.5 MAP/12–1250)

PSA Files: Lot 54D190

Memorandum by the Deputy Under Secretary for Political Affairs (Matthews) to the Secretary of State

SECRET [WASHINGTON,] October 19, 1950.

Representatives of FE, EUR, S/P, as well as Ambassadors Jessup and Bruce have agreed that the military situation in Indochina is so grave as to require the very highest priority treatment by the United States Government.

It was the consensus of those identified above that you be asked to meet with General Marshall (you should have present the Secretaries of the Army, Navy and Air) to urge him to dispatch to Indochina by air, if possible, all those items in the Melby–Erskine recommendations which can be made available from the Korean Theater.[1] We were par-

[1] A memorandum by the Secretary of State to Matthews, October 20, indicates that Acheson discussed the matter briefly with General Marshall before that day's Cabinet meeting. The Secretary of Defense had stated that he had already instructed the military establishment to review the question of the 15 bombers in an effort to get them to Indochina. He was also attempting to expedite the shipment of other requested material. (*Acheson Papers*, Harry S. Truman Library)

ticularly concerned that planes (the fifteen B–26 bombers) be flown from the Korean Theater instead of being awaited from the U.S.-Korean pipeline as was [*we?*] notified the French on Friday.[2] We have no objection to American pilots flying these planes to Indochina.

The group also agreed that we should sustain and if possible increase our pressure upon both Bao Dai and the French to accelerate the formation, equipment and dispatch to the front of national army contingents. FE has already dispatched the necessary telegram to Bao Dai;[3] Ambassador Bruce will do the necessary with the French Government.

[2] October 13.
[3] Reference is to telegram 384 to Saigon, October 18, p. 898.

751G.00/10–1950

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant) to the Assistant Secretary (Rusk)

TOP SECRET [WASHINGTON,] October 19, 1950.

Summarizing the meetings yesterday on French Indochina:[1]

(1) The military situation is extremely serious and there is no assurance that the French can hold Tonkin.

(2) An appeal to the UN by Vietnam and/or the French in our view would inevitably result in improvement to the position of Ho Chi-minh. Virtually no Asian support would rally behind Bao Dai and the French. To date the French have given no indication of intending to place a charge of aggression against the Chinese Communists or to seek UN mediation. When informally queried as to our views, we have in effect told them that the decision is one for the French to make but we have pointed out some of the problems which would be created.

(3) Greatly increased U.S. military assistance in matériel has been promised the French. Existing programs have the highest priority (Ohly was to check yesterday with General Lemnitzer to see if there was anything further we could do to expedite the B–26's from the Korean pipeline).

(4) Given the existing circumstances, the time factor and our operating assumption that under foreseeable circumstances the U.S. will not directly intervene militarily in Indochina and in the absence of rabbits, we will pursue the following course:

(*a*) Assure maximum speed on fulfillment of our military aid program (See No. 3 above).

[1] The meetings under reference presumably involved the individuals mentioned in the memorandum by Deputy Under Secretary Matthews to Secretary Acheson, *supra*.

(*b*) Hold Bao Dai's feet to the fire in order to extract from him the maximum effective native leadership (The stiff message of greeting to be delivered him in Saigon left yesterday). The purpose is to stimulate by this and every other means formation of the National Armies.

(*c*) Consideration with EUR and Ambassador Bruce the wisdom and consequences of telling the French that their essential choice in Indochina lies between pulling out and providing adequate military force to hold it (note the last half of this proposition would have to be checked with JCS for its bearing on NATO plans)

(*d*) Keep full steam behind the ECA program, recognizing however that its functioning is confined to a contracting area which is militarily secure.

(*e*) Ascertain whether the battalion destined for Korea (sailing date from France October 25) could and should be diverted to Indochina (letter for Mr. Matthews' signature to General Burns has been prepared to secure U.S. military views on this).[2]

(*f*) Intensify efforts to strengthen the second line of defense, specifically Thailand, Malaya (reverse FE position on grant aid?), Laos, Cambodia, the Philippines and Indonesia.[3]

(*g*) Keep before the French and the world public the fact that Indochina is and has been a French responsibility.

The military problem divides into matériel and men. We are supplying the former. The latter can come only from France, the US and National Armies. For obvious reasons best hope is to concentrate on formation of latter.

[Here follows a one-page outline of the points made in this memorandum.]

[2] Following United States-French discussions on this question, the battalion proceeded to Korea as planned. Documentation on this subject is found under file numbers 795B.5 and 357.AD.

[3] For documentation on United States aid to the Southeast Asian region, see pp. 1 ff.

751G.00/10–2350 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET SAIGON, October 23, 1950—10 p. m.

635. Reference Deptel 384, October 18. Presented credentials Sunday morning[1] at Dalat. In afternoon saw Bao Dai alone, delivering substance of message contained reftel. I had French translation of message with me to which I referred occasionally during conversation to mark that this was communication made under instructions my government.

I delivered message without essential change up through the 5th paragraph of reftel. I necessarily used different approach for the 6th and 7th paragraphs since Bao Dai, in replying my remarks accompany-

[1] October 22.

ing presentation credentials had stated "he had personally assigned himself the mission of taking into his hands the formation of Vietnamese National Army" and at the beginning of private conversation had informed me that he intended to proceed immediately Tonkin via Hue and would also make public appearance Saigon. He further stated he intended to personally take over reigns of government "with his collaborators" and expressed full understanding of necessity of greatest government activity during this grave menace confronting his country. Accordingly, I paraphrased 6th paragraph but saying that news of Bao Dai's intentions as above stated would be very reassuring to my government which considered such activity on part of himself and his government urgently necessary.

As regards paragraph 7, I inquired whether he intended to take up his residence in Saigon stating I had heard from Pignon the High Commissioner's Palace had been offered him. Bao Dai, in replying, said that in fact Letourneau and Pignon had called on him last summer but had only "vaguely mentioned" his taking over the Palace. He denied there was firm offer. I said I thought his establishing himself in Saigon would have an excellent effect both within his country and abroad and intimated that he might now take up the matter again with the French. Bao Dai demurred that he should take any initiative. It was up to the French freely to offer him the Palace and the Vietnamese Government would then take upon itself the provision of proper substitute residence for the High Commissioner. In any case, Bao Dai said the effect of such a move now would not be great; it was four years too late. I expressed the opinion it was not too late.

I did not in view of Bao Dai's assurances as above reported consider advisable to warn him as directed in paragraph 7 of reftel that procrastination in facing realities or prolonged periods of seclusion would raise question of wisdom of continuing support Vietnamese Government which proved itself incapable exercise autonomy acquired. Please instruct whether Department wished me to issue this warning on occasion of next interview.

Bao Dai insisted that he had no feeling against the French and that he saw advantages for Vietnam to remain within the French Union. The French, however, must allow him to form National Army, must give him the means to accomplish this mission and they must make it possible for him to rule. The delay in formation of the National Army was due to French fears that a Vietnamese force would turn against them. If the Vietnamese Army were formed and commanded by himself, Bao Dai, there was no danger for the French. The French have wanted to maintain direct command and put French officers and non-coms in the new Vietnamese battalions. That simply would not work. The French were quite right in entertaining doubts as to the loyalty of such battalions as were now under French command. At the

time the Japs struck on March 9, 1945 French commander [*commanded*] Vietnamese troops had outnumbered the Japanese but certain units refused to obey orders of their French officers to resist the Japanese.[2] That was understandable. If they had been Bao Dai's troops and Vietnamese commanded, they would have resisted. French had agreed in the accords of March 8 to form Vietnamese Army but there was always great difference between agreements in principle and their execution due to French distrust and the influence of the old Colonial functionaries. Of course, the French would have to train the new troops and he had selected French officers to command during the period of training but these officers must be responsible directly to him and not to the French High Command. He saw the status of Vietnamese Army under his command as somewhat similar to that of American forces in World War I which had their own commanders but were under the High Command of Marshal Foch. I inquired when he would have definite plan for formation of the National Army, he replied it would be ready within a month. I replied I hoped the main lines of Vietnamese Army project would be ready before that date since time was of the essence in this grave situation in which our aid had been solicited. He replied that the army plan must be solid and realistic one that would stand up. In addition there were many local complications such he intimated as the presence of the armed religious groups, Catholic, Cao Daists, Hoa Haos, etc. (In the morning he said that during his trip to Rome he had told the Pope that Vietnamese Catholics were indulging too much in politics instead of confining themselves to religious activities. The Pope showed great understanding of threat to Vietnam and had explained that he planned to give Vatican recognition to Vietnam but by "étapes". Bao Dai did not elaborate on the "étapes".) Bao Dai said he had no illusions that modern complete Vietnamese Army could be set up within six months or year. Returning to the question of the failure of French to implement their agreements, he cited the case of the officers school in Dalat. The French had not furnished the requisite equipment and had delayed furnishing the proper instructors. Terminated this chapter of his remarks by approving the recent interview given by Huu to the journal *De L'Extreme Orient* (Legtel 592, October 18).[3]

He then qualified his undertaking to visit the North and make public appearances by saying that he would have to hear what Letour-

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[2] On March 9, 1945, Japanese occupation forces disarmed French troops in Indochina and evicted the French administration. For documentation on this event, see *Foreign Relations*, 1945, vol. VI, pp. 293 ff.

[3] Not printed.

neau and General Juin[4] had decided before going to Hanoi. He assumed, however, they would call on him but he had, as yet, no request for an audience. He said that Letourneau and Juin must not make unilateral decision to abandon any part of the country. The Vietnamese Government [would?] never abandon Tonkin and it would find forces to protect it against Ho Chi Minh. I remarked that I understood it was not question of abandoning Tonkin but merely certain frontier posts which because of their isolation, the lack of communications and sufficient troops to support them represented danger to French-Vietnamese military operations in the North. Bao Dai said he could understand that but his point was that no decision of this kind should be made without consulting him.

Our talk was most friendly one and Bao Dai expressed himself with every appearance of sincerity of his appreciation of American help and intentions. In view of his declaration of intention to take over the government and make public appearance in the country, I was extremely careful and tactful in referring to the bad impression his prolonged absence abroad created. He was, however, quite aware of the implied criticism and at the end of the interview said that, while he could understand his action was not understood abroad, the reasons for his actions were perfectly understood and approved of by Vietnamese people. I saw nothing to be gained on this occasion arguing this statement. Very probably his advisors have given him that idea and he believes it because he wants to believe it. I personally think his prolonged absence was not understood by the Vietnamese people and that it has done harm to his prestige. Bao Dai expressed the desire to have fairly frequent, private talks with me in the future.

Sent Department 635, repeated info Paris 306.

HEATH

[4] In telegram 429 from Saigon, October 12, Heath reported receiving confirmation from High Commissioner Pignon that Minister of Associated States Letourneau would arrive for a 10-day inspection tour on October 16. He would be accompanied by Gen. Alphonse Juin, Resident General in French Morocco and former Chief of the French General Staff. (751G.00/10–1250)

Editorial Note

Discussion of the Indochina situation occurred during United States–United Kingdom political-military conversations in Washington during October 1950. The approved summary of conclusions and agreements reached at a meeting of the United States and British Chiefs of Staff, October 23, read in Item 3 as follows: "It was further agreed that General Harding (British) [General Sir John Harding, Commander in Chief of the British Far East Land Forces] and General Brink (U.S.) should be directed to confer with General Juin

(Fr) in order to make a fact-finding report in regard to whether or not the situation in Indo-China is reparable." The full text of the summary is scheduled for publication in volume III.

The question of Indochina also arose during a political-military session of October 26 attended by General Omar N. Bradley, Chairman of the Joint Chiefs of Staff; Philip C. Jessup, Ambassador at Large; Sir Oliver Franks, British Ambassador to the United States; Marshal of the Royal Air Force the Lord Tedder; and others. The United States Delegation minutes of that meeting are also scheduled for publication in volume III.

751G.5/10–2450 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

[Extract]

TOP SECRET SAIGON, October 24, 1950—6 p. m.

657. *Section I.* Letourneau, Juin, Pignon, Carpentier held two-hour conference this morning with me, Blum, Brink and Gullion. Letourneau opened meeting expressing gratitude to US for its help and for the interest and assurances given by Secretary Marshall and Department of State in past month. Résumé of his impression of situation in Indochina as follows:

1. Military: No longer question of guerrilla war. Viet Minh was new army with advantage of proximity to unassailable bases behind Chinese frontier and access to materials freely supplied by China.

In circumstances French by themselves could not meet their obligations both in IC and in Western Europe within the framework of the North Atlantic defense pact.

French asked from US material and moral aid to meet the new military threat. They needed military equipment immediately particularly in airplanes and artillery. US could be of assistance also in increasing the number of men under arms in IC which meant particularly the establishment of Vietnamese national army. He, Juin, Pignon and Carpentier all stated positively that no reinforcements could be expected from French at this time, even though Viet force could not be created in time to meet immediate threat its creation was vital for long term result of campaign. Difficulties with respect to establishment Viet force were in recruitment, organization of cadres and in financing. Letourneau claimed adequate number of men could be recruited but conscription impracticable because many Viets now fleeing from VM territory as result VM "national mobilization". Thus impolitic for Viets and French to declare conscription in non-VM territory.

With respect to formation cadres, French were willing to take risks to obtain soonest an armature for army but the "Viets bourgeoisie were not ready to furnish the necessary effort". He cited difficulties in persuading Viet doctors to join national forces.

Most difficult problem was financing. French saw no possibility resolving it with means available to them and Viets. Letourneau indicated his mission would recommend considerably greater increase in

number of Viets battalions than the extra 18 previously seen for the next year (Legtel 475 October 4).[1] Cost of subsistence, pay of Viet forces for 1951 was estimated at 37 billion francs of which Viets could offer no substantial amount. Moreover, Viets not prepared to furnish even what one might expect of them. (Letourneau digressed to point out that Viets could hardly talk of independence, nor of Viet army as vessel of that independence, so long as they dependent on another country for existence this army.)

In Washington discussions, Departments State and Defense had indicated that despite absence provision of US laws permitting furnishing direct financing foreign troops, nevertheless effort was being made find some formula. Whoever financed Viet army should realize lack of probity and efficient controls in Viet Government created special difficulties.

2. Political. Letourneau made bitter references to Huu interview (Legtel 626 October 22).[2] Letourneau–Juin mission returned from Tonkin where saw remnant shattered French battalions. In these circumstances Huu interview "indecent" and calculated undermine morale of French troops.

French had no intention whatsoever hold back Viet independence. Concerned only lest morale of their forces in IC be shattered and lives sacrificed. World could be sure that when war was over independence for Vietnam would be total. In interim stage French had two concerns: (*a*) that their expeditionary forces not be jeopardized; (*b*) that Viets realize their financial dependence on France as members of franc zone and be guided accordingly. Beyond these two points, France had no other conditions to pose with respect to Vietnam's independence. US moral aid, Letourneau strongly indicated, consisted in backing French policies with Viets, bringing them down to brass tacks with reference their dependence French finances and French power to protect them from Communist imperialism.

Letourneau strongly expressed intention recommend to French Government withdrawal of expeditionary force if Viets or others continued misunderstand French motives in IC and to attribute "idées perverses" to French. French had no interests here which were not shared by western world and certainly no financial or other interests which would keep them in IC forever. If French were to continue bear this burden alone without material assistance or without Viet appreciation of what France was doing, he would have no hesitancy in recommending to French Government that French troops be withdrawn to bases and prepared to embark for France.

Section II. Following were remarks of General Juin briefing yesterday: (reference section I).

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[1] In telegram 475 from Saigon, October 4, not printed, Heath reported a briefing which he, Melby, and General Erskine had received on September 30 from Pignon, General Carpentier, and their assistants. Melby and Erskine were in Saigon on a short return visit. The mission departed for Manila on October 1 and subsequently stopped in Paris en route to the United States.

[2] Telegram 626 from Saigon, October 22, is not printed. Reference is to the Premier's interview with correspondent Tillman Durdin which appeared in the *New York Times* on October 21. To Huu was attributed the comment that the March 8 agreements limited Vietnamese sovereignty and should be replaced by a treaty based on French-Vietnamese equality. (Telegram 407 to Saigon, October 21, 751G.00/10–2150)

Present moment turning point in campaign IC. VM could supply all its military if not its subsistence needs in China. French troops in Tonkin found themselves in "state of inferiority".

As classically the case, battle for Indochina must be fought in Tonkin. Now battle for southeast Asia must be fought in Tonkin. His main strategy would therefore be effort in Tonkin.

Following reverses in the mountainous region, French dispositions had been brought back to cover delta but—Juin insisted with fervor—French did not plan merely to hold delta but go over to offensive soonest possible moment.

French Union forces had mission of defending frontier. Accordingly positions taken up along RC Number 4. Position now radically changed by factor Chinese aid. With present equipment and effectives only about one-tenth of Franco-Vietnamese forces in Indochina could be actively brought to bear against Viet Minh forces in Tonkin. Combat effectives must therefore be radically increased, especially if rear deteriorated.

Juin believed solution like that found by US in Korea must be reached. Vietnamese national army must be raised as soon as possible, although the force would have to be brought into being progressively as areas were pacified and troops were trained. To degree areas were taken over by Viet forces, French Union forces would be released for operational reserve.

What French expeditionary forces needed was "a powerful machine", specifically, aviation (including two squadrons light bombers promised by US); landing craft, and, in lesser but important category, napalm.

French did not need "US divisions for the moment". Given troops and task, this was campaign French knew how to fight. "No country in the world could have done what France has done in maintaining 150,000 men for five years at the end of the world". This effort has made it impossible for France to assume all missions which ought to fall to it in framework of European defense.

Section III. Following is report on discussion period following remarks of Letourneau–Juin:

(1) Political evaluations: In response to my question as whether Letourneau mission or French Government had under consideration any modification accords or further political concessions or declaration of intent to do so, Letourneau replied he would have been glad to seize on something like conclusion of Pau conference to give general statement French intentions. Difficulty in making statement was that Viets looked on such statements as weakness and would bargain for further concessions. However, he found it very difficult to get statement from Viets about what further concessions they really desire.

There did not appear to be team in Vietnam capable of taking over real duties of government if cut loose completely from France. As instance liberal French intentions he pointed out that French had already gone beyond provisions of March 8 accords in widening frame-

work of diplomatic representation allowed Viets but that Viets so far had failed to provide men for posts open to them.

[Here follows discussion of the Vietnamese internal political situation, the national army, French military advisers, defensive prospects, the position of China, the role of the United Nations, possible tripartite strategic conversations, and possible French personnel changes.]

Sent Department 657, repeated info Paris 319.

HEATH

751G.00/10–2050 : Telegram

The Secretary of State to the Consulate at Hanoi

SECRET WASHINGTON, October 24, 1950—8 p. m.

75. Re Saigon's 604, Oct 20 to Dept.[1] Under no circumstances remain Hanoi in event Viet Minh occupation. You will evacuate when Fr officials, army and Govt of Vietnam leave or even sooner if you decide circumstances warrant. Assumed you will alert Amer cits to depart on or before date you evacuate. Dept agrees fully with Min Heath that no useful purpose wld be served in remaining while on other hand your usefulness to Viet Minh as hostage might be considerable.

Dept surprised Brit Con decision remain. Is this his own decision or has it been taken with concurrence of or under instructions from FonOff? [2]

ACHESON

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[1] Telegram 604 from Saigon, October 20, read as follows:

"Blancké wires that in case Viet Minh take Hanoi British Consul plans to stay for moral effect on Vietnamese and in which case he feels he should also stay. I wired Blancké that my reaction was that if French officials and North Vietnam Government leave Hanoi he should accompany them. I would see no purpose in letting Viet Minh have an official hostage to mistreat and use for bargaining purposes." (751G.00/10–2050)

[2] In telegram 166 from Hanoi, October 27, Blancké reported that the remarks by the British Consul on staying were of a personal nature (751G.00/10–2750).

751G.5/10–2550 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, October 25, 1950—7 p. m.

436. In view both State and Defense immed polit and mil advantages sought in natl army plan must be found thru immed integration

into natl army commanded by Bao Dai of armed native contingents such as Caodists, Hoa Hao, Catholics, etc. Technical difficulties inherent in this effort well known but must somehow be overcome.

Caodists offer (Legtel 638)[1] development of highest importance in Depts opinion. We believe every possible effort shld be made by Leg, Emb Paris and Dept to get these men in the fight as part of the new natl army.

Discussions with Bishops Thuc and Chi and Ngo Dinh Diem during past month centered in large part around Depts expressed conviction that mil forces of Bishop must become part of natl army at once. Dept believes that these conversations will bear fruit and will advise developments soonest.

Technical conversations prelim to Moch–Petsche conferences Fr mil stated that seventy-six thousand suppletives cld be incorporated ultly into the natl armies. These they describe as three state forces including regulars and irregulars (see Deptel 307, Sep 27).[2]

Leg advise Dept and Paris of any steps believe practical to expand Caodists offer and incorporation suppletives natl armies.

ACHESON

[1] In telegram 638 from Saigon, October 23, not printed, Heath relayed reports of willingness on the part of the Cao Dai sect to contribute troops to the Vietnamese national army (751G.5/10–2350).

[2] Not printed.

751G.00/10–3050

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)

SECRET [WASHINGTON,] October 30, 1950.

Mr. Lacy began the conversation, in Mr. Rusk's absence, by expressing pleasure that Mr. Keskar[1] desired to continue conversations about Indochina commenced the previous week. Mr. Keskar emphasized that his Government considered that an understanding between the Indian and the United States Governments on the matter of Indochina was essential to the position of both Governments in Asia; that failure to do so would seriously damage the Government of India and seriously inconvenience the Government of the United States. Lacy agreed.

At Mr. Keskar's invitation Lacy undertook to describe the United States position in respect of Indochina, with particular emphasis on the following elements of the agreed Departmental position: (*a*) The United States wishes to make its fullest practical contribution to the development and maintenance in power of a strong autonomous

[1] B. V. Keskar, Deputy Foreign Minister of India.

anti-Communist state in Indochina, enjoying a decisive measure of popular support. (*b*) Such a state can be developed only if attempts on the part of world communism to subvert an independent nationalist Indochinese state are frustrated. (*c*) As a practical matter, Communist designs, military and political, on Indochina can be frustrated at the present time only with the assistance of the forces of the French Union. (The composition of the armies of the French Union was emphasized.) (*d*) To the end that Bao Dai, the Chief of the legally constituted Government of Vietnam, as well as the Kings of Laos and Cambodia be possessed of the most important attributes of sovereignty, (i.e. army) the United States is now supplying and will continue to supply military equipment to the Indochinese National Armies; that the French are agreeable to the formation and equipment of these armies and that Bao Dai is prepared to assume the command thereof. (*e*) That the extent and character of French concessions to the demands of Vietnam, Laos and Cambodia has been misunderstood, not only in Asia but in the United States. Lacy then adumbrated the powers already turned over to the autonomous states of Indochina including the French agreement not only to permit but to assist in the formation and equipment of the National Armies. The part to be played now and in the future in a National Army project by the various para-military groups also was discussed. (*f*) That Ho Chi Minh is a Communist whose activities are in phase with those of Peiping and in some serious but undetermined degree, the Kremlin. (*g*) That because of the Indochinese need for French assistance on a *voluntary* basis Indochina should remain within the French Union.

Mr. Keskar responded that he believed his Government would agree to the validity of all the above points except (*f*) in respect of which he said that he feared Ho Chi Minh was now a disciplined Communist but might have been otherwise had he received different treatment at the hands of the French in 1947. Lacy allowed this might be so but that the present and not the past is with us. Keskar then went on to make the following points: (*a*) That no Asian state including India, placed any trust in the bona fides of the French in Indochina or any place else in Asia. In this connection he emphatically mentioned the differences separating India and France in Pondicherry. (*b*) That the French should at once announce their ultimate intentions in Indochina including their intention to withdraw their armies when the threat of communism had been overcome, if indeed that was their intention. (*c*) That Asians would believe such a statement only if it received the imprimatur of the United States at the least, as well as India at the most. (*d*) That the Indian Government had been in contact secretly with representatives of Bao Dai who had more or less convinced Indian officials that Bao Dai was not the puppet but rather the prisoner of the French. (*e*) That the Indian Government would

most certainly be moved by Bao Dai's command of a national army; that it would doubtless be completely satisfied only if Bao Dai were in command of all the forces in Indochina, including those of the French Union. (Lacy said he thought this was impossible, Keskar goodnaturedly agreed.) (*f*) That Bao Dai's representatives in India, had several times mentioned the desirability of bringing the Indochina case to the United Nations. (*g*) That India would be happiest if the French army would withdraw immediately from Indochina to be replaced by the United States military [Lacy pointed out emphatically that the United States was not concerned to increase its military commitments in Asia or any place else and that it wished to avoid any appearance of imperialism. Lacy then asked Keskar if the Indians would be prepared to dispatch military contingents to assume the burden now borne by the forces of the French Union. Keskar seemed to make affirmative murmers].[2]

Keskar at this point said that his Government was concerned lest the United States, in its praiseworthy struggle against communism, would make the mistake of believing that the French could constitute a permanent bulwark against Communists in Indochina. Lacy assured him that United States Government fully realized that the responsibility for guarding Indochina against communism lay in the final analysis with the Indochinese people as our interest in the National Armies and the faithful execution of the March 8 Agreements attested.

After further discussion of the areas of agreement and disagreement apparent in the foregoing Keskar re-emphasized his view that the formation of National Armies and a public statement on the part of the French of their ultimate intentions in Indochina were the most important developments to the Indian Government. Keskar asked if the United States was not "putting the screws" on the French to achieve these objectives. Lacy replied that the United States did not "put the screws" on its allies as he hoped the Indian Government would appreciate, but that we had made our views clear to the French Government as well as to Bao Dai. When Keskar asked if military assistance to the forces of the French Union was not conditioned on French performance in respect of these two points, Lacy replied that it had been understood between the United States and the French Governments that the equipment of the national armies would be achieved out of the military assistance the United States extended to Indochina, that this assistance would be extended both directly and indirectly.

It was noteworthy that Keskar complained again and again of the French performance in Pondicherry.

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[2] Brackets appear in the source text.

It was agreed that after a final conversation with Mr. Rusk on Monday [3] of next week Mr. Keskar would take these views to Nehru. Lacy, on his part, agreed to supply Ambassador Henderson with documentation which would enable him to participate in the discussions at Keskar's invitation.[4]

[3] November 6.
[4] This memorandum of conversation was transmitted to New Delhi in telegram 664, November 2 (751G.00/11–250).

751G.00/10–2350 : Telegram

The Secretary of State to the Legation at Saigon

SECRET WASHINGTON, October 30, 1950—4 p. m.

462. Reurtel 635 Oct 23. In including Para 7 in msg to be delivered to Bao Dai (Depts 384 Oct 18) Dept did not seek to accentuate the point that he move his residence from Dalat to Saigon altho such a move wld be welcome. Primarily, we wish to impress on Bao Dai our urgent hope that he will see fit to abandon his aloof attitude toward Vietnamese governmental affairs in favor of a more active participation in day to day problems. A change of residence to Saigon wld be a step forward but of little consequence unless, concurrently, the Chief of State discarded his present system of dealing with matters of state only after prolonged delay, from afar, and through the intermediary of a palace clique. We wld seek to have Bao Dai devote himself to more productive efforts in dealing with the multitudinous problems now facing Vietnam and use the influence which only he can command with his compatriots toward constructive ends.

Moreover, it was the Depts purpose in Para 7 of msg to give Bao Dai first official implication that US Govt does not regard him as indispensible to contd existence and growth in stability of legal Govt of Vietnam. It is not inconceivable that if Bao Dai's ineffectiveness continues another non commie Viet Nationalist leader might seek to replace him as Chief of State and that the Dept might view such a development as not obstructing the objectives we now seek in carrying out the present policy of furnishing econ and mil aid to Vietnam.

It is therefore urged that you deliver the contents of Para 7 during the course of ur next interview with Bao Dai placing less emphasis on the ques of residence in Saigon and more on other aspects. The Dept shld not like to think that Bao Dai uses the controversial ques of the palace in Saigon as an excuse to stay in Dalat where he can remain aloof from tiresome problems and pursue his pleasures without being in the public eye.

We are encouraged by his statements concerning the formation of Natl army, his own intention to assume command and plans to visit

central and north Vietnam in the near future. Pls continue to push these points with him at every opportunity.

ACHESON

751G.00/11–150 : Telegram

The Minister in Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, November 1, 1950—7 p. m.

734. The present political-military situation in Vietnam is not happy one but it is far from hopeless. There are several things we can do and there are measures that we may be able to persuade French and Vietnamese to institute which, if implemented urgently and with determination, might solve situation of stalemate fairly rapidly. When I say "solve" I do not mean that improved and increased French and Vietnamese troops could hope to destroy Viet Minh forces in northern Vietnam during the six months' dry season now beginning. Better generaled, immediately reinforced and equipped, and supported by effective Vietnamese Government action, however, the French forces conceivably might during this period be able to retake offensive and drive the Viet Minh back across border into China and/or into mountainous rather sterile northern tip of Tonkin. If and when that situation were reached it would be up to China, if she is the law-abiding member of the international community she pretends to be, to disarm refugee Viet Minh troops and prevent their re-crossing the border as military units. The above highly conditioned optimistic appreciation is, of course, based on assumption that China will not provide Viet Minh with sizeable air and tank force or will not herself actively emerge into open war with Vietnam.

The first thing we, ourselves must do is speed to the utmost delivery of essential armaments so urgently needed by French Union forces (see list Legtel 566, October 16).[1] Deptel 446, October 26 and elaboration provided Army G–4/D–3 unnumbered telegram October 26 to Chief MAAG [2] are most appreciated here. General Brink takes calmer and somewhat more hopeful view of ability of the French to hold onto Tonkin than American Consul Hanoi and our military attachés but even he describes situation as "critical" and its "solution" in sense indicated above as dependent upon arrival American equipment within next two months and proper support by a real Vietnamese Army and an energized Vietnamese Government. Brink's estimate of military situation for defense should go forward shortly.

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[1] Telegram 566, not printed, contained lists of materials urgently needed by the French. The lists were prepared by the United States Military Assistance Advisory Group in Saigon after consultation with French officials. (751G.5 MAP/10–1650)

[2] Neither printed.

We cannot overstate critical importance of next sixty days in Indochina. Stakes at issue here are such that we believe most liberal calculation of risk by CINCFE in its urgent shipment priority arms from FECom stocks is thoroughly justified.

Even if threat of the "newer and better" Viet Minh forces based in China were less grave than it is there would be extreme urgency in giving French forces the aviation and other equipment which they so sorely need. One of prime components of the resolution of this political and military stalemate, or worse, is an early victory of some proportions of French arms.

On the military side there are certain measures French should take without any delay. First of all it would seem that for the one part of the Union where war is actually in progress French should be able to scrape up reinforcements at least to the amount of a division without derogation to their duties under NATO. After six months the number of French troops in Indochina might possibly be reduced to their present strength. By that time proposed new Vietnamese battalions should be able to take to the field at least in quiet or "pacification" sectors releasing for active service French troops now engaged in occupation and "pacification" activities. Surely French can draw some troops from quiet sectors of their empire for temporary reinforcement in Indochina. Except for transportation costs, it should not even involve much added expense for French military budget.

If it is not practical for French to replace General Carpentier by brilliant and determined commander, at least he should be given more freedom on action than he apparently is allowed by Defense Ministry now. By same token, if he is not going to take personal command in north he must allow greater autonomy to General Alessandri or whoever commands in the north. One of the difficulties here is that war in the north is directed from Saigon, one thousand miles to the south. Furthermore, Alessandri has no regional coordinated naval and air forces under his direct command. His tactical use of these arms must normally await in each instance the OK of their separate command in Saigon. It seems obvious also that if Alessandri is to continue commanding Tonkin he should be relieved at once of his duties as Commissioner of the Republic. He has full-time job with his army.

There is no doubt that French will sooner or later and rather sooner than later have to proceed to some revision of March 8 agreements. I do not believe they need to do so at this precise moment and find some merit in Letourneau's statement (see Legtel 657, October 25 [*24*])[3] that to announce such revision under present circumstances would be taken by Vietnamese as sign of weakness and opportunity

[3] For extract, see p. 906.

for further anti-French statements and demands for new concessions. I still believe the Norodom Palace should be turned over to Bao Dai at earliest moment but I would not, in view of present worsened feelings between the Vietnamese Government and the French, urge that concession precise moment. The move might well wait few weeks to see whether Bao Dai is really making good on his promises to give personal direction to creation of Vietnamese National Army and actively to take up reins of state.

There are, however, certain concessions which French should make now. They should, for example, immediately sponsor Vietnamese (and Cambodian and Laotian) membership in the UN. I believe also they should promptly make best accommodation they can at Pau even at the sacrifice of initial position or with offense to French logic.

With an adequate conclusion at Pau and with proper inauguration National Army we would have reached point where public statement of intention by French along lines suggested Deptel 460, October 28 [4] would be most opportune and influential. Accordingly, we would suggest statement be made at Paris in about two weeks. Its further present timeliness indicated by New Delhi conversations and stirrings of Asian consciousness re Indochina (Rangoon telegram 266, October 25 and New Delhi telegram 1022, October 29) [5] prompted by Korean and Tibetan occurrences. In our view, declaration would need contain little more than reference paragraph plus appropriate exhortation to vigorous common effort. We would prefer to have as spokesman M. Auriol who represents both French and French Union, is above party position, and whose personal participation would add utmost generosity to this declaration of policy.

With these concessions to Vietnamese nationalism Letourneau should also order High Commissariat and the Army carefully to adopt an attitude of superiority and authority in favor of an all-out effort to cultivate the Vietnamese Government and the Vietnamese people and to foster legitimate Vietnamese pride and aspirations. Officially French behavior toward the Vietnamese is correct and in many personal instances even cordial. Pignon is not disliked by Vietnamese and he enjoys considerable respect. The general attitude of staff of the High Commissariat, which is much larger than it was pre-war, is not up to Pignon's personal standard and he apparently has done nothing effective to insist on more cordial approach. The cordial approach in individual, official and social dealings with Vietnamese must be backed up by a really good publicity organization and drive emphasizing French affection for the Vietnamese, and their determination that Vietnam's independence shall be complete (within the framework of the French Union) when the present Russia–China supported civil

[4] Not printed.
[5] Neither printed.

war is ended. The French propaganda system here is very definitely deficient. Pignon, Dugardier and other intelligent officials admit it, but have done nothing to improve it.

While on this chapter, French should be told in Washington and Paris and by me here that they must do something to improve their handling of foreign correspondents. Because of desire to prevent or delay an occasional article critical of French policy or revelatory of French military operations, the French local censorship is well on the way towards producing an hostile foreign press.

At an early date following implementation of this program by French and accompanying French improved public relations efforts in Indochina and abroad, we should indicate our willingness to make public statement at level of press or Secretary of our intention to see the Indochinese war of Communist aggression through and a declaration of American policy in behalf of true Indochinese independence and Far Eastern stability.

Persuasion of the French to take any action can only be accomplished effectively in Washington and Paris. But part and parcel of a better French performance here is agreement to set up the consultative arrangements between Legation and MAAG recommended in Legtel 703, October 28.[6]

But even highly improved French political and military performance here (and accelerated aid from us) will not solve this situation. Equally fundamental is problem of finding means of continually and effectively stimulating Bao Dai and the Vietnamese Government to the activities recommended in Deptel 384, October 18. This in the end is the central problem and the one element the US cannot supply, namely, the will and the capacity of the native government to govern.

Department pass Tokyo, sent Department 734, repeated info Paris 353, Tokyo 22.

HEATH

[6] Not printed.

751G.00/11–350 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, November 3, 1950—1 p. m.

2436. Deptel 2257, October 28 (sent Saigon 460).[1] With reference French intentions re Vietnam independence as set forth by Letourneau, Juin, Pignon and Carpentier reported in Saigon telegram 657, October 25 to Department (repeated Paris 319),[2] Embassy does not believe French Government would consider it wise make public state-

[1] Not printed.
[2] For extract, see p. 906.

ment along these lines at this time, nor does Embassy believe US Government should take steps encourage them to do so. Various suggestions have frequently been made, for example by Melby mission, that French establish timetable for Vietnam independence and make public statement to that effect. British Government, as reported London telegram 2138, October 12 (repeated Paris 610, Saigon 8),[3] appears to take same view that ultimate aim must be full independence Associated States and also considers desirable French Government issue formal statement re Vietnam independence under fixed timetable. It is possible that this would be helpful in persuading Nehru and other non-Communist Asiatics of sincerity French aims. On the other hand, consideration must be given to oft-expressed concern of the French Government re morale its troops IC and French public reaction in face expenditure French lives and money solely to insure Vietnam independence and French withdrawal.

Although French have on several occasions made clear their unwillingness to make "evolutionary statement", it is possible that given present weakness of French military position and possibility of further reverses, coupled with increased need for outside assistance, French could now be persuaded to make such evolutionary statement provided it did not include promise eventual independence and did not have immediate adverse effect on French ability meet present situation IC. If such a statement were made at this time, it would, of course, being made from "weakness" rather than "strength," be far less beneficial than might have been the case at the time of French ratification of the March 8 accords. In order, however, to leave no stone unturned, Embassy believes such an effort should be made to persuade the French Government to consider advantages of making a statement re evolutionary character March 8 accords. Statement might refer to French concern over misunderstanding and misinterpretation proceeding Pau conference and might point out that French Government has been concerned to insure rights three Associated States within French Union and appropriate transfer authority necessary in internal matters Associated States in accordance March 8 accords and within framework French Union. French might further refer to French efforts and intentions re creation national armies for three Associated States and French readiness to proceed with formation such armies with all possible speed. It might also point out evolutionary character March 8 accords and French intention proceed grant full autonomy within French Union to Associated States by progressive steps and should make clear steps already taken by French Government which go beyond March 8 accords. It might further emphasize French desire deal on basis full equality within French Union with three Associated States as well as French desire have Associated States exchange

[3] Not printed.

diplomatic representatives with those nations which have accorded recognition and French willingness to support Associated States membership in UN.

It is believed that simultaneous approaches re this matter should be made by Department to French Ambassador to Washington and by me to Schuman in order that French Government may realize our serious concern and interest. Embassy believes matter of timing of importance since it would obviously be unwise make such statement coincidental with French withdrawals or further military reverses. It would seem desirable to make such statement at time important French military success or some change in high French military or civil command in IC, if such change is actually to be made. Or, timing might be connected with some stage of formation Vietnam National Army which would serve to give added emphasis to French statement. Consideration might also be given to possibility of having the Associated States make some statement simultaneously which would have effect of showing they realized that struggle against Viet Minh was their struggle and that joint effort with French necessary to realization their nationalist aspirations in face of threat to Associated States from outside. This could be worked out in discussion of matter with French Government. It is further suggested that matter first be discussed with British Government with view to having British make parallel approach to French Government along same lines. In making approach we should draw attention to harm done by prolonged stay France during Pau conference Bao Dai, Prime Minister Huu and other ranking Vietnam officials and should point out desirability of taking some political action which might have some dramatic effect and might influence fence-sitting elements in IC to throw their support to Bao Dai Government. It could be pointed out that French should as minimum, in light Letourneau–Juin statement re French intentions as reported Saigon telegram 657, October 25 [*24*] to Department, be willing make statement re evolutionary character relations between France and Associated States. We should emphasize that our interest lies in strengthening IC against Communist aggression, for which US is contributing both economic and military aid, and that we are suggesting French Government take action which in long run will in our opinion be designed not to weaken but to strengthen position both of French and of Associated States. We should refer to our previous suggestions along these lines and the further deterioration of situation and thus present increased desirability of steps which carry with them the possibility of improving political atmosphere, which is vital to overall improvement in IC.

Department pass Saigon; sent Department 2436, repeated Saigon 163.

BRUCE

751.022/11–1150 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET NIACT WASHINGTON, November 11, 1950—7 p. m.

2558. Dept has followed developments concerning suggestion that UK Amb Paris inform Fr Govt that "they make formal statement of intention release control Indochina without, however, mentioning time limit" with interest (London's tel 2234, Oct 18).[2]

We had agreed fully with reasoning behind Harveys request that he use discretion as to timing approach to Schuman and that it be delayed at least until end Pau Conference. As matter has and will, undoubtedly, continue to be discussed with Fr by Malcolm McDonald Dept now considering suggestion to Brit Govt that their *démarche* to Fr through McDonald or Harvey be coordinated not joined with similar one on our part. Do not believe joint *démarche* advisable as traditional Fr suspicion UK FE might lead them resent Brit action. Joining Brit might thus reduce effectiveness our approach.

In forming approach to Fr we do not wish to overlook consideration that morale of troops fighting in Indochina is of prime importance and that, therefore, Fr Govt should not be urged to make any statement concerning further relinquishment Fr controls except under most favorable conditions. Dept would include among factors which might constitute "favorable conditions" (re: Embtel 2436, Nov 3): (1) demonstration renewed Fr mil potential in form absence further deterioration, (2) visible proof of formation National Armies beyond present paper steps which are excellent beginning, (3) further evidence Bao Dai's intention and ability assume active leadership his govt, still waited.

Moreover, Dept agrees that considerations morale troops Indochina and public opinion Fr in face expenditures lives and money will make it necessary that statement be not so extreme as to remove whatever stake for Fr in Indochina is sufficient to assure their continued acceptance of "primary responsibility" to extent of proceeding with present program. Dept eager in this matter, as in others relating to Indochina, to strengthen ties Fr Union and maximize protection Fr economic interests Indochina.

Nevertheless Dept is increasingly of conviction that further evolutionary statement is required to consolidate gains which development National Armies, support Franco-Vietnamese mil potential and enhancement Bao Dai Govt's authority either as result decisions Pau Conference or, possibly, as we hope, through his own revitalization. We are also obviously concerned to see that every means to increase effectiveness of use our own considerable financial and military aid

[1] Repeated to London as telegram 2475 and to Saigon as telegram 555.
[2] Not printed.

be brought to bear. This would include as a minimum, official declaration by Fr at highest level (Auriol or Schuman) on present and future intentions regarding Indochina, as they have been stated to us by various high officials including Schuman, Moch and Letourneau, on several recent occasions.

Points outlined in Embtel 2436, Nov 3, Para two, are those which we consider should be included. Without attempting suggest actual form we would view something along lines of Letourneau's statements at Saigon press conference (Saigon 657, Oct 24) and Embassys suggestions in reftel as basic text to build on.

Todays Paris press despatches report McDonald will continue discussions re Indochina with Fr officials during coming week. We would welcome invitation Emb officer participate but as approach shld not be joint realize this might be impossible. Emb shld continue exchange views with McDonald and Fr separately, informing former of our thoughts on concurrent Anglo-U.S. approach to Fr and latter of our agreement with Brit views as expressed to Bruce by McDonald.

London note and, after consultation Paris, inform ForOff our views and general concurrence theirs as expressed McDonald; sound out possibilities similar approach Fr.

ACHESON

607.1151/11–1150 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

TOP SECRET SAIGON, November 15, 1950—10 p. m.

869. Liaison in strict military aspects between this mission and French authorities has considerably improved in recent weeks as regards frankness and promptness of communication. I am most appreciative Department's instruction to Paris (Deptel 2561, November 12)[1] because with tradition French secretiveness and exclusiveness, present relatively satisfactory liaison in military matters may not otherwise improve to the degree which we consider necessary.

Greatest defect situation here at present time is uncertainty liaison on political matters which immediately affects military situation. Pignon, despite complete frankness and openness with which I have dealt with him re our own relationship and discussions with Bao Dai and Vietnam Government, is candid, and informative only intermittently and occasionally and then only in response to specific questions. In absence specific instructions from Paris, he gives every indication maintaining his reserve.

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[1] In telegram 2561 to Paris, November 12, not printed, the Department instructed the Embassy to request the French Government to inform French military authorities in Saigon of the need for improved liaison (751G.00/10–3050).

Although hypothesis of Legation's earlier recommendations for consultative relationship, namely US consideration direct financing Vietnam army not now at issue, US involvement and investment directly and indirectly in IC is increasing in the measure of whether or not IC will be held, and whether we like it or not, is causing us to be associated public aspects success or failure French policy IC. By even Western European comparison US role in IC is not negligible. Yet nowhere else in world have we been willing to spend the sums and make effort now required IC without substantial and continuing opportunities to influence directions and course of national enterprises we are supplementing. In Europe where forms of relationship and liaison have long been established an ECA formula far different from that of STEM in IC was devised to contribute constant subtle and effective influence on investment, fiscal and production fields. For new Western armies, NATO and its sub-committees provide means of influencing both their development and their employment.

Here in IC although we have pressed for acknowledgement by French of facts of post-1949 FE situation French have not responded with that full and prompt cooperation which would permit timely effective arrival of American aid. While they may do so in time, urgency threat to IC hardly allows us to await process of nature. Neither we nor Embassy Paris know with any precision course of discussions on foreign trade, exchange controls or investment policy under negotiation between French and Associated States at Pau. Neither we nor Embassy Paris know with any certainty current French plans for Tonkin operations or defense of Western IC approaches through Laos and Cambodia. Nor have French been as yet fully forthcoming re actual lines their national army project. Additionally at point is fact that information French have given us at highest IC levels has occasionally been at variance with facts as they subsequently became known to us. These circumstances have added unnecessarily to problems we face in backing French Union formula. Nor can we claim that present French management has been attended by dramatic political or military success. Not only must many elements in French administration of their policy here be changed but French have not even succeeded in deriving benefits they should have received from their many real concessions to legitimate Viets nationalism.

I believe therefore that Deptel 2561 to Paris should be amended include US insistence on better political liaison as well. We do not seek decision or veto in IC. There is middle ground between consultation involving full US responsibility and routine diplomatic contacts; it is this middle ground we are trying develop.

Paris will recall we have to contend with traditionally far more exclusive attitude on part French in this ex-colony than we would

encounter in Metropolitan France. US opinion on IC affairs will of course be expressed directly French Government by Department and Paris Embassy, but US influence must be applied in IC where policy becomes administrative frequently changing in the process. With all respect only Legation Saigon can do this with guidance and advice Department and Paris.

In political field we would expect and believe Department expects us to be taken thoroughly into French confidence and to be able express US views on important decisions while they are still in project stage; we would expect to be represented as observers on intelligence and psychological warfare committees; we should maintain that close contact with higher French military staff which Legation has previously urged. Form of this collaboration is not as important as its substance, but to achieve this substance within time left, assistance of Department and Embassy Paris is needed.

If Department authorizes Paris Embassy make this amended request for improved liaison it should not be presented with criticism present or past defective liaison on part French authorities here. It is simply that new and critical situation has arisen here where frank, timely, even advance local liaison on military-political developments becomes essential. French policy combatting Communist aggression and assisting evolutionary advance Associated States to independence within French Union is our program and our policy as well. We heartily endorse high aims this policy although we differ as to timing and manner implementation and as to sanctity certain agreements and will certainly in future at least demur or comment on French subsidiary policy aims securing privileged or even monopolistic status for their economic interests in IC (i.e., secret aviation agreement between Pignon and Huu (see Legtel 870)).[2] The latter issue is not so much an immediate problem at this moment when IC finances, exchanges and trade are heavily subsidized by France. On the Legation side, the High Commissioner may expect be informed in advance our ECA program and in general of the tenor our relations with AS Government officials. We of course welcome his comments on our plans, operations and contacts.

With definite instruction from Paris to Pignon that new era has dawned, I believe we can work out locally very satisfactory liaison but there must be quite definite instructions issued to Pignon and General Carpentier.

Department pass Tokyo. Sent Department 869; repeated info Paris 426, London 18, Tokyo 23.

HEATH

[2] Not printed.

751.5 MAP/11–1750 : Telegram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, November 17, 1950—8 p. m.

2731. Tomap. Dept has recd from Fr Emb note [1] which again raises question of loan by US to Fr of aircraft carrier to be used IC operations for duration (such loan was included in Mar 31, 1950 list delivered Dept by Fr Emb,[2] was introduced into Aug 30 FonMin Council conversations,[3] was discussed at Pentagon Oct 10 during Lemnitzer–Vernoux [4] conversations, and was included conversations Nov 7 between Fr Amb and SecDef [5] and between Fr Coun and Asst SecState Rusk).[6] Fr contention is that carrier wld facilitate antismuggling operations. SE Asia survey team disapproved carrier loan when broached them in Saigon. Fr Emb has been informed both orally and in writing that MAAG Saigon is proper agency through which submit requests. However, pls comment.

Rptd Saigon for comment.[7]

ACHESON

[1] Reference is to French Embassy note No. 337, November 8; not printed (PSA Files : Lot 54D190).

[2] See footnote 2, p. 741.

[3] See footnote 3, p. 880.

[4] Major General Vernoux, Chief of Staff, Combined Staff, French Ministry of National Defense.

[5] Records of the specific conversations under reference have not been found in the files of the Department of State. Information on the financial-military talks which occurred prior to and following the October United States-French ministerial conversations in Washington is scheduled for publication in volume III.

[6] Conversation not identified.

[7] In telegram 943 from Saigon, November 25, Brigadier General Brink, chief of the United States Military Assistance Advisory Group, stated the following: "Carrier question has been fully discussed with French and request in hand. Consider operational Carrier would be very considerable value in Indochina. Plan for employment involves support ground force operations, strikes on installations, patrol for antismuggling and possibly transport work." (751G.5 MAP/11–2550)

However, telegram 645 to Saigon, November 27, informed the Legation that the Department of Defense had disapproved the loan of a carrier for the following reasons: (1) Both the Joint Chiefs of Staff and the Erskine–Melby Mission had recommended against it. (2) The Navy had stated that no carrier was in excess of United States needs. (3) The JCS and the Survey Mission agreed that small craft were preferable for antismuggling operations. The French Embassy had been informed of this decision. (751G.5 MAP/11–2550)

751G.00/11–2050

The Deputy Director of the Mutual Defense Assistance Program (Ohly) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET PERSONAL WASHINGTON, November 20, 1950.

DEAR DEAN: Attached for your *personal* review and consideration is a memorandum to the Secretary which raises what I believe are

some of the key questions with respect to Indochina. While it is long, I would appreciate your reading it and studying it carefully—and then, passing it on as soon as possible to the Secretary for his *personal* attention, with, if you feel it is appropriate, any comments of your own. I am personally holding all other copies for the time being, since the document is not one which should be floating around, although I believe it would be of interest to both Perkins and Nitze.[1]

As I state in the memorandum, I do not know the answers to a large number of the questions raised, nor do I believe that any single person does. If I had to make a judgment, I would say that our present policy was wrong, but I would not feel sure of that judgment.

JOHN H. OHLY

[Enclosure]

Memorandum by the Deputy Director of the Mutual Defense Assistance Program (Ohly) to the Secretary of State[2]

[Extracts]

TOP SECRET WASHINGTON, November 20, 1950.

Subject: Reappraisal of U.S. Policy with respect to Indochina

I. This memorandum is designed to stress the urgent necessity for an immediate, thorough and realistic re-examination of our policy with respect to Indochina. From the standpoint of the Mutual Defense Assistance Program, such a re-examination is imperative, because the continuance of the present policy of substantial aid may, without achieving its intended purpose, make impossible the fulfillment of mutual defense objectives elsewhere in the world. Such a re-examination may well lead to a reaffirmation of this policy without significant change, but in my opinion, and in the light of the considerations set forth below, it would be the height of folly to pursue such policy further in the absence of a far more searching analysis than has heretofore been made of its possibilities of success and its global consequences. Even if the need for such an approach was not urgent before (and I believe it was), it has certainly been made so by the direct Chinese Communist intervention in Korea which (1) places large additional operating demands upon the limited materiel resources available for both U.S. requirements and *all* foreign military assistance programs and (2) indicates that the Kremlin may be prepared to accept the risks inherent in the actual commitment of Chinese troops to assist Ho Chi Minh, a step which would, as subsequently indicated, completely transform the character of the military problem in Indochina.

. . . . . .

[1] Paul H. Nitze, Director of the Policy Planning Staff.

[2] The source text is 42 pages in length.

(3) Assuming that enough equipment and effective manpower can be provided, will there be the will, the morale and the kind of leadership necessary effectively to handle the military situation? The military observers who have been to Indochina, including General Erskine and the members of his group, have uniformly commented on the lack of offensive spirit among the French forces, the faultiness of French tactics, the poor use made of certain weapons (particularly artillery), and the poor generalship. These observers have similarly stated that unless some or all of these weaknesses can be removed, the chances of success in Indochina are not particularly good. While the morale of the French Union forces has held up surprisingly well in the face of 5 years of little tangible progress in defeating the Viet Minh and in the face of severe setbacks in Tonkin, the question is naturally presented as to how long this can continue to be the case, particularly if more of the Red River Delta area goes. There is the further question of the ability of the French and Bao Dai, within the political frameworks now existing or likely to be developed in the near future, to obtain the kind of morale and will to fight which is needed to make the nascent national armies effective combat units in warfare against the Viet Minh. What little evidence is available on this particular score is somewhat encouraging.

(4) Will it be possible to prevent a political deterioration that will nullify accomplishments in the military field? The answer to this question depends on a series of factors which can better be developed by other offices of the State Department. It would appear, however, that at least three important subsidiary points must be considered:

(*a*) the rapidity and extensiveness of further Viet Minh successes and their impact on native attitudes and on key individuals whose loyalties may be wavering;

(*b*) the capacity of Bao Dai and those around him to assert and exercise effective leadership, utilizing the authority and power in those fields where they already possess them; and

(*c*) the willingness of the French, both in letter and in spirit, to make those concessions which appear to be necessary if the new native governments are to receive the popular support upon which their continuance depends.

As indicated earlier, this paper does not attempt to provide answers to the foregoing crucial questions, but I would like to call attention to the grave doubts which have repeatedly been expressed in the intelligence evaluations of all of the principal intelligence agencies of the government. . . .

. . . . . .

C. *What will be the costs and consequences elsewhere of attempting to attain the objective of firm non-Communist control of Indochina?*

We will consider this question solely in relation to the internal security objective, since there appears to be little that can be done, short of outright U.S. intervention, to repel a Chinese Communist invasion if attempted. This does not mean, of course, that we must not weigh

these costs and these consequences with a view to the possibility that such an invasion may occur and create a situation in which the costs which have theretofore been incurred, and the consequences suffered, have been incurred and suffered, to no avail. These costs fall principally into two categories:

(1) military equipment, largely from U.S. sources, and
(2) manpower otherwise available for French forces in Western Europe.

As to the former, we have already indicated our belief that immediate foreseeable requirements will be in the neighborhood of $500,000,000 and that these requirements will substantially increase. The Joint Chiefs of Staff have indicated that these requirements cannot be met without a substantial impact on the military assistance program for Western Europe. This will be true to an even greater extent in the case of military assistance programs for Greece, Turkey and Iran, which have a lower priority than the programs of North Atlantic Treaty countries. Moreover, as and to the extent that Korean operations consume increasing quantities of available American equipment, the effect in Europe and elsewhere of doing what is needed in Indochina will materially increase. In other words, the development of effective forces in Western Europe which must, for the time being, rely almost exclusively on American equipment, will be substantially delayed; the effort to place Greek forces in a position to resist Bulgarian and/or Albanian invasion may have to be postponed indefinitely; and it will not be possible to carry through measures which are urgently required to make the Turkish army a really effective combat force. While it is true that a time will come, perhaps 12 or 18 months hence, when the mobilization of American industry, as a result of orders now being placed, will eliminate a situation of equipment scarcity and make it possible to catch up, we must accept as a fact, that the mounting of the Indochina program will seriously affect other MDAP programs in the interim.

It is impossible to assess the impact of materially reduced MDAP delivery schedules on the augmentation of forces in the North Atlantic Treaty area and on the North Atlantic Treaty itself. It is clear, however, that apart from any effect on the actual development of combat-ready divisions, there will be an effect, deriving from the lack of training equipment, on the speed of forming units and raising forces. This same problem is affected by the other important cost of pursuing the present policy in Indochina, namely the cost in French manpower. We are counting on the ability of the French to provide 10 divisions by the end of 1951 and some 27 divisions by the beginning of 1954. Apart from equipment, the great bottleneck in meeting these commitments will be the provision of enough qualified and fully trained

commissioned and non-commissioned officers to form the cadres for, and to train, these large forces. Every officer and non-commissioned officer diverted to Indochina materially reduces the prospect that the French can even approximate the present objective, since the period of training for technicians, non-com's, and commissioned officers is measured in years and not in months and, unfortunately, one of the crucial requirements in Indochina is for this same general category of personnel. In addition, of course, the diversion of enlisted personnel to another theater reduces the amount of manpower available for the rank and file for the kind of French army needed in Western Europe just as quickly as it can be formed. In this connection, it should be noted that French casualties in Indochina since 1945, without taking into account the recent debacles, have exceeded 50,000, and that French officers are being lost in this campaign at a faster rate than they are being graduated from officer schools in France.

The present tight equipment situation, and therefore the impact which meeting Indochinese requirements may have, can perhaps best be understood by reference to the Joint Chiefs of Staff estimates concerning the time when equipment might be made available for German units. Short of tapping the Austrian stockpile, the Joint Chiefs of Staff estimate that it will be impossible to provide full TO and E equipment for the first 4 German infantry divisions until at least September 1952, or almost two years hence, and that even training equipment for an additional 11 divisions could not be provided until June of 1952. Moreover, short of full industrial mobilization, and a sufficiently high priority for the allocation of equipment to German units, it will be impossible to equip them with heavy equipment, such as tanks and heavy artillery, until the early part of 1954.

The impacts on other programs may well be such that the Indochina program will have to drop far below a No. I priority, and if this proves to be the case, then of course it affects the answer to A above.[3]

D. *Does our present policy in Indochina make sense when considered in the light of its possibility of success and in terms of its consequences to the accomplishment of U.S. objectives in other areas of strategic importance?*

The answer to this question will largely depend upon the answers to A, B,[4] and C above, plus an appraisal of the relative importance of achieving our objective in Indochina and our objectives elsewhere in the world. Without carefully thought out answers to A, B, and C above, and without making a thorough assessment of the strategic importance of Indochina vis-à-vis the strategic importance of areas

[3] Section A is titled "Do we have a reasonable chance of attaining the objective of firm non-Communist control of Indochina against internal threats?"

[4] Section B is titled "Do we have a reasonable chance of attaining the objective of firm non-Communist control of China [*sic*] against external threats?"

whose security will be adversely affected by our present policy in Indochina, the issue posed in this paragraph cannot be intelligently discussed. However, it is believed that the problem involved can be illustrated by the following *purely* hypothetical questions, each to be considered in relation to two alternative assumptions—first, that our policy in Indochina has a reasonable prospect of success, and second, that the prospects of its success are not very good:

(1) Is it worth a delay of 6 months in the date when North Atlantic Treaty forces will be adequate to resist Soviet aggression, or, put another way, to meet the force and equipment requirements of the Medium Term Plan?

(2) Is it worth a delay of 6 months in the formation, training, and equipping of German units?

(3) Is it worth a delay of 6 months in the time when Greek forces would be capable of withstanding Bulgarian and/or Albanian invasion?

(4) Is it worth a delay of 6 months in the time when Turkish forces can be placed in a position to offer maximum resistance to Russian forces or, alternatively, in the event of a global war, to tie down the maximum amount of Soviet forces?

IV. *Recommendations*

I strongly recommend that before any further substantial commitments of equipment, prestige or forces are made in Indochina, the kind of assessment suggested in the preceding pages be undertaken. I suggest that this be done by a special task force under the auspices of the National Security Council, because it is so urgent that it cannot and should not be pursued through slower channels. We have reached a point where the United States, because of limitations in resources, can no longer simultaneously pursue all of its objectives in all parts of the world and must realistically face the fact that certain objectives, even though they may be extremely valuable and important ones, may have to be abandoned if others of even greater value and importance are to be attained. The situation is not unlike that which faced the United States in the early days of the last war, when a choice had to be made between pursuing the offensive in either the West or the East and not in both places at once.

As an afterthought, and by way of additional caveat, I would like to point out that the demands on the U.S. for Indochina are increasing almost daily and that, sometimes imperceptibly, by one step after another, we are gradually increasing our stake in the outcome of the struggle there. We are, moreover, slowly (and not too slowly) getting ourselves into a position where our responsibilities tend to supplant rather than complement those of the French, and where failures are attributed to us as though we were the primary party at fault and in interest. We may be on the road to being a scapegoat, and we are certainly dangerously close to the point of being so deeply committed

that we may find ourselves completely committed even to direct intervention. These situations, unfortunately, have a way of snowballing.

JOHN H. OHLY

751G.00/11–2150: Telegram

The Ambassador in France (Bruce) to the Secretary of State

TOP SECRET PARIS, November 21, 1950—8 p. m.

2873. I saw Letourneau this morning about Indochinese affairs. I told him of my conversations with Malcolm McDonald and he said he was pleased with latters visit to Paris and with his sympathetic and constructive attitude. I inquired about rumor that French might be contemplating appointment of general to assume supreme control of both military and political affairs there. He assured me that he had no present intention of replacing Pignon with whom he was fully satisfied, nor was such replacement even eventually subject under consideration. It was quite evident that his own predilection was for civil chief rather than military one. He stated that some of his colleagues had suggested that perhaps he himself should go there and assume supervision, but he was against this idea since he conceived that problems presented were largely political and final decisions re them must be taken in Paris.

He had not yet heard from FonOff about our conversations yesterday re closer liaison between US and French representatives in IC but said he would like closest possible liaison to be established and if there were anything lacking in present arrangement it should be remedied. He expressed high opinion of personalities of Messrs. Heath, Gullion, Blum and General Brink.

He said that he expected Pau conference to terminate this week. Difficulties which had arisen there were not caused in any respect by French, but by antagonism of Laotians and Cambodians toward Vietnamese. These two first states consider Vietnam colonial and imperialistic in its designs and have little confidence in future Vietnam intentions in regard to them and he said he intended advise Bao Dai that as of January 1 all French civil functionaries in IC would be withdrawn from their occupations and that Bao Dai was welcome to make selection of any if he wanted any to remain.[1] In addition, as result of Pau conference French will cease to derive any revenue whatsoever from IC which will result in additional annual cost to French budget of about 15 billion francs. French budget for IC has already assumed

[1] The interstate conference at Pau, France, ended its work on November 27 after almost 5 months of deliberations. For texts of 10 quadripartite agreements concluded at the conference and signed on December 16, see France, Direction de la Documentation, *Notes et Etudes Documentaires*, No. 1425 (January 24, 1951), pp. 1–38.

alarming proportions and amount required for calendar 1951 may rise as high as 300 billion francs. Where money would come from he did not know. He had spent most of yesterday talking to members of Cabinet and particularly to Petsche on this subject. He says that Petsche has general budgetary problem which appears insoluble.

French are sending some reinforcements to IC. They have made good losses suffered during evacuation of frontier posts and are adding substantial numbers of specialists. Military men would like another two divisions there but he says it appears impossible to withdraw them from Germany and elsewhere to comply with this wish.

He anticipates that Hanoi and Haiphong can be held and says that he intends that Hanoi especially will be kept out of Viet Minh possession even if it entails fighting street by street to hold it.

He believes that concentration of authority in his office will be helpful in dealing more expeditiously with IC affairs.

When I emphasized our interest in early creation national armies Associated States, Letourneau said he strongly favors building up of national army in IC but says that Bao Dai will have to take more vigorous part in it if it is to succeed. For example, French have called up all their reservists in IC but Vietnamese have done nothing about conscription. Bao Dai asked him for French medical men to staff sanitary services of new army. When Letourneau told him that all those available were fully occupied in caring for French Union troops and suggested that Bao Dai recruit or conscript native physicians and surgeons of whom there are large number, Bao Dai answered that native doctors did not wish to serve with army as they found much more gainful employment in Saigon and other large cities.

He told Bao Dai that French would like hand over to him Palace in Saigon as soon as they found suitable accommodations for their High Commissioner. Bao Dai displayed no interest in this but laughingly said he would prefer modern villa. Palace at Hanoi which was turned over to Bao Dai sometime ago has never been occupied by him, nor are apartment buildings, which are empty, being used by Vietnamese services. Letourneau thinks that Bao Dai should make his headquarters at Hanoi, which is real administrative capital.

He was not over-critical of Bao Dai, for he believes him to be only possible native leader of anti-Communist forces in IC. He also thinks him highly intelligent man but somewhat torpid and devious. Financing of native army is most difficult problem connected with it, and in this Vietnam Government, with its new revenues, must take some responsibility although larger part will have to be borne by French.

Letourneau expressed his gratitude for comprehension shown by Pentagon of necessity for accelerating shipment of military material

to IC and hopes that program of shipments can be constantly accelerated.

When I referred to our oft-expressed interest in public statement by French Government re evolutionary nature its policy IC Letourneau said he would open debate in Parliament tomorrow on government's policy in IC. He would state that March 8 accords are to be interpreted in most liberal manner and implemented in spirit which will assure Vietnamese that French desire them to acquire full independence as quickly as they can undertake to manage responsibilities which are being turned over to them. He says that government would wish nothing better than to have Associated States gain position of independence and stability so that French could evacuate their troops, but that under present circumstances French Union forces are only barrier which prevents Communists from taking immediate possession of whole country.[2]

Department pass Saigon; sent Department 2873, repeated information Saigon 203.

BRUCE

[2] The French National Assembly discussed the question of Indochina on November 22 and 23; for the record of these proceedings, including statements by Letourneau and Premier Pleven and the text of the resolution supporting government policy adopted by the Assembly on November 23, see France, *Journal Officiel, Assemblée Nationale, 1950, Débats*, pp. 7998–8058.

851G.00TA/11–2250 : Telegram

The Secretary of State to the Legation at Saigon

CONFIDENTIAL WASHINGTON, November 22, 1950—5 p. m.

616. I. *General.*

FYI Dept tentatively allocated $2 million Point IV[1] funds for new bilateral technical assistance projects in SEA and Phil.

II. *Div responsibilities State–ECA–USIS.*[2]

To avoid duplication ECA and State, fol agmt reached Wash for all SEA:

a. ECA handle propects related economic development in fields of agri (including fisheries and forestry), industry (incl power, transport, mining, communications and water resources), public health, relief and rehabilitation and housing. Incl assignment technicians and training both locally and US.

b. State, under Point IV, will undertake projects principally in:

1. Field of Education such as mass education, vocational training, assistance to teacher training institutions and universities

[1] Documentation on the Point IV Program is scheduled for publication in volume I.

[2] For documentation on the United States information program in Southeast Asia, including operations of the United States Information Service, see pp. 1 ff.

(with exception those projects which are normal USIS functions such as English teaching, furnishing books to libraries, training in use of audio-visual aids, etc.)

2. Activities of scientific nature (such as activities normally performed Weather Bur, Coast and Geodetic Survey), important economically but neither among Griffin recommendations nor an integral part of ECA projects.

c. Responsibility other fields such as public administration, will be as mutually agreed between State and ECA on project by project basis.

III. *Point IV Program for Indochina.*

Of $2 million all SEA $400 thousand tentatively earmarked Indochina Point IV projects.

a. Dept considering $350 thousand for educational projects if can be wisely programmed within Point IV policies. Since Griffin Mission made no specific recommendations for Indochina re projects in fields such as mass education, vocational educ, teacher training, etc., Leg requested develop specific proposals. Discuss with appropriate representatives Fr and Assoc States Govts and obtain official requests for programs mutually agreed upon. Transmit Dept for approval. To extent possible in Indochina, ascertain Leg proposals do not dupl ECA, USIS or UN plans. Provide Dept most specific details possible on projects and suggested qualifications or unique skills of technicians to assist immed recruitment.

b. Dept suggests education activities be combined into single Point IV project administered by educational field party responsible Chief Diplomatic Mission.

c. Remaining $50 thousand tentatively available for projects in other Pt IV fields, such as public administration (subject to agreement with STEM),[3] scientific matters, or additional educational projects.

d. Dept willing spend substantial funds equipment and supplies only when US technicians working on joint projects with Indochinese and where equipment contributes clearly to econ development. Pt IV program shld not be considered supply program rather exchange of technical know-how.

e. In view requirements Pt IV legis that, among other conditions, assistance shall be made available only where country being assisted pays fair share cost program and endeavors make effective use results of program. Dept expects other countries pay local communications, local transport costs technicians, provide needed office space, secretarial help, local labor as required, and furnish appropriate indigenous professional personnel work with US technicians. Where such conditions unrealistic, alternative contributions can be considered. Recognize some these conditions may be impossible in Indochina. Request Leg suggest, after consultation for govts some realistic contribution in order US may be assured effective utilization of technical assistance provided.

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[3] For documentation on the Special Technical and Economic Missions dispatched to countries of Southeast Asia by the Economic Cooperation Administration, see pp. 1 ff.

f. Advice regarding negot and certain legally required provisions of approp project agmts will be furnished as soon as Leg recommendations approved. If agreeable Dept proposes send soonest chief educ party of sufficient calibre to direct total educ project.

g. As senior US representative, Chief Dipl Mission will be responsible correlating admin all US technical assistance activities in country, including those of STEM, and for coordinating them toward achievement of US policy objectives. Further details concerning Leg's continuing coordination responsibilities all US technical assistance and proposed assignment Tech Coop Officer being sent by air.

ACHESON

751G.00/11–1650 : Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, November 22, 1950—6 p. m.

516. Re urtel 833 Nov 16.[1]

1. Dept does not favor Peace Observation Commission [2] use in Indochina situation now although we can see that POC can provide evidence of Chi Commie aid to Viet Minh which may be helpful in winning support for our position re necessity military aid to Fr-Vietnamese.

2. However, the Asian UN members wld undoubtedly insist that, given the present relationship of France toward the Associated States, the UN shld examine the whole IC situation rather than merely sending a POC subcommittee whose mission, if able to be accomplished, wld only look toward cutting down Chi Commie aid to the Viet Minh so that the Fr might be able to reduce the warfare to guerrilla activity.

3. We agree that if IC subject is to come into the UN, it is obviously preferable Fr do it. However, we see no benefit in Fr appeal to UN without Fr declaration of intent to grant eventual independence to IC, along lines Letourneau's statements at Saigon press conference (Saigon's 657, Oct 24).[3] Without such declaration by Fr, we believe any attempt to secure UN aid, including use of POC, wld lead to UN insistence on scrutinizing entire IC situation and Fr role toward both Associated States and Viet Minh, with unforseeable but hazardous results. Attempt to use POC is not worth the risks we see inherent in UN consideration of the IC situation at the moment.

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[1] Not printed.

[2] For documentation on the Peace Observation Commission, see vol. II, pp. 303 ff.

[3] For extract, see p. 906.

Consequently, we do not consider it desirable for you to explore this question further jointly with UK and Fr Dels.

ACHESON

751G.5 MAP/11–2250 : Telegram

The Secretary of State to the Embassy in France[1]

CONFIDENTIAL WASHINGTON, November 22, 1950—6 p. m.

2841. Tomap. Security restrictions prevent public issuance much specific info mil aid IC but Emb might wish make available (Embtel 2702 Nov 14)[2] fol info which press agencies transmitted recent weeks: First delivery MDAP equip eight C–47 aircraft arrived IC last June 29; first ground force equip began arrive in Aug and by Sept 6 twelve Vietnamese army battalions had recd equip; in Oct fifty F6F fighter planes delivered IC and undisclosed number B–26's and other planes now en route. Also IC has recd approx two score naval craft LCI's, LCVP's and LSSL's and much transport equip, bulldozers, etc. Deliveries included material for both Fr Union forces and Associated States. IC has one of highest priorities and equip been going forward fast as possible. Much now en route and quantities on way from arsenals to ports this country for shipment. Equip began moving promptly soon as program firmed which involved agreement authorities IC and Fr specific assistance required. Needs further examined on spot by SE Asia Survey Mission which returned Washington three weeks ago. Concern with defense problem IC indicated by fact IC is getting large part approx 500 million dol allocation for SE Asia area from FY 1950/1951 MDAP funds including supplemental appropriation.

Econ aid program IC begun Aug with funds from ECA allocation of more than 20 million dols for current FY.

Urinfo and such use Emb deems appropriate, while MDAP equip for IC been made available rapidly as possible, delays of some weeks in actual deliveries have occurred due failure Fr (*a*) take possession equip; (*b*) designate recipient said material; (*c*) provide Emb Saigon with essential info; (*d*) submit additional requests and revisions through MAAG IC channel; (*e*) clarify promptly requests when

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[1] Repeated to Saigon as telegram 620.

[2] In telegram 2702 from Paris, November 14, not printed, the Embassy requested information which could be made available to French press representatives in view of "frequent recent French press comment re inadequacy and slow rate deliveries US military aid IC." (751G.5/11–1450)

vague and conflicting; and (*f*) prolonged delays grant permission MAAG personnel proceed IC.

ACHESON

751.13/11–2450 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, November 24, 1950—8 p. m.

2957. Embtels 2919 November 22, 2925 and 2926 November 23 (repeated Saigon 209, 210, 211).[1]

Embassy believes that Letourneau statement to National Assembly re French policy IC[2] can be described as satisfactory. It is certainly best that could be expected under circumstances. He has emphasized "independence" of Associated States within framework of French Union. He has expressed government's intention to proceed as rapidly as possible with creation of national armies in IC. He has in effect characterized evolutionary nature of March 8 accords by pointing out that French Government will carry out not only letter of accords, but also spirit. He has stated that French functionaries in IC after January 1 with exception certain categories, will be limited to those placed at disposition three states. He has pointed to French government intentions not to give up struggle in IC, but to increase its effort. Although belated, such statements should be beneficial under present circumstances.

Pleven's speech to National Assembly also strikes helpful note, particularly with reference to recognition necessity creation Vietnam national army, recognition IC problem cannot be solved by force, quotation from Auriol letter July 1949 to Bao Dai[3] indicating Vietnamese freedom chose regime, political institutions and government and French Government's intention increase its own military effort IC. Significant portions these two speeches included Pleven's statement French Government would take troops from France if necessary and Letourneau's statement France would not appeal to UN unless Tonkin border crossed by Chinese Communist troops.

While French Government knowledge US government's views re French policy IC plays important part in these statements by Letourneau and Pleven, it is believed MacDonald's influence exerted

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[1] None printed.

[2] See footnote 2 to telegram 2873, November 21, p. 932.

[3] For a translation of the letter from Vincent Auriol, President of France and the French Union, to Bao Dai, July 27, 1949, see telegram 3322 from Paris, August 10, 1949, in *Foreign Relations*, 1949, vol. VII, p. 71.

during his recent visit to Paris also had an effect—perhaps a more immediate one.

Socialist Party's position during national Assembly's debate on IC completes almost full circle in reversal its position in earlier years. It has swung from favoring negotiations with Ho-Chi-Minh to seeking UN solution and during debates Socialist's present position as presented by Pineau [4] is that appeal to UN would have no positive results as international solutions can become outdated; what was possible before Chinese Communist arrival at Tonkin border having now become impossible. Pineau indicated that while no UN solution desirable, US and UK must take increased interest and closer cooperation must be established by France with her allies. This same note struck very pointedly by Pleven in his reference to need for concerting with France's allies necessary steps to be taken in event Chinese Communists crossed Tonkin border.

Pleven Government has weathered this crisis, probably very much as was to be expected. It has not been expected that IC problem in itself would endanger Pleven Government, but if further reverses IC do occur after government has been granted authority and powers it seeks, what has been described as National Assembly's feeling of uneasiness, even though it voted approval of *ordre du jour* may in future express itself in much stronger terms.

Reaction as shown in debate gives some indication of how far National Assembly has come in its thinking on IC problem, which naturally is influenced by strong desire find some solution this problem. Letourneau's emphasis on "independence" Associated States within French Union, reference to March 8 accords, transfer internal administrative authority to Associated States and withdrawal most French functionaries IC passed almost unnoticed and both his and Pleven's statements re creation national armies IC were accepted without any real dissent.

It seems to Embassy that French Government statements of its policy IC now provide opportunity for Bao Dai and Vietnam Government to buckle down to tasks facing them and Embassy suggests Legation might take opportunity offered by these statements of French Government intentions again to draw attention Vietnamese to those things which are essential to improvement in situation and which they alone can do.

Sent Department 2957, repeated information Saigon 219.

BRUCE

[4] Christian Pineau, Socialist Party leader; President of the Finance Commission, French National Assembly.

751G.00/11–2750 : Circular telegram

The Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, November 27, 1950—5 p. m.
PRIORITY

187. Fol is text of statement made by Asst Secy Rusk at daily Press Conference Nov 27:

"The US Govt welcomes the definition of the policy of Fr in Indochina as described in the statement of M. Letourneau, the Min of Assoc States, as confirmed by the PriMin, M. Pleven, and by the resolution of the Natl Assembly which approved the policy. It will be particularly reassuring to nations of the free world to know that the independence of the Assoc States of IC within the framework of the Fr Union is now assured and that the mil and econ resources of the Fr Republic and of the Assoc States of IC will be directed with boldness and renewed resolution to the defense of IC against communist colonialism.

To the end that the armies of the Assoc States of IC and the Fr Union accomplish their mission and in order that the new states in IC attain stability and offer their people a better life, the US is extending to them mil and econ asst.

The US Govt hopes that other free nations will make every contribution within their power to enable the Assoc States and their partners in the Fr Union to accomplish their mission of freedom."

Djakarta, Rangoon, Bangkok, New Delhi, Karachi, Colombo, Manila at your discretion, bring foregoing to attn govts to which accredited emphasizing importance to all of Asia defense of Indochina against communist aggression, fact that independent IC states now engaged in that defense and that US is making its contribution to that defense. London, Ottawa, Canberra, Wellington discuss with FonOff suggesting, if you agree, desirability Brit Govt making analogous statement. Rptd Paris, Saigon for info only.

ACHESON

[1] Sent to Djakarta, Rangoon, Bangkok, New Delhi, Karachi, Colombo, Manila, Paris, Saigon, London, Ottawa, Canberra, and Wellington.

751G.00/11–2750 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET SAIGON, November 27, 1950—11 a. m.

950. Re Deptel Paris 2458 [*2558*], November 11, repeated information Saigon 555 and London 2475. Legation concerned possible implication that fourth paragraph reftel to effect "Department eager maximize protection French economic interests Indochina" connotes change Department policy. Hitherto understood Department agreed with Legation that certainly it was important to ensure that Bao

Dai Government given means attract fence sitters and, even more, given incentives engage Viet Minh militarily as it was to assure French proceeding with present program. One of the strongest economic inducements offered by Viet Minh to attract waverers is assurance independent Vietnam under their auspices will be freed from French economic domination.

Even staunch Bao Dai supporters in Vietnam business circles are extremely bitter about continued and persuasive [*pervasive?*] French economic controls. It not enough for Legation attempt assure these that such controls reasonable as long as piaster tied to franc and as long as French subsidizing Viet economy. They point out, and with some reason, that at one time piaster much stronger than franc and that with security Viet economy could as for decade prior war stand squarely on its own feet. To Viet business circles economic liberty almost as important as profit. Nor is it enough for Legation explain that French economic leadership necessary due lack Vietnam capital and know-how. Viet businessmen reply by asking why, if French so capable, etc., they afraid permit Viet competition in granting import licenses when foreign exchanges are deadlocked. Although neutral US firm of Langis Bros., Saigon, believe Viet fears French controls exaggerated, its representative Clark admits that when company deals with French it always does so through French subsidiary.

Governor Tri among many others have pointed with bitterness even to texts March 8 Accords which provide that "legal regime of enterprises and property belonging by rights French union in Vietnam can only be modified by joint agreement" between the two governments and that Vietnam can increase taxes having a "particular incidence on subject of French union" only after "preliminary consultation" between two governments. Latter provision presently blocking institution individual income tax in North Vietnam.

In view above situation, which well known Department, Legation assumes Department recognizes that economic liberty important in eyes Viets and that Department not changing its position, but merely indicating its willingness have French maintain preferred position Viet economy vis-à-vis other foreign countries. Please instruct.

Department pass Paris. Sent Department 950; repeated information Paris 457.

HEATH

751G.00/11–2750 : Telegram

The Secretary of State to the Legation in Saigon

SECRET WASHINGTON, November 28, 1950—7 p. m.

649. Urtel 950 Nov 27. Leg entirely correct in assumption that "econ liberty important in eyes Viets and that willingness for Fr

maintain preferred position Viet economy vis-à-vis other fon countries." Moreover Dept of conviction econ as well as polit relations between France, Fr Union and autonomous states must ultimately rest upon a voluntary basis. In this connection Dept has in mind precedent established in analogous (certainly not identical) relationship established under round-table agreement between Netherlands and Indonesia whereby all legitimate Dutch econ interests in Indonesia were accorded at least same treatment as other fon interests in accordance standard usages internatl relations and applicable internatl agreements and in some instances a preferred relationship when agreed to be in interest both countries. Essence this entire arrangement both in its econ and polit aspects has been its voluntary character. So far, in spite of some serious reversals, Dutch-Indonesian econ relations under the round-table agreements have been mutually very beneficial. It is this type arrangement Dept had in mind when it made reference Deptel 555 to Saigon to "protection Fr econ interests IC."

In connection foregoing matter Dept wld be interested Leg's comments on conclusion Pau Conference particularly matters reported Paris 3001 Nov 27 to Dept rptd Saigon as 222.[1]

Legtel 951 Nov 27 [1] will be answered promptly in consonance foregoing.

ACHESON

[1] Not printed.

795.00/12–350 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET NIACT SAIGON, December 3, 1950—noon.

988. Dugardier called this morning at his request to inform me of uneasiness of the French authorities over the repercussions in this theatre of the Chinese onslaught in Korea.[1]

Viet-Minh and Chinese in Tonkin and South China were encouraged at developments. He stressed that balance of force between the French union forces and the Viet-Minh was most precarious and could easily be upset by even limited Chinese intervention volunteer cloak or otherwise. This fact was perfectly apparent to Chinese and Viet-Minh.

French Government statements in Paris had perhaps created mistaken impression that metropolitan reinforcements had or were shortly about to arrive. They had been promised but it would be sometime in January before they would reach the field. Much US aid would also not be effective before then.

[1] During the last week in November, United Nations forces advancing toward the Yalu River were driven back by Chinese Communist counterattacks; for documentation on Chinese intervention, see volume VII.

In meantime there was a most dangerous gap which Chinese could take advantage at any time. French did not know what significance to attach to intelligence reports which indicated evacuation of civil official families in Canton and great acceleration of work on South Chinese airfields by several thousand coolies, but these signs could be interpreted as preparatory to an offensive as well as being defensive. In these circumstances HICOM Pignon most eager know when B–26's promised for MDAP aid could arrive. French were apprehensive that Korean campaign cause them to be diverted to Korea and also that material General Brink MAAG Chief had earmarked for Indochina during his recent visit to FECom might be retained in Korea area. Although they understood our position French hoped we could give them latest possible news about scheduled arrival dates of these planes and matériels. Pignon wishes to meet with me and British Minister tomorrow afternoon and Dugardier hoped I might have some information by then.

Department pass Tokyo; sent Department 988, Tokyo for SCAP.

HEATH

Editorial Note

From December 4 to December 8, 1950, President Truman and British Prime Minister Clement R. Attlee engaged in conversations at Washington regarding the situation arising from Chinese Communist intervention in Korea. The question of Indochina did not receive extensive consideration. The record of the first meeting, December 4, does attribute the following to Secretary Acheson, however: "If the Communists are successful in Korea, this may so weaken the French in Indochina that they will pull out. He doubted if any one of the President's advisers would urge him to intervene in that situation." The record of the first meeting and other documentation on the Truman–Attlee conversations are scheduled for publication in volume III. Additional documentation on the conference is presented in volume VII, pages 1237 ff.

751G.00/12–650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, December 6, 1950—8 p. m.

3218. Embtel 3196, December 5 (repeated Saigon 240).[1] General Delattre de Tassigny[2] called by appointment today to tell me his appointment as High Commissioner IC with full military and civil

[1] Not printed.

[2] Général d'Armée Jean de Lattre de Tassigny, Commander in Chief, Western Europe Land Forces.

powers had been approved but that no announcement could be made pending receipt UK approval his being given leave from Fontainebleau post, which would be held by his deputy during his absence. All other Brussels treaty powers, he said, had approved.

During conversation Delattre made following comments: Pignon will leave IC and take important government position but he hoped that Pignon would stay briefly in order have appropriate farewell ceremony for him. He expects to leave December 15 with Letourneau for IC. One of principal objectives of policy will be to impress upon Associated States they will be given full measure independence with[in] French Union and in order give concrete evidence thereof he will do everything in his power build up Vietnam national army immediately. From military standpoint it is extremely important Tonkin be held and one of his chief reliances in critical situation will be closest possible liaison with US Government officials Heath, Gullion, Blum and Brink, of whom Pignon spoke highly. While not sufficiently informed of military situation at present he did know greatest need was for aircraft and one aircraft carrier.

When I referred to possible Vietnamese apprehension re appointment military officer with civil powers, Delattre said that as result Pau conference agreements and March 8 accords civil duties he might have aside from those as army commander were relatively unimportant. He rationalized that civil powers were so small that it was unnecessary have high civil official exercise them. He explained that he would have in his cabinet representative in charge civil affairs.

I brought up question close liaison with US officials IC and he emphasized he would maintain closest possible liaison and would see that Americans were kept thoroughly informed of what he was doing. He emphasized his friendship for US.

It should be noted that Delattre has been uniformly friendly to Embassy. In conversation today with Embassy officer, who has known him on close personal basis for several years, he made point of emphasizing his desire for US confidence and support, indeed necessity thereof, as with this confidence and support he would have chance of succeeding in IC and in absence of which he would fail. He also stressed this general idea in his conversation with me. Delattre further informed Embassy officer he expected modification government decree extending powers Minister Associated States since this grant of powers had been under discussion for several weeks and, even though just officially decreed, had been overtaken by events.

Delattre expects Pignon to leave shortly and implication was Carpentier would also leave.

Department pass Saigon. Sent Department 3218; repeated info Saigon 242, London 784.

BRUCE

751G.5 MAP/12–750 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, December 7, 1950—8 p. m.

3244. Tomap. Reference Legtel Saigon to Department 987 repeated information Paris 482 dated December 2.[1]

1. French military unable to understand background from which following statement was made in Legtel 987: "We fail to understand here why the French in Paris based their request for the carrier primarily to prevent smuggling from Hainan."

2. French military have emphasized need for carrier in Indo-China and have from time to time enumerated reasons why carrier is required. Order in which French have enumerated reasons for desiring carrier have not necessarily been priority of reasons nor priority of importance of the missions which would be assigned carrier. Embtel 2991 dated November 27 [2] gave "closing of smuggling routes" as one of four reasons why CVE was urgently needed in Indochina waters. However, "cooperation with ground forces in providing air coverage in areas where airfields are too distant or dangerously adjacent to enemy facilities" and providing a "striking force readily available for any area in Indochina" are certainly primary reasons advanced in that radio, although not enumerated in that priority.

3. French point out that there exist only two operational airdromes in northern Indochina, one at Hanoi and one at Haiphong. These two airdromes are exposed to enemy attacks, especially by guerrillas, and they can be paralyzed if military situation deteriorates. In the latter case, action of naval aviation would become primary and only aviation available in that area. Furthermore, Viet Minh control areas south of Hanoi–Haiphong and nearest available operational fields are

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[1] The reference telegram read as follows:

"If US Navy absolutely cannot spare carrier there is of course no point in continuing argument. If the Chinese, however, openly invade Indochina and particularly if they place planes at the disposal of the Viet Minh, carrier operating off the coastline northeast Indochina is the only answer in view of the fact there are no good airfields in that area. We fail to understand here why the French in Paris based their request for the carrier primarily to prevent smuggling from Hainan. We recognize privateers and other equipment being sent here would serve that purpose. Even if Chinese troops do not openly invade Indochina, carrier based planes are necessary for defense of the delta and particularly for quick immediate close support of coastal area which French plan to defend. General Brink concurs." (751G.5 MAP/12–2550)

[2] Not printed.

some 300 miles south in the Hue area. French readily recognize and state that missions such as closing smuggling routes and ferrying airplanes are quite secondary.

4. Department will have noted statement by General De Lattre (Embtel 3218 to Department, repeated Saigon 242 December 6) that greatest French needs were planes and aircraft carrier.

In recent conversation with me Pleven brought this matter up and also stressed its urgency on same grounds.[3]

Department pass Saigon; sent Department 3244, repeated information Saigon 245.

BRUCE

[3] Telegram 3181 to Paris, December 9, read as follows: "FYI only Dept Nov 30 queried Def (urtel 3244 Dec 7) whether disapproval carrier loan (Deptel Saigon 645 Nov 27 rptd Paris 2931) wld be reconsidered in view urtel 2991 Nov 27 and Saigon 943 Nov 25. JCS presently studying quesition." (751G.5 MAP/11–2750) Telegram 852 to Saigon, January 10, 1951, repeated to Paris as telegram 3644, read as follows: "Def reconfirms disapproval carrier loan (Deptel 721 Dec 9) stating US security interests preclude any further carrier transfers on either grant or loan basis. Dept advising Fr Emb Wash.

"Leg may wish consider advisability suggesting construction airfields by Fr with presently available equip." (751G.5 MAP/1–1051)

751G.00/12–1650 : Telegram

The Ambassador in France (Bruce) to the Secretary of State

SECRET PARIS, December 16, 1950—5 p. m.

3466. Saigon's telegram 1070 to Department, repeated Paris 516.[1] De Lattre is dead set against returning Palace to Viets and made special point of this at lunch December 13 (Embtel 3412)[2] describing idea as one of Anglo-Saxon origin in which neither Bao Dai nor Viets interested. He emphasized that France would by January 1 have turned over all attributes of internal sovereignty to Vietnam and was justified in retaining suitable residence for her representative in Saigon. He expressed hope that his relations with Legation, Saigon, would not be clouded by return to this question on which his mind was made up. "We have graver issues to discuss," he said.

Department pass Saigon. Sent Department 3466 repeated information Saigon 261.

BRUCE

[1] In telegram 1070 from Saigon, December 14, not printed, Minister Heath emphasized the advisability of the transfer of the High Commissioner's Palace to Bao Dai on the occasion of General de Lattre de Tassigny succeeding Pignon (751G.00/12–1450).

[2] Telegram 3412 from Paris, December 14, reporting a private luncheon at the residence of General de Lattre de Tassigny attended by three members of the Embassy staff, is not printed (751G.5/12–1450).

Department of State Executive Secretariat Files: Lot 63D351

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET WASHINGTON, December 21, 1950.

NSC 64/1

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON THE POSITION OF THE UNITED STATES WITH RESPECT TO INDOCHINA

Reference: NSC 64

At the request of the Secretary of Defense, the enclosed memorandum by the Joint Chiefs of Staff on the subject is circulated herewith for the information and consideration of the National Security Council and referred to the NSC Staff for use in the preparation of a report for Council consideration.[1]

In transmitting the enclosure, the Secretary of Defense stated that the views of the Joint Chiefs of Staff contained therein are based on their review of a proposed draft statement of policy on Indochina which was formulated by the Southeast Asia Aid Policy Committee early in October.[2]

JAMES S. LAY, JR.

[Enclosure]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Marshall)

TOP SECRET WASHINGTON, 28 November 1950.

Subject: Possible Future Action in Indochina

1. In accordance with the request contained in your memorandum, dated 13 October 1950,[3] the Joint Chiefs of Staff have studied the "Proposed Statement of U.S. Policy on Indochina for NSC Consideration", which you enclosed, in the light of the message enclosed herewith (Enclosure "A" [*Subenclosure "A"*])[4] from Brigadier General F. G. Brink (USA), Chief, Military Assistance Advisory Group, Indochina. You will recall that the Joint Chiefs of Staff withheld final comment on the subject draft policy statement until the Brink report was received.

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[1] Report not completed in 1950.
[2] Reference is to document SEAC D–21, Rev. 1, October 11, p. 886.
[3] Not found in Department of State files.
[4] For the text of "Enclosure [Subenclosure] A", telegram 763 from Saigon, November 4, in which Brigadier General Brink analyzed the military situation, see *United States–Vietnam Relations, 1945–1967*, Book 8, pp. 405–410.

2. The Joint Chiefs of Staff consider that the statement of United States policy proposed by the Southeast Asia Aid Policy Committee conforms generally to their previously expressed views, including those contained in their memorandum to you on Indochina dated 27 October 1950.[5] They are of the opinion, however, that the draft statement of United States policy on Indochina proposed by the Southeast Asia Aid Policy Committee should be recast so as to meet more effectively the immediate and critical situation in that country. Accordingly, the Joint Chiefs of Staff have formulated the following statement of short-term and long-term policies which they recommend be substituted for those included in the paper prepared by the Southeast Asia Aid Policy Committee.

3. The Joint Chiefs of Staff recognize that the military problems of Indochina are closely interrelated with the political problems of the area. Accordingly, many of the policies recommended herein lie largely in the political field. The Joint Chiefs of Staff consider, however, that the fundamental causes of the deterioration in the Indochinese security situation lie in the lack of will and determination on the part of the indigenous people of Indochina to join wholeheartedly with the French in resisting communism. The Joint Chiefs of Staff consider that, without popular support of the Indochinese people, the French will never achieve a favorable long-range military settlement of the security problem of Indochina.

4. The Joint Chiefs of Staff recommend the following short-term objectives for Indochina:

Short-Term Objectives

a. The United States should take action, as a matter of urgency, by all means practicable short of the actual employment of United States military forces, to deny Indochina to communism.

b. As long as the present situation exists, the United States should continue to insure that the primary responsibility for the restoration of peace and security in Indochina rests with the French.

c. The United States should seek to develop its military assistance program for Indochina based on an over-all military plan prepared by the French, concurred in by the Associated States of Indochina, and acceptable to the United States.

(1) Both the plan and the program should be developed and implemented as a matter of urgency. It should be clearly understood, however, that United States acceptance of the plan is limited to the logistical support which the United States may agree to furnish. The aid provided under the program should be furnished to the French in Indochina and to the Associated States. The allocation of United States military assistance as between the French and the national armies of Indochina should be approved by the French and United States authorities in Indochina.

[5] Not found in Department of State files.

(2) Popular support of the Government by the Indochinese people is essential to a favorable settlement of the security problem of Indochina. Therefore, as a condition to the provision of those further increases in military assistance to Indochina necessary for the implementation of an agreed over-all military plan, the United States Government should obtain assurances from the French Government that:

(a) A program providing for the eventual self-government of Indochina either within or outside of the French Union will be developed, made public, and implementation initiated at once in order to strengthen the national spirit of the Indochinese in opposition to communism.

(b) National armies of the Associated States of Indochina will be organized as a matter of urgency. While it is doubtful that the build-up of these armies can be accomplished in time to contribute significantly to the present military situation, the direct political and psychological benefits to be derived from this course would be great and would thus result in immediate, although indirect, military benefits.

(c) Pending the formation and training of Indochinese national armies as effective units, and as an interim emergency measure, France will dispatch sufficient additional armed forces to Indochina to insure that the restoration of peace and internal security in that country will be accomplished in accordance with the timetable of the over-all military plan for Indochina.

(d) France will change its political and military concepts in Indochina to:

i. Eliminate its policy of "colonialism".
ii. Provide proper tutelage to the Associated States.
iii. Insure that a suitable military command structure, unhampered by political interference, is established to conduct effective and appropriate military operations. The effective implementation of these changes will require competent and efficient political and military leaders who will be able to cope with the conditions in that country.

(3) At an appropriate time the United States should institute checks to satisfy itself that the conditions set forth in subparagraph *c*–(2) above are being fulfilled.

d. The United States should exert all practicable political and diplomatic measures required to obtain the recognition of the Associated States by the other non-communist states of Southeast and South Asia.

e. In the event of overt attack by organized Chinese Communist forces against Indochina, the United States should not permit itself to become engaged in a general war with Communist China but should, in concert with the United Kingdom, support France and the Associated States by all means short of the actual employment of United States military forces. This support should include appropriate expansion of the present military assistance program and endeavors to

induce States in the neighborhood of Indochina to commit armed forces to resist the aggression.

f. The United States should immediately reconsider its policy toward Indochina whenever it appears that the French Government may abandon its military position in that country or plans to refer the problem of Indochina to the United Nations. Unless the situation throughout the world generally, and Indochina specifically, changes materially, the United States should seek to dissuade the French from referring the Indochina question to the United Nations.

g. Inasmuch as the United States-sponsored resolution, "Uniting for Peace", has been adopted by the General Assembly of the United Nations,[6] and should a situation develop in Indochina in a manner similar to that in Korea in which United Nations forces were required, the United States would then probably be morally obligated to contribute its armed forces designated for service on behalf of the United Nations. It is, therefore, in the interests of the United States to take such action in Indochina as would forestall the need for the General Assembly to invoke the provisions of the resolution, "Uniting for Peace".

5. The Joint Chiefs of Staff recommend the following long-term objectives for Indochina:

Long-Term Objectives

a. United States security interests demand that this government, by all means short of the actual employment of United States military forces, seek to prevent the further spread of communism in Southeast Asia generally and, in particular, in French Indochina.

b. The United States should seek to insure the establishment of such conditions in Indochina that no foreign armed forces will be required for the maintenance of internal security.

c. The United States should continue to press the French to carry out in letter and in spirit the program referred to in paragraph 4–*c*–(2)–(a) above, providing for the eventual self-government of Indochina either within or outside of the French Union.

d. The United States should continue to favor the entry of the three Associated States of Indochina into the United Nations.

e. The United States should encourage the establishment of an appropriate form of regional security arrangement embracing Indochina and the other countries of Southeast Asia under Articles 51 and 52 of the United Nations Charter.

6. There is enclosed (Enclosure "B" [*Subenclosure "B"*]) for possible use by the National Security Council Staff the Analysis which was prepared for the Joint Chiefs of Staff in connection with their study of the problem. This Analysis, however, has not received their detailed approval.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

[6] For documentation on the "Uniting for Peace" Resolution, see vol. II, pp. 240 ff.

[Subenclosure "A"]

[Here follows telegram 763 from Saigon, November 4; for text, see *United States–Vietnam Relations, 1945–1967*, Book 8, pages 405–410.]

[Subenclosure "B"]

Analysis Prepared for the Joint Chiefs of Staff by the Joint Strategic Survey Committee

TOP SECRET [WASHINGTON, November 17, 1950.]

ANALYSIS

1. On 5 April 1950 the Joint Chiefs of Staff forwarded a memorandum to the Secretary of Defense in which it was stated, among other things, that:

[Here follows point 2 (subparagraphs *a* through *g*) of the views of the Joint Chiefs of Staff as transmitted by the Secretary of Defense to the Secretary of State in a letter dated April 14; for text, see page 780.]

2. The series of defeats suffered recently by the French in northern Tonkin serves to focus attention upon the urgency of the current military situation in Indochina and points up the fact that the Viet Minhs now constitute a direct threat to the French military position in Indochina. The current military situation is serious since the effect produced by the impact of French defeats can gain momentum which may have dire repercussions upon an already deteriorating political situation in Southeast Asia. By taking over border posts, the Viet Minhs now can maintain uninterrupted liaison with Communist China. At this time when a majority of the Indochinese are favorably disposed toward the Viet Minhs, as opposed to the French and Bao Dai, any increases in popular support of the Viet Minhs could have alarming consequences. The deteriorating military and political situation in French Indochina demands that the United States policy toward Indochina be recast in order to assist in restoring the balance in favor of the French and Vietnamese.

3. There is an important difference between the strategic importance of Indochina to the United States in a major war and its strategic importance in a cold war. Current war plans do not contemplate the deployment of United States military forces for the retention of Indochina in the event of global war. However, if the communists gained control of Indochina at any time other than in the course of a global war, this would bring about almost immediately a dangerous condition with respect to the internal security of all of the other countries of Southeast Asia, as well as the Philippines and Indonesia, and would

contribute to their probable eventual fall to communism. Even India and Pakistan would be threatened. Thus the loss of Indochina to communism would have direct implications on United States security. In addition, this loss would have widespread political and psychological repercussions upon other non-communist states throughout the world. In view of United States security interests in the country, and the critical situation now existing there, the United States should take action, as a matter of urgency, by all means practicable short of the actual employment of United States military forces, to deny Indochina to communism.

4. It appears that the French are only now beginning to recognize the military and political measures which must be undertaken in order to secure the French position in Indochina. The French attitudes and actions, however, must not be permitted to obscure the United States interest in the solution of the Indochina problem.

5. It has been suggested that if the French remain in Indochina that country might be lost to communism, regardless of the military aid programs which the United States may implement. This thinking presupposes either such a low order of military power in France and her colonies as to make it utterly impossible for that nation to cope with the Viet Minhs or such intransigence and unrealism in the French Government as to preclude it from facing facts. Current intelligence estimates do not accord France and her colonies this low order of military power. While, up to this time, the attitude of the French Government toward French Indochina has been one of temporization and consequently one of weakness, it is believed that the seriousness of the situation, particularly the political situation, may now have been recognized by the French Government.

6. The United States should urge France to meet its responsibility by taking the military, political, and economic action, including the injection of new leadership, necessary to save Indochina from communism. If France decides to withdraw from French Indochina, there would, in all probability, be only a slight chance that the United Nations could retrieve the situation in that country in favor of the Western Powers.

7. The following are the three major courses with military implications which might be adopted to achieve peace and security in Indochina against either the internal threat of the Viet Minhs or the external threat of Communist China:

a. Through armed action by France and the Associated States of Indochina together with the forces of the United States and/or other Western Powers;

b. By armed action by France and the Associated States of Indochina supported by United States military aid and assistance; and

c. By United Nations action either under the United States-sponsored resolution, "Uniting for Peace," or by French withdrawal

from Indochina and action by the United Nations similar to that followed in the case of the Netherlands and Indonesia.

8. In the event of overt attack by organized Chinese Communist forces against Indochina the United States should not permit itself to become engaged in a general war with Communist China and should not, therefore, commit United States forces to that area; neither should the United States commit its military forces to Indochina in order to assist the French in restoring internal security. The considerations underlying these views are:

a. Involvement of United States forces against Viet Minh forces would be likely to lead to war with Communist China;
b. A general war with Communist China would, in all probability, have to be taken as a prelude to global war;
c. Our major enemy in a global war would be the USSR;
d. Our primary theater in the event of a global war would, in all probability, be Western Europe; and
e. The forces of the Western Powers are insufficient to wage war on the mainland of Asia and at the same time accomplish the predetermined Allied objectives in Europe.

9. While minor commitments of United States military forces might be sufficient to defeat the Viet Minhs in Indochina it is more probable that such commitments would lead to a major involvement of the United States in that area similar to that in Korea or even to global war. Accordingly, there would be great potential danger to the security interests of the United States in the commitment of any "token" or "minor" United States forces in Indochina.

10. Indochina is an area in which the French bear primary responsibility, and the problem of restoration of peace and security to that country should continue to rest with the French. Overt intervention by any foreign power on the side of France would immediately enhance the danger of a global war and would lay France and the other foreign powers open to a charge of imperialism.

11. Thus far the French apparently have failed in Indochina to provide adequate political and military leadership, to develop sound military plans, and to utilize properly their military resources. The urgency of the situation in Indochina, however, is so great that the present United States military aid program for that country should continue, and steps should be taken to expedite shipment of the matériel earmarked for that area. However, it would be desirable for the United States military assistance program to be based on an over-all military plan for Indochina developed by the French, concurred in by the Associated States of Indochina, and acceptable to the United States. This plan should be developed as a result of staff talks conducted in Saigon among representatives of the three countries. It should be made clear from the outset that United States acceptance

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of the plan is limited to the logistical support which the United States may agree to furnish. If time permits, military representatives of the United Kingdom also might be invited to attend. There should be a timetable to the plan. Estimates of matériel requirements which the United States would be expected to provide on an accelerated basis should also be submitted.

12. Popular support of the Government by the Indochinese people is essential to a favorable settlement of the security problem of Indochina. Therefore, as a condition to the provision of those further increases in military assistance to Indochina necessary for the implementation of an agreed over-all military plan, the United States Government should obtain assurances from the French Government that:

a. A program providing for the eventual self-government of Indochina either within or outside of the French Union will be developed, made public, and implementation initiated at once in order to strengthen the national spirit of the Indochinese in opposition to communism;

b. National armies of the Associated States of Indochina will be organized as a matter of urgency. While it is doubtful that the build-up of these armies can be accomplished in time to contribute significantly to the present military situation, the direct political and psychological benefits to be derived from this course would be great and would thus result in immediate, although indirect, military benefits;

c. Pending the formation and training of Indochinese national armies as effective units, and as an interim emergency measure, France will dispatch sufficient additional armed forces to Indochina to insure that the restoration of peace and internal security in that country will be accomplished in accordance with the timetable of the over-all military plan for Indochina; and

d. France will change its political and military concepts in Indochina to:

(1) Eliminate its policy of "colonialism";
(2) Provide proper tutelage to the Associated States; and
(3) Insure that a suitable military command structure, unhampered by political interference, is established to conduct effective and appropriate military operations.

The effective implementation of these changes will require competent and efficient political and military leaders who will be able to cope with the conditions in that country.

13. At an appropriate time the United States should institute checks to satisfy itself that the conditions set forth in paragraph 12 above are being fulfilled. The United States should also continue to

maintain the situation in Indochina under continuing review and should be prepared to revise its policy when conditions warrant.

14. In the event of overt attack by organized Chinese Communist forces against Indochina, the United States should not permit itself to become engaged in a general war with Communist China but should, in concert with the United Kingdom, support France and the Associated States by all means short of the actual employment of United States military forces. This support should include appropriate expansion of the present military assistance program.

15. Any appeal by France to the United Nations would, in all probability, be embarrassing for the Western Powers since the rule of France over its colony is not likely to be well received by the General Assembly of the United Nations. The USSR has recognized the Viet Minh Government and, therefore, a veto by the USSR of any assistance for France would have to be expected in the Security Council. In view of the foregoing, unless the situation throughout the world generally and in Indochina specifically changes materially, the United States should seek to dissuade the French from referring the Indochina question to the United Nations.

16. Inasmuch as the United States-sponsored resolution, "Uniting for Peace," has been adopted by the General Assembly of the United Nations, and should a situation develop in Indochina in a manner similar to that in Korea in which United Nations forces were required, the United States would then probably be morally obligated to contribute its armed forces designated for service on behalf of the United Nations. It is, therefore, in the interests of the United States to take such action in Indochina as would forestall the need for the General Assembly to invoke the provisions of the resolution, "Uniting for Peace." Should France, however, refer the question of Indochina to the United Nations, the United States should give consideration to adopting a position favoring early French withdrawal from Indochina and action by the United Nations similar to that followed in the case of the Netherlands and Indonesia.

17. It appears that, in view of the unrest in Southeast Asia generally and in Indochina specifically, any military victory in Indochina over the communists would be temporary in nature. The long-term solution to the unrest in Indochina lies in sweeping political and economic concessions by France and in the ultimate self-government of the three Associated States within the French Union or their complete independence of France. From the viewpoint of the United States, pressure on France to provide the much needed leadership to initiate these reforms and to grant self-government will prove less expensive in United States lives and national treasure than military commitments by us.

Editorial Note

On December 23, 1950, representatives of the United States, France, Viet Nam, Laos, and Cambodia signed an agreement for mutual defense assistance in Indochina. This agreement was the culmination of negotiations which began at Saigon on August 2 when the United States Legation presented a draft agreement to officials of the other States (text transmitted in despatch No. 59 from Saigon. August 3, not printed, 751G.5 MAP/8–350). After informal discussions at Saigon and Paris, the first plenary meeting looking toward a final agreement occurred at Saigon on October 4 with Minister Heath representing the United States.

Subsequent negotiations included an exchange of letters by France and the United States in Paris on November 22 in which France provided assurances of cooperation in efforts to control the export of war potential materials and equipment from Indochina (texts transmitted in despatch No. 1334 from Paris, November 24, not printed, 751G.5 MAP/11–2450).

The multilateral agreement in its final form was signed at Saigon by Minister Heath, General de Lattre de Tassigny, Vietnamese Premier Tran Van Huu, Voeun Sai (Cambodian Defense Minister), and Kou Vorabang (Laotian Minister of Defense), on December 23. The agreement entered into force upon signature. For text, see *United States Treaties and Other International Agreements* (UST), 1952, volume 3 (part 2), pages 2756–2799.

751G.00/12–2450 : Telegram

The Minister at Saigon (Heath) to the Secretary of State

SECRET SAIGON, December 24, 1950—11 a. m.

1124. Bao Dai arrived Saigon yesterday for signature Pau accords followed by dinner given by De Lattre. Saw him this morning before his return to Dalat. While waiting for Bao Dai, President Huu asked me how request for agreement of Governor Tri as first Viet Minister to US would be received. I stated Tri enjoyed very good reputation among Americans here and abroad. I expressed surprise, however, that Bao Dai had changed his decision that Tri must continue as Governor of Tonkin during present critical period. Huu said that Chi, Minister of Public Health, would replace Tri as governor of the north. Later Bao Dai explained to me that he felt Tri must go since he had so offended De Lattre by his casual last-minute cancellation of a luncheon which former was giving in his honor in Hanoi (see Legtel 1123 of December 23).[1] Bao Dai then went on to give me his personal

[1] Not printed.

estimate of De Lattre and the policy he intended pursue with him. De Lattre was, he said, abnormally sensitive and vain. De Lattre had told Bao Dai that he had not made his visit to Hue because he had been so disturbed by what he considered Tri's calculated affront which he hoped was not typical of Viet official attitude towards him. Bao Dai said that in effect the general had really been "ill" over the incident. Bao Dai was sure De Lattre would never forgive Tri or work with him or have confidence in him and in this circumstance there was nothing to do but to get Tri out of Tonkin, valuable and necessary as he was there. Bai Dai said he had been completely impressed with De Lattre's determination to build up a Viet national army and to support Bao Dai's regime. De Lattre, with his energy, military ability and will, could really accomplish great things for the country. He was a man, however, who was either completely for or against you and an affront to his vanity would quickly turn him from dynamic supporter to relentless enemy. It is for that reason that Bao Dai was not pushing the question of De Lattre's surrendering the HICOM's palace and he asked me to disregard Huu's request to me to intervene to that end. Bao Dai said it was very important for him to have the HICOM palace as a place of residence and government. It was less important, however, at this moment than maintaining De Lattre in his present good intentions. If the matter were raised now De Lattre would be quite capable of resigning the high commissionership and the situation could hardly stand another sudden change even, if his successor were a man of comparable ability and prestige. Bao Dai said he was determined to build united and peaceful Vietnam and he was quite prepared to endure slights and humiliations if they were necessary to achieve this aim. He asked me to see him in Dalat after first of the year. De Lattre will visit him on December 30.

Sent Department 1124, repeated information Paris 528.

HEATH

790.5/12–2750

Memorandum by Mr. Robert E. Hoey of the Office of Philippine and Southeast Asian Affairs to the Ambassador at Large (Jessup)[1]

TOP SECRET [WASHINGTON,] December 27, 1950.

Our comments on NSC 64/1 [2] follow.

Paragraph 1. PSA considered in November that the policy statement proposed by the Southeast Asia Aid Policy Committee had been overtaken by events. It would therefore appear that any discussion of that policy paper would be academic.

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[1] Jessup was the representative of the Department of State on the NSC Senior Staff.

[2] *Ante*, p. 945.

Paragraph 3. PSA agrees that a long range or a short range favorable settlement of the security problem in Indochina requires an increased awareness by the people of the dangers of Communism and an increased effort to combat it. Neither the French Union army nor the Vietnam State army has had in the past difficulty in securing volunteers. Therefore the size of an anti-Communist force is presently limited by the fiscal and technical ability of France and the United States to supply training and equipment not available from Indochinese resources. The national army project agreed to on December 8 established the legal basis for a large national army, transferred certain units (7 infantry battalions) from the French Union forces to the Vietnam State army and set forth a working arrangement by which metropolitan France would contribute approximately 1.5 billion piastres toward the pay and maintenance of an increased Vietnam State army.[3] The Vietnam Government would contribute approximately 750 million piastres. The equipment for some 30 infantry battalions was requested of the United States on 18 December in a list prepared by the French Military, the Vietnam Government and approved by the US MAAG.[4] This step is the legal and factual basis for the future development of a Vietnamese National Army whose eventual size would be approximately 45 battalions plus irregulars. If and when achieved this would be larger than the army of Burma. Similar steps were taken with regard to national armies in Laos and Cambodia. PSA, however, does not agree with the third sentence in paragraph 3 regarding the fundamental causes of the deterioration in the Indochinese security situation. The deterioration has been caused by the increased capability of the indigenous Communist movement under Ho Chi Minh realized by extensive Chinese Communist assistance in both materiel and personnel. We believe that this fact is important and should be included in any study of the area.

Paragraph 4. Short-term objectives, paragraphs *a*, *b*, *c* and *c*(1) have long been a part of Departmental policy. Paragraph *c*(2): This is a debatable statement. The history of satellites has proven that they were established without "popular support". To therefore state categorically that popular support of an anti-Communist government is essential may not be entirely correct. Paragraphs *c*(2) (a), (b), (c), (d), (3), *d*, and *e*: These points are raised more or less verbatim from previous Departmental papers. We consider that they have been already accomplished or are in a satisfactory state of development. Paragraph *f*: The reconsideration of US policy toward Indochina

[3] A French-Vietnamese military convention signed on December 8 established a Vietnamese national army by providing for the transfer of certain units from French to Vietnamese control.

[4] Lists of firm material requirements for the forces of the Associated States were transmitted in telegrams 1077, December 16 (751G.5 MAP/12–1650), and telegram 1095, December 19 (751G.5 MAP/12–1950), from Saigon, neither printed.

enumerated herein was a part of NSC 64, prepared by PSA in March 1950. The Department is aware of the necessity for recasting political policy in the event of successful Chinese Communist aggression in Southeast Asia but is not aware of any plans of the Department of Defense in such a contingency. The US has advised, not "dissuaded" the French from referring the Indochina question to the UN. In September 1950 having been approached by the French in this regard we advised them that in our opinion the political attitudes of the Asian states in the UN was such that the result of a reference of the Indochina matter to the UN would probably be unsatisfactory. At the same time, however, we made clear to the French that the Department was not advising France or any other country in danger of Communist invasion that such an act should not be reported to the UN. Paragraph *g:* agreed.

Long-term Objectives

b. While PSA recognizes the desirability of such a happy condition in Indochina as well as in the Philippines, Burma and Malaya the achievement of peaceful conditions or at least those conditions which would permit indigenous forces without outside help to maintain internal security cannot be realized so long as Communist aggression follows its present militant course.

c. We believe that this has already been satisfactorily achieved.

d. Agreed.

e. PSA while recognizing the desirability of regional security arrangements believes that US encouragement of such a body would be the "kiss of death". Departmental policy, however, supports such an arrangement under Asian sponsorship. This now seems beyond the capability of any Southeast Asian leader.

Conclusion

Since the paper which gave rise to this effort on the part of the Joint Chiefs was prepared in September and was overtaken by November, we presume that it is not a "recasting" of that paper which is required so much as a new NSC paper. From our preceding comments, however, it is obvious that NSC 64/1 does not fill the bill. We recommend that: (*a*) NSC 64/1 not be adopted, or; (*b*) that it be revised by a joint State–Defense effort, or; (*c*) that in view of the near satisfaction of our political efforts that the Department of Defense be directed by the NSC to prepare without delay (1) a strategic estimate of Southeast Asia in which there be embodied studies of the capabilities of the present anti-Communist forces; those forces augmented by the maximum US matériel assistance; the capability and intentions of world Communism toward Southeast Asia leading to a conclusion which would for the first time identify the possible results anticipated from the Chinese Communist invasion of Southeast Asia

which now appears so imminent. The Department of Defense should at the same time be directed by the NSC to participate in the military conversations agreed upon in September by the three Foreign Ministers.

751G.00/12–2950 : Telegram

The Secretary of State to the Legation at Saigon[1]

TOP SECRET NIACT WASHINGTON, December 29, 1950—5 p. m.

813. National Security Council considering recommendations to be presented Pres as natl policy framework on Indochina. Essence of present NSC paper is that US is taking all possible steps short of commitment of US forces in mil, econ and polit field and shld continue to do so with even added urgency. Paper wld be strengthened by additional and new specific steps that cld be taken immed and within next six months.

From Wash view difficult to find anything additional and feasible except the fol: Valuable but heretofore undeveloped aid within the currently strained resources of the US which cld be quickly supplied or extended may or may not exist. Further emphasis within programmed present activities may be possible by revising priorities. No field shld be left unexplored but due regard given practicability.

Accordingly, State and Defense wld appreciate any suggestions of Leg and MAAG on additional steps US might take in immed future to strengthen IC. Your gen analysis of situation, from mil and polit point of view, wld also be appreciated.

Without consulting State Govts or Fr auths pls reply by Tues, Jan 2nd.

ACHESON

[1] Repeated to Paris as telegram 3480.

INR Files[1]

Memorandum by the Central Intelligence Agency

SECRET [WASHINGTON,] 29 December 1950.

NIE–5

NATIONAL INTELLIGENCE ESTIMATE[2]

INDOCHINA: CURRENT SITUATION AND PROBABLE DEVELOPMENTS

CONCLUSIONS

[1] Files retained by the Bureau of Intelligence and Research, Department of State.

[2] This National Intelligence Estimate (NIE) is one of a series of high-level interdepartmental reports first published in the fall of 1950 by the Central

1. The French position* in Indochina is critically endangered by the Viet Minh, a Communist movement that has exploited native nationalism. The Chinese Communist regime is already furnishing the Viet Minh matériel, training and technical assistance. Official French sources report that Chinese Communist troops are already present in Tonkin in some strength. If this aid continues and French strength and military resources are not substantially increased above those presently programmed, the Viet Minh probably can drive the French out of North Viet Nam (Tonkin) within six to nine months. French loss of Tonkin, even assuming the evacuation of French forces in substantial numbers, would jeopardize the French position in the remainder of Viet Nam, Laos, and Cambodia.

2. Under these circumstances there is only a slight chance that the French can maintain their military position long enough to build up an independent Vietnamese government and an effective national army which might win the support of non-Communist nationalists, and, in conjunction with French forces, contain the Viet Minh. For these and other reasons there are grounds for questioning the French will to remain in Indochina.

3. The intervention of Chinese Communist troops in force in support of the Viet Minh would render the military position of the French untenable. At present there are about 185,000 Chinese Communist troops in the Tonkin border area, and approximately half of these could be committed to operations in Indochina. Even a relatively small number of Chinese Communist troops (25,000–50,000) would enable the Communist forces to drive the French out of Tonkin in a relatively short time.

4. Direct intervention by Chinese Communist troops may occur at any time. It may have already begun (see para. 1). It is almost certain to occur in strength whenever there is danger either that the Viet

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Intelligence Agency (CIA). Each Estimate was intended to be the most authoritative interpretation and appraisal of a situation available to policy makers and to present the coordinated expression of the best intelligence opinion from among several departments and agencies. The priorities and frames of reference for a proposed Estimate were set by the Intelligence Advisory Committee (IAC). This Committee was composed of the Director of Central Intelligence, who served as Chairman; the Special Assistant for Intelligence to the Secretary of State; and the Chiefs of Intelligence of the Army, Navy, Air Force, Joint Chiefs of Staff, Atomic Energy Commission, and Federal Bureau of Investigation. The organizations represented on the IAC drafted sections of an Estimate in accordance with their respective fields of responsibility; the Department of State provided all political and some economic sections. An integrated draft paper was discussed and revised by interdepartmental working groups under the coordination of the CIA's Office of National Estimates, then submitted to the IAC for final revision and approval. Provision was made for the notation of dissent where unanimity did not exist. Immediately upon approval, a National Intelligence Estimate was published by the CIA and forwarded to the President, the appropriate officers of Cabinet level, and the National Security Council.

*Throughout this paper, for purposes of brevity, the words "French position" refer to that of the three Associated States supported by the French. [Footnote in the source text.]

Minh will fail to attain its military objective of driving the French out of Indochina, or that the Bao Dai government is succeeding in undermining the support of the Viet Minh. The scale of Chinese Communist intervention, however, would be limited mainly by anti-Communist activities in China and by Chinese military commitments elsewhere.

5. The expulsion of the French by the Viet Minh, with or without Chinese Communist intervention, would almost certainly lead to the transformation of Indochina into a Communist satellite.

6. We believe that control of Indochina by the Viet Minh would eventually entail Communist control of all mainland Southeast Asia in the absence of effective Western assistance to other countries of the area.

DISCUSSION

1. The French position in Indochina is precarious. Confronted with rebellion by a strong Communist movement that has exploited native nationalism (the Viet Minh, led by Ho Chi Minh), the French have tried to weaken it by winning over non-Communist nationalists to support a semi-autonomous, pro-French government under native leadership (the Viet Nam government under Bao Dai). Concessions to nationalist sentiment, leading toward full sovereignty for the Bao Dai Government, have been forthcoming so slowly and with such seeming reluctance on the part of the French that the Bao Dai Government has not in fact won a strong nationalist following in any quarter. As a result, the French so far have been unable to undermine the political strength of the Viet Minh.

2. At the conclusion of the Pau Conference in late November 1950, the French made a new, intensive effort to convince the Vietnamese that the powers of government would be turned over to them as rapidly as possible. The French agreed to establish an independent Army of Viet Nam with Bao Dai, in "supreme command," responsible only to the French High Command in Indochina. According to this plan French officers and cadres would be employed by the Vietnam Government, wear Vietnamese uniforms, and be subject to Bao Dai's command. It is too early to judge what the effect of this new French bid for native support will be. Even though Vietnamese suspicions of French good faith should be overcome, and Bao Dai should develop qualities of leadership hitherto unrevealed, it would be well over a year before an effective Vietnamese army could be organized, trained, and equipped and before broad political support for Bao Dai could be consolidated.

3. The armed forces of the Viet Minh (approximately 225,000 troops, of which 93,000 are well-armed regulars) have for some time been successfully contesting French military control in many regions of Indo-

china and recently have captured key French outposts and inflicted heavy losses on French forces in the northern border area adjoining China. In the critical area, Tonkin, where the French now hold mainly the Red River Delta area and a narrow strip along the coast, 55,000 French regular Army troops are opposing 62,000 Viet Minh regulars. The magnitude of the French military effort currently required in the whole of Indochina can be inferred from the following facts: (a) the French have 147,000 army regulars deployed throughout Indochina, and in addition maintain 200,000 native forces engaged in security tasks, para-military duties, and local defense; (b) the regular army in Indochina comprises 49% of France's career enlisted personnel, 20% of its regular army officers, and 28% of its career NCO's; (c) French officer losses in Indochina currently equal the annual output of graduates from St. Cyr; and (d) 37% of the 1949 French military budget was spent on the Indochina operation.

4. The Chinese Communists have been training and equipping large numbers of Viet Minh troops in China and are supplying the Viet Minh considerable amounts of matériel. A small number of Chinese Communist advisory personnel wearing Viet Minh uniforms probably are already serving with the Viet Minh forces. In fact, official French sources report that Chinese Communist troops are already in Tonkin in some strength. Although the ability of the Chinese to furnish military equipment is limited, they should be able to make available to the Viet Minh enough small arms and artillery to give the Viet Minh a distinct superiority over present French forces. Viet Minh capabilities continue to be enlarged faster than the French have expanded their own. Unless French strength and military resources are substantially increased above those presently programmed, there is only a slight chance that the French can maintain their military position in the face of steadily increasing Viet Minh pressure during the period of about a year that would be required to strengthen Bao Dai's Government politically and to organize an effective Vietnamese army. For these and other reasons, there are grounds for questioning the French will to remain in Indochina.

5. The French position is further jeopardized by the fact that Viet Minh strength can be increased by successive increments of Chinese Communist troops (as well as matériel) as a counter to any increase in French capabilities. In particular, if the Viet Minh shows signs of failing to attain its military objective of driving the French out of Indochina or if the Bao Dai government begins to show considerable promise of winning nationalist supporters away from the Viet Minh, we believe that the Chinese Communists will resort to direct substantial military intervention in Indochina by committing "volunteer" troops for service with the Viet Minh unless other considerations intervene. Similarly, if US or other non-Communist mili-

tary forces intervened directly in support of the French, the Chinese Communists almost certainly would intervene.

6. The Chinese Communists may well believe that they can intervene in force in Indochina without too great a risk of causing either US or UN military intervention or of precipitating a general war. From the Soviet point of view, there might be substantial advantages in involving the US in a full-scale war with the Chinese Communists. US strength would be further dissipated in a Far Eastern military operation, and the US might lose or alienate some of its allies and potential allies. There are considerations, however, that would tend to deter the Chinese Communists from direct intervention in the war. Chinese Communist intervention (a) might bring certain Asian countries into opposition to Communist China; (b) might antagonize nationalist elements in Indochina and thereby weaken Ho Chi Minh's control of his own party and his prospects for support from the rest of the country; (c) would involve the use of Chinese troops in a situation already developing favorably from the Communist point of view simply as a result of supply equipment and training for Viet Minh troops.

7. The intervention of Chinese Communist troops in force in support of the Viet Minh would render the military position of the French untenable. At present there are about 185,000 Chinese Communist troops in the Tonkin border area, and approximately half of these could be committed to operations in Indochina. Even a relatively small number of Chinese Communist troops (25,000–50,000) would enable the Communist forces to drive the French out of Tonkin in a relatively short time. French loss of Tonkin, even assuming the evacuation of French forces in substantial numbers, would jeopardize the French position in the remainder of Viet Nam, Laos, and Cambodia. The scale of Chinese Communist intervention, however, would be limited by anti-Communist activities in China and by Chinese Communist military commitments elsewhere.

8. In addition to a report from French official sources that Chinese Communist troops are already in Tonkin in some strength, there are at present many other indications of impending intervention in Indochina by the Chinese Communists. These include numerous reports of the recent movement of Chinese Communist armies to the Kwangsi-Tonkin border and of the concentration of armor in South China, the closing of French consulates in China under Chinese Communist pressure, Peiping charges of French border violations, Viet Minh and Chinese Communist accusations of persecution of the Chinese minority in Indochina, and the general Chinese Communist propaganda line that names Indochina, together with Korea, Japan and Formosa, as a base for "imperialist aggression" against China.

9. There is little doubt that a Viet Minh victory would lead to the transformation of Indochina into a Communist satellite. Ho Chi Minh is a Moscow-trained professional revolutionary and there have always been Communists in his government. At the present time, the Viet Minh regime is openly Communist in ideology and pro-Soviet in statements on foreign affairs. The recognition of the Ho regime by various international Communist groups as a full-fledged "people's democracy," formal recognition of the regime by Communist China and the Soviet bloc, and the failure of the Viet Minh to acknowledge the recognition tendered by Yugoslavia, all offer reasonably clear indications of the alignment of the Viet Minh leadership with the USSR, with Communist China, and the international Communist movement.

10. The strong probability is that the loss of Indochina to Communist control would mean the eventual loss of all mainland Southeast Asia, in the absence of Western assistance to the other countries of the area. Without such assistance, the proximity of well-trained Viet Minh forces would place nearly irresistible pressure upon Thailand, increasing the proclivity of Thai officialdom to accommodate itself to the winning side. If Thailand were under Communist control, the Communist rebels in Malaya could be furnished military assistance that would be very likely to cause the British to lose control of the area. The Burmese government, already plagued by internal Communist problems, would find it difficult to resist diplomatic pressures backed up by both Chinese and Indochinese Communist forces on the borders of Burma. In addition, in Indonesia and the Philippines, the principal effect of Communist control of Indochina would be to strengthen indigenous Communist movements. Moreover, there might be a trend in Indonesia toward accommodation with the Communist bloc in Asia. As each successive country came under Communist influence, the non-Communist resistance in the remaining countries would be weakened.

[A map supplement, circulated subsequent to the publication of NIE–5 of December 29, is not reproduced here.]

INDONESIA

UNITED STATES RELATIONS WITH INDONESIA[1]

856D.10/1–950

Memorandum by the Secretary of State to President Truman

SECRET WASHINGTON, January 9, 1950.

Subject: Allocation of Section 303 Funds to Provide Police Equipment for the Indonesian Constabulary

The Department of State and the Department of Defense have agreed that a program of military assistance for the new Indonesian State is needed for purposes of providing military equipment to maintain the internal security of that country against communist encroachment. (Annex A, attached, gives supporting background prepared by the Department of State.) The staffs of the two Departments have estimated that the initial amount of funds required for this purpose is approximately $5 million. The Department of State believes that for urgent political considerations this equipment should be made available as quickly as possible, and proposes that the funds be obtained under authority of Section 303 of the Mutual Defense Assistance Act of 1949.

While the general objectives of the proposed program of military assistance to strengthen the Indonesian constabulary have been jointly agreed upon between the two Departments, the exact content of the program has not yet been formulated by the staffs of the interested agencies. Therefore, it is requested that the President at this time approve a program of military assistance to Indonesia, and that $5 million be reserved for this purpose, under Section 303 of the Mutual Defense Assistance Act. As in the case of assistance to other countries under the Mutual Defense Assistance Act of 1949, it is proposed that this assistance be administered by the Secretary of State in consultation with the Secretary of Defense and the appropriate agencies.[2]

DEAN ACHESON

Annex A

We are recommending immediate aid to Indonesia because that country is facing serious internal Communist threat which can best

[1] For previous documentation, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 119 ff.

[2] Next to Secretary Acheson's signature on the source text was the handwritten notation "Approved 1/9/50 Harry S Truman." A memorandum of the Secretary's meeting with President Truman on January 9 at which he approved this memorandum, not printed, is in file 856D.10/1–950.

be dealt with by strengthening the Indonesian constabulary. The program requested by the Indonesian officials would provide necessary police equipment for 20,000 members of the constabulary. This was considered to be the irreducible minimum for maintenance of law and order in the new republic. The equipment proposed under this program together with their own resources and what we understand the Netherlands Government will provide would give the Indonesians an equipped constabularly of 100,000 men.

The Indonesian Nationalist movement, both Federalist and Republican, is at present non-Communist in character. The Indonesian Republic successfully liquidated a full-scale Kremlin-directed Communist revolt in September and October of 1948. During the disorder which followed the Netherlands police action in December 1948, however, large numbers of Communist operatives imprisoned by Indonesian Republic authorities regained their freedom and presumably are prepared to resume activities in the near future. Present Indonesian Nationalist leadership, having taken a strong anti-Communist line, is regarded as a dangerous enemy by world Communism which will spare no effort to destroy this leadership and to replace it by leadership which will respond to Communist direction.

Since Indonesia is separated from the Asiatic mainland by water, the immediate Communist threat to the Archipelago is internal in character. Therefore, the type of assistance which the Republic of the United States of Indonesia will need is characteristic of police equipment traditionally used in a jungle country. The Indonesia Communist movement is in possession of Japanese arms; it probably receives arms from Communist centers on the mainland and it has in the past manufactured its own ammunition. It can be assumed in any event that Communist forces in Indonesia will be at least as well armed in the future as they have been in the past. Their activities will, of course, increase as Communist forces in other parts of Asia are increasingly successful.

The political, strategic and economic importance of Indonesia to the United States is well known. This vast Archipelago, supporting a population of some 75 million people, lies athwart the principal lines of communication between the Pacific and Indian Oceans. It produces commodities necessary to American industry, some of which are requisite to the United States strategic stock-pile program. Because of the dynamic character of its Nationalist movement, because of its great wealth and because it is the second largest Moslem country in the world, its political orientation has profound effect upon the political orientation of the rest of Asia.

As the Communist gains on the Asiatic mainland increase, the importance of keeping Indonesia in the anti-Communist camp is of greater and greater importance. A continuation in power of the present

anti-Communist leadership in Indonesia will have a most profound effect upon leadership elsewhere in Asia. The loss of Indonesia to the Communists would deprive the United States of an area of the highest political, economic and strategic importance and would doubtless result in economic difficulties in the Netherlands which would be unable to retain its beneficial interests in Indonesia on the basis of the Hague agreements of November 2, 1949.[3] This development would have a serious effect upon Benelux and consequently upon our North Atlantic arrangements.

DEAN ACHESON

[3] For documentation on The Hague Round Table Conference, August 23–November 2, 1949, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 474 ff.

756D.5/1–1850 : Telegram

The Ambassador-Designate in Indonesia (Cochran) to the Secretary of State

TOP SECRET PRIORITY DJAKARTA, January 18, 1950—6 p. m.

100. Eyes only Lacy [1] from Cochran. Sukanto [2] visited me today. Hatta [3] had told him of message I conveyed re prospective equipment (Embtel 88 [4]). Sukanto is checking list of material expected from Netherlands Military preliminary to submitting formal request to US.

In reply to Sukanto's query re prospects program for organizing and training police, I said had told Hatta few points which should be considered by Hatta, Sukarno [5] and myself before making any recommendations to you. I gave reasons why I doubted feasibility undertaking this time extensive organization. Opposed particularly our sending group under-cover men. Said we could arrange instructions US for up to ten Indos whom he might choose for specialization provided RUSI would cover per diem expenses amounting approximately $15. Sukanto said would be embarrassed if he had to seek funds officially from RUSI Government this purpose. I told him we had explored but found impossible use any part 75 [*5?*] million for living expenses his trainees. Told him I would let you know his problem and see if anything can be done. I have subsequently discussed this with Beam [6] who referred to SecState's special fund used for instance for evacuating German doctors from Berlin 1948. He also believes CIA

[1] William S. Lacy, Jr., Director of the Office of Philippine and Southeast Asia Affairs.

[2] Raden Said Sukanto, Chief of the Indonesian State Police.

[3] Dr. Mohammed Hatta, Prime Minister and Foreign Minister of the Republic of the United States of Indonesia.

[4] Not printed: it reported that Cochran had told Hatta that President Truman had approved the $5 million expenditure for the Indonesian constabulary and had provided Hatta with a list of equipment for the force (756D.56/1–1650).

[5] President of the Republic of the United States of Indonesia.

[6] Jacob D. Beam, Consul General at Djakarta.

could provide necessary funds. I am aware from my recent visit that there might be some objection to bringing CIA in on this. Would appreciate your advice as to whether such funds or other sources could be tapped.

Sukanto raised question whether we could send three or four highly qualified instructors openly to Djakarta to conduct police classes. I still feel better pursue proposed policy of training several Indos soonest in US and then letting them educate other Indos here. Again would appreciate your comments.

Sukanto expressed concern over prospect of establishment here of either Soviet or Communist China mission or both. Said this would make extremely difficult keeping two million Chinese in hand. Asked if we could provide some one to advise him on Communist tactics. In answer my question whether he wanted some one on his staff or simply consult with my staff he suggested latter. I told him Beam and Arturo would be glad talk with him at any time since they have had considerable experience. I preferred make no recommendation beyond this unless and until we see likelihood of Communists mission being established.

COCHRAN

411.56D/1–1950 : Telegram

The Ambassador-Designate in Indonesia (Cochran) to the Secretary of State

TOP SECRET PRIORITY DJAKARTA, January 19, 1950—6 p. m.

105. Eyes only Butterworth [1] and Lacy. Please see mytel 103 [2] reporting conversations with Fox and Sukarno.

I have done utmost grapple with Fox problem passed to me. Have been given informal government undertaking RUSI will not renew contract Fox had with Repub and will not consummate new arrangement pending Djuanda's return from United States.[3] Fox has, however, succeeded in enlisting strong support on part old associates such as Laoh and Gani [4] and has appealed to Sukarno, Hatta and others basis his help rendered them during their hour of need.

I have gone limit in emphasizing situation now much different; that leaders no longer head state with back to wall but have responsi-

[1] W. Walton Butterworth, Assistant Secretary of State for Far Eastern Affairs.

[2] Not printed; in it Cochran reported that Sukarno had told him that the exclusive contract which Matthew Fox, head of the American-Indonesian Corporation, had held since January 3, 1948, as the sole trade agent of the Republic of Indonesia in the United States would not be renewed. (411.56D/1–1950)

[3] Djuanda, Minister for Economic Affairs of the Republic of the United States of Indonesia, was in the United States seeking economic assistance in the reconstruction of the Indonesian economy.

[4] H. Laoh and Dr. A. K. Gani had been Vice Minister of Public Works and Minister for Economic Affairs, respectively, in various cabinets of the Republic of Indonesia.

bility for federation encompassing archipelago with excellent prospects for future if firm foundation established. I have argued that it would be wrong through sentiment or loyalty to old friend of one constituent part of RUSI to restrict or prejudice business contacts of new federation or incur possible criticism for favoritism or graft. Have suggested change in character Indo officials in United States with result sending Djuanda and Sastroamidjojo.[5] I have argued emissaries to United States should establish connections with business concerns of highest type.

Gossip attributed to Sjahrir [6] circles already alleges, according to controlled American source, that if Fox signs agreement with RUSI it will be for importing capital goods that are unessential, that only Cabinet members and officials of RUSI will profit, and that American exporters will get kick-back in return commission fees. From my conversations with American businessmen here well as New York and from my own impression Fox and his original agreement, convinced best interests RUSI and of relations between our two countries will not be served by his getting any special type of contract. If you agree, I hope you can help Djuanda and Sastroamidjojo on right path.

Messages received from Department recently have worried me somewhat lest Ex-Im Bank may become overly meticulous in requiring supporting data of character and completeness impossible of achievement by new government in near future. Sukarno told me this morning he plans send Colonel Hidayat, one of top army officers, to United States consult on military aid once it is seen Djuanda is succeeding.

My point is that Djuanda mission has taken on special significance. If it is successful and he returns with definitive agreement, am confident this will be found great support RUSI Government and will pave way for happiest possible relations our two countries. If on other hand Djuanda is told he has not made adequate case and is obliged return with only promises of further consideration upon production of more details then effect and reaction will be extremely bad. Unhappy outcome would be made even worse if it appeared that his word had been doubted and Ex-Im investigators sent to verify his statements concurrently with extensive ECA mission now proposed for checking utilization ECA funds and counterpart.

Please be assured I appreciate need for protecting Department and lending agencies against credit risks and mal-administration. At same time, must stress that we have talked so long and so strongly, especially of recent date, re help which we intend extend RUSI that unless we produce quickly and generously there will be not only disappointment but most likely such need for immediate financial relief that

[5] Dr. Ali Sastroamidjojo, Indonesian Ambassador-Designate to the United States.

[6] Sutan Sjahrir, leader of the Indonesian Socialist Party (Partai Socialis).

Indos will be tempted or pressured to look elsewhere either to concession-seekers such as Fox or to other sources. I urge therefore that this situation be given top attention, by Secretary if necessary, to see that Djuanda is realistically taken care of and comes back with definite Ex-Im credit and if possible arrangements of helpful character with private business concerns. If some other government or international lending agency can help out on stabilization loan, this would be spendid. I mention these three possibilities rather than accept idea which had been proposed in some circles and with which I appreciated you were unsympathetic, namely that of approaching Congress for special aid. I still agree it should be possible to get RUSI on feet through foregoing measures if results can now be accomplished in United States and that this much preferable to seeking Congressional action before RUSI sufficiently well established to create good opinion Congressionally and before actual needs can be wisely envisaged.

COCHRAN

756D.00/1–2450 : Telegram

The Ambassador-Designate in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, January 24, 1950—5 p. m.

124. Saw Hatta this noon. He said Hirschfeld [1] and Van Maarseveen [2] had called on him 8 p. m. yesterday to express regrets over Bandung situation.[3] Hirschfeld had returned alone 9:30 p.m. to discuss it further. Hatta had protested to them against 300 members of two special KNIL battalions at Bandung having joined at least equivalent number of other Westerling followers to attack Bandung under leadership two Netherlands police officials. Hatta reminded Hirschfeld latter had assured him week ago, following our several conversations in regard to desirability withdrawing these two Bandung, that Commander-in-Chief Buurman Van Vreeden had stated his officers would keep two battalions under control. Hatta said that, acting upon this assurance, his government had removed important part TNI [4] from Bandung to combat DI [5] troops infiltrated by Westerling followers in other vicinities than Bandung. Consequently TNI had been weak when Westerling forces including those from KNIL attacked.

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[1] H. M. Hirschfeld, Dutch High Commissioner in Indonesia.

[2] J. H. Van Maarseveen, Dutch Minister for Union and Realm Affairs.

[3] On the evening of January 22, some 800 men led by Paul Westerling, a former Captain in the Royal Netherlands Indies Army (KNIL), had seized Bandung after killing most of the Republic of the United States of Indonesia Army garrison. Westerling's forces contained men from the Royal Netherlands Army (KL) as well as demobilized soldiers from the Royal Netherlands Indies Army.

[4] Tentara Nasional Indonesia (Indonesian National Army).

[5] Darul Islam (the Islamic State), a conservative Moslem group which by the end of 1948 had become openly anti-Republican.

Hatta said he protested further that Chief of Staff General Van Langen who had flown from Jakarta to Bandung Monday with instructions from Netherlands Commander-in-Chief to use force against Westerling troops had instead negotiated with Netherlands police officer in command thereof to withdraw from town. Hatta said withdrawal had taken place but this would not solve situation. On contrary, left dangerous threat to Bandung and situation which might spread to other areas. He said Hirschfeld and Maarseveen stated difficult to use Netherlands and KNIL troops against dissident KNIL. Were not sure they would obey orders. Hatta said Buurman Van Vreeden made similar remark to Colonel Simatupang [6] last night and added he was ashamed of his troops.

Hatta said he had this morning received telegram that KNIL troops had taken over authority in Ambon, inflicting many casualties. He referred also to recent statement signed by 800 KNIL in Macasser setting forth conditions only under which they would join RUSI national forces. He said these dangerous moves indicate that Netherlands does not have control of their own forces and that if strong measures are not taken soon there may be general revival of fighting between KNIL and TNI.

Hatta asked if I would talk with Netherlands officials re gravity of situation and also see whether they and/or my own government could do anything to facilitate withdrawal of Netherlands forces from Indonesia. I promised I would speak to Hirschfeld soonest. I said I would also report to my own government. I let him know however that at instance Jacob,[7] I had raised June 1949 without success question our assisting with ships for evacuation. If there is anything Department can now do to expedite withdrawal Netherlands forces, I hope it will act promptly. Evidence is strong that Netherlands officers themselves either not disposed or incapable of commanding and directing their forces including KNIL in such fashion to contribute to law and order Indonesia.

I asked Hatta whether anything new on relation between RUSI and USSR and Communist China and Bao Dai [8] regime and South Korea. He said nothing new on first three. He did not even recall that there had been any exchange of cables with South Korea but said he would look this up. (See 91 from Seoul to Department.[9]) In answer my query, Hatta said he had entered no negotiations for loan while in Switzerland, and nothing immediate in prospect. Said story of French loan was old affair which he had mentioned to me at Hague

[6] Acting Chief of Staff of the Indonesian National Army.

[7] Jacob had been a member of the Dutch delegation that went to Indonesia in the late spring of 1949 to negotiate the principles and agenda for the Round Table Conference at The Hague. For documentation on these negotiations during June, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 415 ff.

[8] Chief of State of Vietnam.

[9] Not printed.

last September but has not developed (Deptel 68 [10]). Said looking to US more importantly than ever in present situation. Said would need other than Export-Import Bank funds for consumer goods. I said hoped my government could either suggest some other agency which might help with such funds or perhaps get private American bankers interested. He said would look to Netherlands for some help this field but difficulty arises from fact many of consumer goods must be paid for with dollars. I promised let Department know urgent importance to Hatta government of Djuanda receiving quickest and fullest support.

COCHRAN

[10] Not printed.

756D.00/1–2450 : Telegram

The Ambassador-Designate in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, January 24, 1950—6 p. m.

125. Embtel 124. Received by Hirschfeld 1 :15 p. m. today following my visit to Hatta. Told Hirschfeld Hatta had asked I see him and had expressed serious concern his government over Bandung and related incidents. Hirschfeld had not yet heard of Ambon affair. Hirschfeld stated 140 men had deserted from two special KNIL battalions and 160 from "pre-federal troops" Bandung Saturday night to join Westerling forces and attack Bandung early Monday morning. Said TNI forces had withdrawn hurriedly without putting up resistance.

Hirschfeld said Netherlands Commander-in-Chief, consulted with him Monday forenoon and Van Langen was sent to Bandung. Latter consulted with local Netherlands Commander General Van Engles upon arrival. Said Engles thought troops had deserted under misapprehension they were to be used in "restoring law and order." Word was sent out in south part of Bandung occupied by troops in question they should report to Netherlands headquarters. Instead, entire group agreed withdraw quietly from Bandung. Answering my query, Hirschfeld said Westerling was not with troops.

Hirschfeld said all but 3 of the KNIL deserters and all but 10 or 15 of "pre-federal," deserters had come into Bandung early today and surrendered with their arms. They were being flown to island near Djakarta for Netherlands court-martial. Said Netherlands military would remove rest of two special battalions from Bandung. He did not know where Westerling forces had gone or how many earlier deserters from Netherlands forces might be included in unascertained total Westerling troops.

I told Hirschfeld different version had been given me by Hatta for lack resistance by TNI at Bandung, namely, that important part

had withdrawn following assurances from Netherlands military that latter had situation in hand. Hirschfeld admitted chagrin over failure Netherlands military to implement promises. Said Maarseveen and he had expressed regret to Hatta and that appropriate press statement had been issued. He said Netherlands military had provided TNI command Djakarta 10 planes yesterday to transport troops to airfield Bandung. Said Netherlands officers of opinion such troops were not anxious enter conflict with dissident and Westerling forces. Hirschfeld said military considered this to be revelation weakness TNI.

I told Hirschfeld we had been agreeably surprised since cessation hostilities agreement by degree of discipline manifested by guerrilla and other TNI forces. I said I knew RUSI Government had been consistently seeking avoid bloodshed Bandung and had undoubtedly issued instructions to that end to their troops. I reminded Hirschfeld I had told him at suggestion RUSI leaders of their feeling that Netherlands military bore blame for Westerling being at liberty and should shoulder responsibility in connection with their own dissident troops. Hirschfeld asked if I did not think it ample that Netherlands court-martial deserters who have surrendered and removed questionable battalions from Bandung. I said I was glad deserters had been taken without bloodshed. I emphasized, however, that Westerling affair is not only still unsettled, but that action of RNIA troops has spread elsewhere. I cited Ambon. I asked Hirschfeld whether Netherlands could devise some means taking Westerling into custody. I also asked why Netherlands had neglected arrest two Netherlands police officials who headed Westerling forces. He expressed doubt these policemen were really Netherlands subjects. He still insisted handling Westerling was now RUSI affair no matter how much he regretted Netherlands had not cleared up this situation before transfer sovereignty.

I told Hirschfeld I did not desire make any recommendations as to what he should do. I stressed his and my common interest in seeing succeed the agreement which we had helped negotiate. I said Netherlands military were spoiling entire results RTC by their intransigence. Maarseveen himself should see this. I said that unless Netherlands achieved better discipline in forces still under their command, there would be increasing danger of renewed conflict and certainly agitation to expedite evacuation Netherlands forces. Feeling that Hirschfeld means well but is lacking courage to be tough with Netherlands military, I reminded him of Van Royen's[1] experience. I said Van Royen had much difficulty in first weeks Djakarta last spring as

[1] J. H. van Royen, head of the Dutch delegation to Indonesia in early 1949 which negotiated the agreement of May 7, 1949, leading to the Round Table Conference. For documentation on the negotiation of the agreement, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 407 ff.

result intransigence Netherlands military. He was able to make progress only after he had convinced Spoor [2] of necessity look at situation realistically. To do this had killed Spoor. I said I did not want to see Hirschfeld's well-intentioned efforts frustrated by some of his high-ranking military. I hoped he would take every precaution. He thanked me for my visit. Said he was going at once with his military leaders to keep appointment with Hatta at 1:45.

In conclusion, I said looked bad for former Netherlands officials to consort with Westerling. I mentioned reported visit of Westerling to Ritman, former RVD head, being used by RUSI as advisor on press relations. Hirschfeld said Mononutu, RUSI Information Minister, called on him Saturday. Asked him if HC could use him, Ritman, and one other Dutchman in press relations. Said RUSI no longer wanted Ritman since he was consorting with Westerling. Hirschfeld did not accept offer. Said Ritman arrested early this morning by RUSI officials.[3]

COCHRAN

[2] Lt. Gen. Simon Spoor, Commander in Chief of the Netherlands Army in Indonesia.

[3] In telegram 98, January 25, from The Hague, not printed, Ambassador Chapin reported that the Netherlands Government felt Indonesia was trying to lay the blame for the Bandung situation on it and regarded the events there as "damned serious." (756D.00/1–2550)

856D.10/1–2650 : Telegram

The Ambassador-Designate in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, January 29, 1950—4 p. m.

153. Believe Djuanda should be advised and constructively assisted to obtain signed credit agreement with Export Import Bank while in US. Can understand from our insistence to him and Sumitro [1] on presenting definite capital projects that Djuanda may now have gone all out in setting forth four-year plan and ideas for Point Four Program.

I fear from Deptel 89 [2] however Djuanda has either been misunderstood or has not been kept informed by his government of developments Indonesia since his departure. Lest I on other hand may be misinterpreting Deptel 89, particularly after receiving encouraging Deptel's 79 and 84,[3] beg submit following with view clarification.

[1] Dr. Sumitro Djojohadikusumo, Indonesian Minister in the United States.

[2] Not printed. In it Cochran was informed that in preliminary discussions Djuanda had "clearly stated intention and objective for period his present visit not gaining definite Ex-Im Bank credit, but rather getting Ex-Im Bank assurances." (856D.10/1–2650)

[3] Neither printed. The former told Cochran that the Department of State would "do everything possible assist Djuanda in his discussions with Bank," while the latter transmitted the schedule of Djuanda's appointments with various financial and trade representatives in Washington. (856D.10/1–2650)

I do not agree that "earmarking" or "giving assurances" of help is adequate. Credit contract above suggested would involve opening credit against which there would be no drawings until sums due account approved projects. Djuanda should convince Export Import Bank eventual total credits which his over-all plans warrant. Get Export Import approval while Djuanda in US of some sufficiently specific projects and needs to permit him arrange for early initial purchases and delivery of such essentials as agricultural implements, trucks, cement-making and roadbuilding machinery, fishery equipment, cables and other mining replacements.

I do not agree that Indonesia is not in position to request or expect firm contracts during next few weeks. On contrary I insist present is propitious time to consummate contracts of at least firmness of those hereinabove suggested. We should thereby give RUSI fullest possible support in manner which should dispel any impression here or elsewhere that US is fair weather friend afraid to risk concrete support when clouds arise. In addition to rehabilitating economic plant and increasing output and export also necessary inspire national confidence and relieve unemployment including ex- and potential soldiers.

I believe financing capital projects most helpful and safest investment we can now make Indonesia. Netherlands would like make this type loan and French and Swiss concerns appear similarly interested. I would favor leaving Netherlands and other possible lenders job of helping with credits for consumption goods to follow ECA rice and textiles perhaps in April. Also give our banks and business concerns chance at this.

Talked last night with Hatta who said he had left to Djuanda decision as to amount of credit to be requested but considered 500 rather than reported 100 million dollars as more realistic amount needed if plan for economic rehabilitation Indonesia involved. He agrees on urgency definite loan agreement soonest. My preference would be to announce before Djuanda departs that:

(1) Indonesians think plans will require 500 million (or whatever sum is decided);
(2) Contract for say 200 million has been signed and;
(3) Door left open for considering additional credits as rehabilitation progresses and actual opportunities for further constructive undertakings are disclosed.

Nine-man group arriving today from SCAP [4] presumably to seek market for Japanese products. ECA party of ten moving in shortly to police end-use ECA funds already lent and spent and to program use counterpart. Numerous American salesmen here. Such invasions with accommodations lacking industries poorly organized, and func-

[4] Supreme Commander Allied Powers.

tioning feebly in first few weeks of existence of harassed government will be of little avail and hurt rather than help if we do not give government financial support necessary for getting its economic machine in better operation.

To inspire confidence in our intentions is especially urgent now that Soviets seeking early penetration with immunity through establishing diplomatic relations. This will probably soon be followed by Chinese Communist approach with even greater implications. Sjharir sent to me last night important Chinese who had been member Republican delegation to RTC to give me picture of danger to Indonesia of permitting establishment of any Communist mission Indonesia with its 2 million Chinese.

Java Bank manager told me Friday RUSI Government had already drawn 300 million guilders on his bank. Am confident Netherlands interests will insist on utilizing counterpart funds for reducing RUSI indebtedness to them unless we quickly show advantage tying use such funds in with productive projects for which we providing dollars required for imported elements thereof. Hence, another reason for speed toward definite and early working loan.[5]

COCHRAN

[5] In a subsequent exchange of telegrams the Department of State confirmed that Djuanda desired assurances rather than a definite credit and stated that he "had not wished take Washington trip, but came because 'Ambassador Cochran insisted'." Djuanda further proposed that he return to Djakarta for more specific information to justify specific loan outlays. In reply Ambassador Cochran reaffirmed his statements and stressed particularly the need for a contract before Djuanda departed. Telegrams 101, January 28, to Djarkata and 165, January 31, from Djakarta (856D.10/1–2850 and 3150).

611.56D/1–3050

Memorandum of Conversation, by the Ambassador at Large (Jessup)[1]

SECRET [DJAKARTA, February 3, 1950.]

Ambassador Jessup accompanied by Ambassador Cochran and Mr. Gibson called upon President Soekarno at the Palace on Friday, February 3.[2] After preliminary greetings in an atmosphere of extreme cordiality, the President informed Ambassador Jessup that he had cut his trip to India short in order to be back in Djakarta in time to receive him. He spoke with enthusiasm of his trip to India, Pakistan and Burma and of having been present at the celebrations of Indian Independence Day in New Delhi. He stated, incidentally, that he was

[1] The memorandum was prepared by William M. Gibson, Consul at Saigon, who accompanied Ambassador Jessup on various parts of his trip to the Far East. For further documentation on Jessup's trip, see pp. 1 ff.

[2] Memoranda of Jessup's conversations with Indonesian, United States, and Dutch officials during his stay at Djakarta from January 30 to February 3 are in file 611.56D/1–3050.

the only foreign representative, other than the diplomatic corps, present at the celebrations. Ambassador Jessup spoke of the success of Prime Minister Nehru's trip to the United States and the excellent impression he had made there. The President said he had had the same impression from the Prime Minister and had talked to him at length about his trip.[3]

He spoke with some feeling of the irreconcilable differences between India and Pakistan and said that he had encountered considerable bitterness, even hatred, for the Indians in Pakistan but had not encountered the same feelings in India regarding Pakistan. He said Nehru was devoid of hatred. He said that the Pakistani would be willing to withdraw their troops from Kashmir providing the Indians did the same, but that the Indians were unwilling to do so unless they were assured of some means of maintaining order after their departure. In Soekarno's opinion the only solution to the Kashmir problem is partition.[4]

He also spoke of having discussed the question of communism with Nehru and that India, Pakistan and Burma were all as anti-communist as he was. This led to comments on American aid to Asia and after explaining to the Ambassadors that he was going to speak "very frankly" he said that although American aid would be gratefully received and appreciated he felt that it must be tended without strings and that the United States must not attempt to "administer" the aid. Ambassador Jessup explained "administration" of ECA aid in Europe and necessities of our democratic system in which Congress controls the purse and requires accounting even from the executive departments of the United States Government. The President explained that the situation was not comparable here to that in Europe for there we were dealing with "old" countries who understood our ways and vice versa, while in Asia we were dealing with "new" countries who are sensitive and resented any implication that we were directing or supervising the use of any aid we might furnish them. He referred to America as the mother and the new young Asiatic countries as grown sons who looked to their mother with affection and understanding but who did not wish her to interfere with the running of their own lives. The President re-emphasized this point several times in the course of his con-

[3] Ambassador Cochran transmitted another account of Sukarno's trip to India in telegram 233, February 9, from Djakarta, not printed. This account included a statement by Abdul Gafar Pringgodigdo, Chief Secretary to Sukarno, that the Indonesians had returned home "even prouder of their own country" and that "Sukarno and Hatta would do their own thinking and keep as independent as possible." (756D.00/2–950)

[4] Documentation on the Kashmir question is scheduled for publication in volume v.

versation and referred to the absolute necessity of our understanding the psychological nature of this problem in the new countries of Asia.

He spoke again with feeling of the fact that communism was bred by discontent and unemployment and referred specifically to conditions in Calcutta where there was mass poverty, unemployment and great suffering. He said that Nehru had a very serious problem on his hands and that Indonesia had a less serious problem than her sister nations in this respect. Regarding Burma, he felt that there had been considerable improvement of late and that the government was making real progress in its struggles with the Karens and other dissident groups. He reported that the government was using the slogan, "Establish peace within the year." This result would of course depend on developments from communist China, Soekarno observed.[5]

Ambassador Jessup asked him what his opinion was of the Southeast Asian Union, and he replied that this matter had not even been broached by Nehru or any one else in the course of his trip. He did, however, say that it was inevitable that India together with her Asiatic neighbors (mentioning specifically India, Burma, Siam, Indochina and the Philippines) had a bond which might lead to an association of one sort or another but probably not for two or three years at least during which time they wanted to concentrate on their domestic problems.

He spoke with concern of the infiltration of left wing elements from Malaya but did not make any specific comments concerning the general problem of communist influence in Indonesia. In fact, he made virtually no observations on immediate problems facing the Indonesian Government, local affairs, Indonesian relations with The Netherlands, or topics of current concern. He but touched on the Westerling affair.

The President displayed the warmest friendliness throughout and appeared particularly anxious to impress the Ambassador with his good relations with Ambassador Cochran and the United States on the whole. One had an impression that he had been very impressed by his contact with Prime Minister Nehru and that much that he said, particularly the point about America not supervising too closely the use of any aid furnished, had been closely discussed with or even been planted in his mind by Nehru.

Note: In this connection, Soekarno cited as an example of the ills that came from too close "administration" by the United States of aid granted to foreign countries the fact that although a few years ago the United States was loved throughout China such was definitely not the case today. Ambassador Jessup endeavored to explain why this

[5] For further documentation on the situation in Burma, see pp. 229 ff.

was the case and that it had nothing to do with the supervision of the use of aid, but the President, although agreeing politely, appeared to remain quite unconvinced.[6]

PHILIP C. JESSUP

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[6] In telegram 198, February 3, from Djakarta, Jessup summed up his impressions of Indonesia to Dean Rusk, Deputy Under Secretary of State, as follows:

"Impressions received here confirm previous opinion Indonesia has real chance achieve stability and withstand Communism. Importance of this prospect in light whole SEA situation cannot be overlooked. I am convinced Cochran correct in maintaining one essential achieve this result is US financial aid at this stage. While economic prospects here seem good on long-range view, financial aid now should be viewed as political problem rather than purely as banking investment. Realize difficulties this approach but hope you will press for elimination all possible technicalities in order achieve results during Djuanda's visit." (756D.00/2–350)

856D.10/2–350 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, February 7, 1950—5 p. m.

135. For Jessup from Rusk. Dept shares your views re necessity US financial aid at this stage to help RUSI achieve stability and withstand Communism. We have recd several indications that ExIm-Bank officials are viewing Indo application in same light.

As you have seen from recent tels to Jakarta, Indos have not yet stated dol credit requirements, but you may be assured Dept is prepared to emphasize ExImBank at appropriate time in immed future the considerations which change problem from banking investment to polit necessity not only for our objectives in Indo, but also for our objectives throughout Southeast Asia.

We believe Djuanda has been more than satisfied with treatment he has recd here, although at times, he seems to have been somewhat perplexed, a condition probably due in very large measure to fact current trip is his first visit to US. [Rusk.]

ACHESON

Editorial Note

On February 10 the Export-Import Bank announced that it had agreed to lend Indonesia $100 million to help finance the purchase of capital goods in the United States for the reconstruction of the Indonesian economy.

756D.00/2–650 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, February 10, 1950—6 p. m.

150. Dept has closely studied views expressed urtels 206 and 210.[1] UnderSecy [2] who has followed this matter carefully did not intend that Dept, in any manner, give impression that you shld vouch to RUSI officials for Fox. As you know, Dept in past has made clear that our objection to so-called "Fox" contract was not on basis of character of Fox but on basis restrictive features contained in that document. These restrictive features to which we objected do not appear present in principles laid down by Nathan's ltr.[3]

Dept's present concern this matter is to contract out of position which it has taken on basis restrictive provisions contained in "Fox" contract with object of leaving Fox vis-à-vis this govt in same position as any other Amer businessman.

Dept does not desire that you shld take action against your judgment based on local conditions. We believe, however, that you may wish, after reviewing matter in light above, speak to appropriate RUSI official along fol lines:

"Fox" contract has not prejudiced Fox as individual in eyes Dept. Any future arrangements between Indos and Fox will be viewed by Dept on *ad hoc* basis on principles of US policy. Restrictive features which Dept found objectionable in "Fox" contract does not appear to be present in lines laid down by Nathan's ltr (Deptel 125).[4]

ACHESON

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[1] Neither printed. In the former Cochran reported that he had consistently expressed to Indonesian officials and Fox the desirability of providing open fields for foreign investors without exclusive contracts or special favors, while in the latter he repeated Sukarno's criticism of the United States "policy of endeavoring 'administer' affairs of young Asiatic countries when giving assistance." (756D.00/2–650 and 856D.10/2–650)

[2] James E. Webb.

[3] Not printed. A copy of this letter, delivered to the Department of State by Robert Nathan, Economist and Representative of Matthew Fox in Washington, was transmitted to Djakarta on February 3 in telegram 125, not printed (411.56D31/2–350).

[4] In telegram 275, February 18, from Djakarta, not printed, Cochran stated:

"I have done nothing to prejudice position Fox as American competitor for trade opening in Indonesia. I prefer make no statement RUSI Government in his behalf. My impression is that his old Republican friends will see that he more than generously treated this respect." (411.56D/2–1850)

641.56D28/2–2450 : Telegram

The Secretary of State to the Embassy in Indonesia[1]

SECRET WASHINGTON, March 2, 1950—9 p. m.

217. Urtel 301 Feb 24 and Gocus 851, Feb 27.[2] For the Ambassador, and USGOC to Dow.[3] Fol Dept comments re military observers and continuation UNCFI.

1. Dept relies upon your and Dow's judgment as to continued usefulness military observers, and US position in UNCFI on issue whether shld be drastic reduction or complete withdrawal observers left to Dow's discretion. Dept has recently requested Defense Dept reduce number of US observers to 9 in accordance UNCFI Feb 9 request thru UN SYG. If UNCFI, after consideration all factors, decides military observers shld be reduced to nominal number or withdrawn entirely, recommendation shld be sent to UN SYG. Dept wld take action with Defense to accomplish withdrawal immediately thereafter.

2. Dept considers any suggestion discontinuance UNCFI in immediate future wld be premature and contrary best interests Indos and Dutch. Under Jan 28, 1949 SC res[4] UNCFI retains general and specific responsibilities Indo case which do not appear to have been fully discharged. Until withdrawal and removal Neth military forces are nearer completion and hazards of friction and outbreaks of fighting have been more substantially diminished, SC may expect UNCFI to remain on ground and be available to Neth and Indo as a forum for airing any grievances this matter and settling problems which may be referred to it regardless of whether or not Commission is busy from day to day.

SC res contemplates UN participation Indo elections, and Article 2 of Agreement on Transitional Measures recorded at Hague expressly requests UN Com assistance in planning and conducting plebiscite. UNCFI appears to be best possible UN agency for carrying out this

[1] Repeated to The Hague as 198, to Brussels as 281, to Canberra as 38, and to the United States Mission at the United Nations as 94.

[2] Neither printed; in the former Cochran reported his opinion and that of the British Ambassador and Indonesian Minister of Internal Affairs that the United Nations Military Observers should be removed from Indonesia. Cochran added that he believed the Commission for Indonesia (UNCI) should be continued for the time being unless both the Dutch and Indonesians desired its abolition. In the latter Dow reported that similar views were held by Australian officials. (641.56D28/2–2450 and 257.AA/2–2750)

[3] Edward A. Dow, Acting United States Representative on the United Nations Commission for Indonesia.

[4] For the text of the Security Council Resolution (S/1234), see Department of State *Bulletin*, February 27, 1949, pp. 250–251, or United Nations, *Official Records of the Security Council, Fourth Year, Supplement for February 1949*, pp. 1–4.

task, and Dept agrees your comment to Anak Agung [5] that wld be needlessly troublesome and possibly disruptive to suggest establishment of new com or revision of UNCFI's terms of reference in SC.

Moreover, utilization UNCFI may be appropriate in other aspects of observing and aiding completion of settlement. For example, although possibility that UNCFI will be asked to mediate New Guinea question diminished by Australia's recent *démarche*, UNCFI may have useful function as medium for proposing or implementing compromise solution.

Dept looks forward to termination UNCFI at earliest reasonable date and agrees that as each month progresses with Indo settlement becoming firmer need for continuation UNCFI lessens. Views of Indo and Neth expressed before, during or after Union Con will, of course, be entitled weighty consideration in SC's discussion re ending UNCFI responsibility (Dept interested in Anak Agung's comment: "both Union partners wld desire continuation UNCFI.") Alteration or discontinuance UNCFI probably wld be taken only after thorough SC deliberation, and views of other SC members and general UN opinion have been considered. SC likely show extreme caution before dissolving UNCFI because if it became necessary for any reason to reconstitute another UN Comm for Indo serious difficulties re comm membership and terms of reference might be raised.

3. Later tel deals with Dow's future status and possibility return for consultation.[6]

ACHESON

[5] Anak Agung Gde Agung, Indonesian Minister of Internal Affairs.

[6] In telegram 231, March 8, to Djakarta, not printed, the Department of State advised Dow and Cochran that the former should remain on post in Indonesia at least until the end of the Union Conference between the Dutch and Indonesians at the end of March, since the Indonesian situation indicated the need for full UNCI representation on the spot. Toward the end of the conference Dow and Cochran should make a joint decision on the status and future of UNCI representation. (357.AA/3–850)

756D.00/3–850 : Telegram

The Ambassador in Indonesia (Cochran)[1] *to the Secretary of State*

SECRET PRIORITY DJAKARTA, March 8, 1950—7 p. m.

348. Negara situation remains confused but following may be pattern which will develop.[2] RUSI will not oppose trend apparently gathering mass momentum for reincorporation former territories Republic Indonesia. Emergency bill likely to sanction unilateral steps

[1] Ambassador Cochran had been confirmed by the Senate on February 1.

[2] The Negaras (states) had been set up by the Dutch in 1948. Following the transfer of sovereignty at the end of 1949, a movement began in Indonesia to reincorporate these Dutch-created administrative units into the Republic of Indonesia.

already taken this direction by certain areas (Embtel 334 [3]). Actually Republic Indonesia may end up with more territory than provided Linggadjati [4] since may include portions Borneo. Negaras most likely oppose incorporation all East Indonesia and possibly East Sumatra although latter's Negara police reported deserting in large numbers to TNI.

Result may be temporary *reductio ad absurdum* that single member state Republic Indonesia will include virtually all territory RUSI with important consequences to provisional constitution parliament membership and possibly RTC agreement. Republic politicians already meeting [to discuss?] abolition Senate and conversion into advisory group. Informed Minister explains quarrel is not between Republic Indonesia and RUSI but between forces favoring unitary state and personalities still holding to federalist principle such as Sultan Hamid [5] and Anak Agung. Position of both described as difficult and may not be retained cabinet.

With emergence Republic Indonesia as nucleus unitary state capital will nevertheless remain Djakarta and will not be Jogja. Same Minister realized Dutch likely to protest under RTC but in not very good moral position to do so particularly in view Westerling affair and almost total lack popular support Negara system. According Minister in question unitary state is administrative necessity and is also will of people. Evolution from Republic Indonesia to completely national unitary state may follow through dissolution present parliament and convocation Constituent Assembly. Minister said this seems to be what Hatta has in mind. Final result may be strong central government with uniform national administration exercised through national governors with state or rather provincial government organizations being kept to minimum.

Acknowledged that many administrative adjustments and changes in parliamentary relationships would have to be made. One force promoting Republicanism at present comprises former Republican officials once jailed by Dutch and now released who are claiming back their jobs with popular support. Foreseen much sorting out will be needed between such officials and present incumbents performing their jobs in competent manner.

COCHRAN

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[3] Not printed; in it Cochran reported that relations between the Republic and the United States of Indonesia were rapidly coming to a crisis. Demonstrations had occurred in East Java, Pasundan, and Madura denouncing attempts to block the return of these areas to the Republic. (656.56D/3–350)

[4] For documentation on the Linggadjati Agreement of November 15, 1946, see *Foreign Relations*, 1946, vol. VIII, pp. 852 ff.

[5] Sultan Hamid II of West Borneo, Minister Without Portfolio of the Republic of the United States of Indonesia.

756D.00/3–2150 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, March 22, 1950—7 p. m.

277. Fol memo left by Neth Amb [1] with Sec Mar 21.[2] Amb added nothing of importance to substance:

"1. Altho teething troubles were expected, period after transfer of sovereignty started in an atmosphere of general optimism in the hope that RIS, with assistance of Neths and other countries, wld build up its strength.

2. There have been plenty signs of teething trouble, but there are also indications that these troubles, if unchecked, may develop into an infection endangering stability and the future peaceful development of Indonesia. Experience elsewhere show that such developments take place rapidly.

3. Now that the first euphoria has worn off, the sit has to be appraised soberly; over-pessimism seems as undesirable as over-confidence and over-optimism.

4. Recent developments have one factor in common: power and auth of Fed Govt have decreased; there is a process of disintegration going on.

a. In political field.

Civil admin in large areas has been set aside by military; variety of local and regional parties and organizations are struggling for power against which Central RIS Govt does little. An armed organization is taking shape both on the left and on the right, testing each other's strength. Parliamentary procedure, scarcely initiated, has already suffered a severe shock. Constitution and basic principles of Fed structure of Indonesia have been undermined. A drive for unification, disregarding internationally recognized interests of wide areas and millions of people, has been engineered. Fed-minded politicians and officials are gradually being side-tracked.

We know the RIS Govt and what it stands for, but in the largest component state: the Republic of Indonesia there is a struggle for power going on, and it is completely uncertain who will emerge as victors. In that same state, there is a powerful drive on foot to subjugate to that Republic the other component states, thereby supplanting the RIS. An absorption of the RIS Govt by the Djocja Govt wld be incompatible with the R.T.C. agreements.

Central Govt does not dominate the sit and is merely trying to maintain a precarious balance.

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[1] E. N. van Kleffens.

[2] No further record of Secretary Acheson's conversation with Ambassador van Kleffens has been found in the Department of State files; however, a briefing paper, prepared by Joseph W. Scott of the Bureau of European Affairs on March 21, not printed, indicates that the meeting was requested by the Ambassador to discuss the situation in Indonesia. (756D.00/3–2150)

b. Disintegration in military sphere.

Islam-organizations as well as leftist grps have their own military organizations and armed grps. TNI has lost influence over large areas in Java and Sumatra. Experienced TNI officers are being replaced by less competent elements who are thus rewarded for political support. No proper maintenance or supervision is being kept up of army equipment and matériel. Roving bands levy taxes on population and estates.

c. Disintegration in economic field.

Through instability of civil Admin and loss of power of TNI, production is flagging so that standard of living of population is threatened with further deterioration. Europeans working on plantations are constantly being terrorized and are in fear of their lives. Black market and smuggling are flourishing; regs emanating from Central Govt are not or are arbitrarily applied in the interior. In some areas, chaotic sits prevail, charaterized by terror, extortion, pilfering, and demolitions. Several Neths-managed estates, which used to promote order, tranquility and prosperity in large areas, have had to close down; as soon as they are closed down, equipment is forcibly removed and disposed of. Netherlanders begin to lose courage after years of stubborn perseverance in very difficult circumstances; massive repatriation is about to set in. If this develops, there wld soon be an end to all Western influence, and the spread of communism, already demonstrably active, wld be accordingly facilitated.

Social unrest is increasing (strikes); it is actively being fostered by commies (SOBSI; WFTU). RIS Govt does not show sufficient determination to curb these tendencies and does not sufficiently try to control its military and civil apparatus.

5. Neths position can be summed up as fols: *a.* Sovereignty of RIS is axioma[tic] for Neths Govt: Neths Govt will scrupulously refrain from any action which might be construed as interference in domestic affairs of Indonesia;

b. trend of development in Indonesia indicates revolutionary elements from the right as well as from the left are getting upperhand over representatives of policy of evolution embodied in the Round Table Conference's agreements. Although Central Govt has shown itself fully prepared to cooperate with Netherlands Govt according to Round Table agreements, it cannot be overlooked that in three months after birth of Indonesian Govt fundamental principles of those agreements have been undermined to a dangerous extent. This is ominous sign for future relations Union-partners and also cannot leave indifferent countries who sponsored, within framework UN, results of Round Table Conference and establishment RIS Govt;

c. Neths Govt wishes to assist and contribute with all appropriate economic and technical assistance possible the reconstruction and strengthening of Indonesia. As Neths economic interests in Indonesia are closely interwoven with general economic structure of Indonesia, threats to guarantees embodied in Round Table Conference's agreements for Neths interests, cannot but weaken also standard of living Indonesian population itself. Whole Western world has greatest interest in peaceful and orderly continuation of Western economic activities in Indonesia; by virtue of its vast investments, experience and

special knowledge of the area, the Neths have undoubtedly important qualifications to play their part in this respect. Elimination of Dutch experience and knowledge, therefore, can only be detrimental to Indonesia as a whole and run contrary to over-all plan for technical and economic assistance of the Western world to Indonesia. In this respect position of Dutch civil servants and advisors, which is becoming more and more difficult in view of recent developments, also plays an important role.

6. Neths Govt invites the attention of the US Govt for these developments in Indonesia, and hopes that US Govt will give thought to the need of strengthening the influence of Central RIS Govt in order to protect stability in Indonesia. Any advice and encouragement the US Govt can at the present moment give the RIS Govt to assert and strengthen its authority wld be extremely useful and wld go far to prevent difficulties which if unchecked may well get out of control. This wld be all the more regrettable since, Western investments and know-how can still, if properly protected, exercise a stabilizing and pacifying influence. Specifically, such advice and encouragement wld tend to check internal struggles and the process of disintegration which has set in and threatens the consolidation of free Indonesia." [3]

Sec told Neth Amb that you were concerned with same developments identified in memo but that your assessment of general sit not as pessimistic as Neth; that you had been invited to recapitulate your views general sit Indonesia (Deptel 268 Mar 18 [4]) and that those views would be discussed with him when received. Pls indicate which of your views you do not wish conveyed.

ACHESON

[3] Telegram 284, March 24, to Djakarta, not printed, transmitted the text of another memorandum which van Kleffens left with Secretary Acheson. This second memorandum expressed the Netherlands' view that the United Nations Commission for Indonesia should continue to function. Secretary Acheson stated his concurrence with that view. (357.AA/3–2450)

[4] Not printed; it transmitted excerpts from a telegram from The Hague which indicated that the Dutch were becoming alarmed over the situation in Indonesia, and asked for Cochran's assessment of the situation. (756D.00/3–1650) On March 14 H. A. Helb, Counselor of the Netherlands Embassy in Washington, had discussed the same question with Scott. Memorandum of conversation, March 14, not printed (357.AA/3–1450).

756D.00/3–2250

The Deputy Under Secretary of State (Rusk) to the Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance (Burns)

SECRET WASHINGTON, March 22, 1950.

MY DEAR GENERAL BURNS: As you know, the Round Table Conference at The Hague which terminated successfully on November 2, 1949 provided that the *status quo* (Netherlands sovereignty) over Dutch New Guinea should be maintained, with the stipulation that New Guinea's status be determined within a year by a direct negotiation between the United States of Indonesia and the Netherlands

under the general observation of the United Nations Commission for Indonesia. The Netherlands-Indonesian Union will consider this important matter for the first time during the month of March.

The possible outcome of these negotiations includes at the one extreme the continuance of Netherlands sovereignty in its present form over Dutch New Guinea and at the other the incorporation of this territory into Indonesia.

It has been the view of the Department that the interests of the inhabitants of Dutch New Guinea would be best served by the continuation of Dutch control in some form. Furthermore, it is believed that Dutch control would provide better insurance against possible Communist infiltration into or military domination of Dutch New Guinea than would incorporation of the territory into Indonesia. This matter is of direct concern not only to the United States but also to the United Kingdom and to Australia. You should know that Australia has offered the Netherlands her assistance in maintaining Dutch control and has suggested as an alternative to Netherlands sovereignty, a merger of Dutch New Guinea with Australian New Guinea, which is being administered under the United Nations trusteeship system.

During the course of The Hague Conference the Netherlands Government was informally advised that the Department favored continuance of Netherlands control over Dutch New Guinea, and was disposed to regard a Netherlands trusteeship over the territory, as suggested by the Netherlands Government, as a reasonable compromise solution. Now as then, the Department believes that the best disposition of the problem would be for the Netherlands to undertake a United Nations trusteeship over the territory for a long term of years.

On the other hand, it is recognized that a settlement of the New Guinea question totally unsatisfactory to the United States of Indonesia might generate friction with the Netherlands, prejudicial to stability in the area and to the healthy development of the Netherlands-Indonesian Union. There have been indications in reports from our diplomatic representatives in Indonesia that some responsible Netherlands authorities may be prepared to recommend that the Netherlands transfer its authority over Dutch New Guinea to Indonesia in order to prevent serious controversy and harmful deterioration of political relations between the Netherlands and Indonesia. This proposal is by no means an official Netherlands position, but the Department wishes to point out the possibility that the ultimate decision of the Netherlands may be to turn over Dutch New Guinea to Indonesia.

If an appropriate occasion is presented, the Department plans to indicate its views on Dutch New Guinea to both the Netherlands and Indonesia. At this time however, there is grave doubt as to the wisdom of this Government's attempting to intervene energetically in these

delicate negotiations, and in any event it would be uncertain that we could in fact influence the final agreement between the two parties primarily concerned. Were it to appear, however, that important strategic or security interests of the United States were involved in the negotiations, the Department would consider taking diplomatic steps to properly apprise the parties of these interests.

In the light of informal inquiries made of Admiral Davis,[1] the Department of State understands that no major strategic interests of the United States are presently considered to be involved in the disposition of Dutch New Guinea. If it is so desired, however, the Department will keep the Department of Defense informed of this problem, thereby enabling that Department to make known any further views which it may have on the subject.[2]

Sincerely yours, DEAN RUSK

[1] A memorandum of Rusk's discussion with Rear Adm. Arthur C. Davis, Director of the Joint Staff of the Joint Chiefs of Staff, dated February 28, not printed, is in file 756D.00/2–2850.

[2] On April 27 Major General Burns replied to this letter, reiterating the view of the Defense Department that no major strategic interests of the United States were involved in the disposition of Netherlands New Guinea, but asking to be kept informed of developments, (756D.00/4–2750)

756D.00/3–2350 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, March 23, 1950—6 p. m.

412. Received afternoon March 20, Deptel 268.[1] Regret insufficient time submit for meeting with Netherlands extensive survey requested. Had already planned series meetings this week with RUSI leaders and intend follow closely Conference Union Ministers commencing 25th. Should be possible give comprehensive picture thereafter. In meantime will contribute spot reports of individual interviews. Venture remind Department, however, that Stikker, van Kleffens and Boon [2] are following now as nearly as I can tell from remarks attributed to them in messages emanating from Washington and Hague same tactics adopted during trying times GOC and UNCI negotiations, that is seeking make case against ability Indonesians to create and operate independent state. Any confirmation we contribute to that thesis will, I fear, be used against UN and US rather than constructively toward increasing opportunities for RUSI to succeed and viable union to survive. I have unhesitatingly let Department know difficulties and disappointments experienced first few weeks of RUSI and shall continue report frankly problems that will inevitably con-

[1] Not printed, but see footnote 4 to telegram 277, March 22, p. 985.

[2] Dr. Hendrik Nicolaas Boon, Secretary-General of the Netherlands Foreign Ministry.

tinue arise. Nothing has to date caused me worry greatly or lose confidence.

Visited Sukarno one hour today. He expressed indignation at treatment accorded Jessup by Congressional investigators. He said Jessup understands Asian situation well and learning how to work with new countries of this area against Communism. In answer my inquiry, Sukarno said Communism not increasing in Indonesia.

Said old line Communists such as Alimin giving minimum of trouble. Referred press report today Alimin in Djakarta suffering from fever and opposing strikes as means achieving higher wages since would mean higher cost of living. Sukarno thinks chances 95 percent Tan Malaka [3] dead. Said received report from first TNI division months ago to this effect and thinks evidence may be revealed Jogja shortly in confirmation thereof. Said Tan Malaka first assistant known to have been killed. Said convinced Communist infiltrations into TNI had not been serious and can be eliminated. Said most trouble currently coming from "wild groups" operating in west Java under fanatical or renegade leaders other than Communist. Said nationalist troops recently apprehended most dangerous leader in Bantam and continuing "mop up". Admitted some Communist infiltrations into Sumatra with emphasis on Medan and said extreme caution must be exercised to block any significant moves.

I reminded Sukarno of demonstration by Republican Youth Group when GOC visited Jogja September 1948, at which time I told President this group could be led either left or right. I had always been convinced Sukarno could determine which direction this should be. I wondered if time had not come now, following military experiences these young men and arrival now of problems which they may not understand, for President again to assert his leadership. He promised give speech Saturday night or soon thereafter as appointments with Union Conference will permit wherein he will appeal to youths idealistically and endeavor keep them on straight narrow path.

I said I knew Republican movement for obliterating Negaras had possibly gone with greater velocity than desired or even anticipated and that it may not have been easy for President to intercede. I asked however whether time had not come for "good will" tour by President on which he could smooth ruffled feelings, restore political unity and achieve elimination old grievances and lines of difference. I said I thought Hatta had followed right policy in his speech of Sunday night (Embtel 404 [4]) wherein he had pled for realization that all Indonesians are working toward same end and for submerging differences over terminology of "Federalism" or "Unitarianism." Sukarno agreed time had come and said would in April make tour of

[3] Indonesian Communist and leader of Partai Murba (Proletarian Party).
[4] Not printed.

Java. Said in early May he would visit eastern Indonesia but would be here latter half that month when he expects Nehru return his visit.

Sukarno thought trend toward unitary state inevitable. Insists, however, present RUSI Government will remain on top and Djakarta remain capital. In answer my question whether title of RUSI would remain, he said thought move would be toward all of Indonesia with exception eastern Indonesia coming within Republic. Would it be logical, therefore, to have federation between Republic and eastern Indonesia, one part having over 60 million inhabitants and second part less than one-quarter thereof? Thought sentiment eastern Indonesia between 60 and 75 percent pro-Republican and pro-Unitarian state. Said most Indonesians interpreted the "S" in RIS as meaning temporary rather than federation. He thinks eventually title will be RI. He admitted Constitution would have to be changed and anticipates this at Constituent Assembly. He said he, Hatta, and other colleagues in RUSI Government were being criticized heavily by populace for being too pro-Constitutional.

Told Sukarno I was not particularly concerned personally over trend toward strong streamlined government provided spirit of that government was right and it proves efficient. I should be disappointed however, if anything should come to pass which would shake world's confidence in political philosophy of Indonesia or evince disregard for RTC agreement. President replied confident there will be neither leftist nor communist success in Indonesia and only a movement strongly nationalist resulting in forceful central government that will in turn yield high degree local autonomy. He insisted union with Netherlands can be kept and will function smoothly and to mutual benefit if two problems can be solved, namely, New Guinea and Westerling.

Sukarno said Irian question increasingly "hot" for several reasons. He mentioned bad Netherlands handling of Indonesian civil servants in NNG which I have previously reported. Furthermore, said Indonesians understand "phantom" planes which dropped weapons repeatedly to Darul Islam groups in west Java came from Netherlands bases in New Guinea. Criticized Netherlands censorship on mail from Indonesians to relatives in NNG. Said irritation within Indonesia so strong on Irian question that this consitutes most likely danger of uprising or military action that exists. President asked if US could help settle question. Said he had mentioned question to Goetzen and van den Brink [5] when they called yesterday and had indicated to them as he had to Hirschfeld that he would be glad have RUSI in some manner reciprocate to Netherlands if latter would cede NNG to RUSI

[5] Dr. Lubertus Goetzen and Dr. R. J. M. van den Brink, respectively, Minister Without Portfolio and Minister for Economic Affairs of the Netherlands, were in Indonesia for the first Union Conference.

and permit consolidated strong Indonesian state. He apparently received no commitment from Netherland ministers.

Sukarno asked me directly but personally what our position would be with respect defense of New Guinea in event third world war. I reminded him I had never officially or privately spoken of naval bases in Indonesia for US and would not now. I recalled, however, what we had done in NNG during last war and said I took it for granted that he, as a friend, would not mind if we did same in another war. He replied he would go further and say to me privately that he would desire this. He then asked how we felt on general question, that is whether or not RUSI should have NNG. I reminded him we had refrained from taking sides and I had been largely responsible for drafting compromise agreement at RTC on NNG. I said we hoped two parties could work out solution. I presumed without any direct knowledge and certainly without having inquired of my Government, that our technical defense people might be happier to see Netherlands defense force looking after such places as New Hollandia rather than inexperienced Indonesians. At the same time we all appreciated great need for strong and friendly RUSI. Sukarno replied US only power that can help solve NNG question and then make solution work. He said both Netherlands and RUSI incapable of developing NNG. Said US only country technically and financially qualified to develop jungle country such as NNG and hoped we would step in.

Told Sukarno I had not been entirely happy reading certain statements Republican leaders lately critical capital and Western influence. Sukarno insisted this aftermath of long struggle with Dutch and immediate result Westerling complications. Assured me foreign capital and particularly American would be welcome and well treated. Said his only condition was that intimated to Jessup and me, namely that we should not "over-administer" such help as we extend. When I told him I was working with Hatta and Djuanda on plans for Griffin Mission [6] and consideration of economic assistance and advice possibly under Point Four program, he said he was entirely in favor this and sure Indonesia could be helped by our technicians provided we did not make too big a beginning and "too much noise about it." His final remark on NNG was that Australian attitude had not helped lately and Australia is entirely wrong if believes Indonesia desires more than NNG.

Sukarno passed to Westerling situation. Said extradition from Singapore apparently held up on technicality and danger of being refused if sharp lawyer can prove extradition being sought on political grounds. Sukarno said his government had endeavored keep calm in spite Westerling revelations and complicity Netherlands military

[6] For documentation on the Technical Assistance Mission to Southeast Asia, headed by R. Allen Griffin, see pp. 1011 ff.

and civil officials. Said, however, Westerling must be returned Indonesia for punishment and relations with both Netherlands and British will suffer if he not extradited. Asked if I could have any influence this direction on British Ambassador Djakarta.[7] I expressed preference not to discuss matter with Kermode but said would let my government know how strongly he felt. Sukarno said greatly disappointed in Netherlands advisers. Had only friendliest feeling for Hirschfeld but thought some disloyalty on his staff. When I criticized failure of local press to support RUSI Government, Sukarno said no surprise that not even Indonesian language press helped government now that perfidy of Netherlands advisers in Ministry of Information revealed. Following Rittman's arrest several weeks ago, his Netherlands chief was arrested last Saturday. Sukarno said will now give personal attention to strengthening information service. I said had previously refrained from suggesting any American advisers for RUSI, but considering recent developments thought Sukarno would personally enjoy meeting Griffin and discussing wherein we might really help.

Sukarno asked how I thought Palar[8] would do to head delegation to Moscow. He said Palar had been member Netherlands Labor Party which had always opposed Communism. I said I did not know Palar intimately but felt Palar surely had had enough experience Lake Success to know how USSR really regards RUSI. Sukarno volunteered USSR had damned Hatta and himself terrifically. I said if Palar could not remember such facts he could not be loyal. I suggested Sukarno pick carefully small group to accompany Palar so no leftist influence will dominate. He promised to do this and also follow "delaying tactics." Palar greeted me warmly as he was waiting to see President when I left. He said would call soonest.

I presented Sukarno with *A Communist Party in Action* explaining author Rossi had been Communist in Italy who saw light and became writer in France exposing Communist methods. He expressed much interest therein. Mentioned Darsono as greatest Indonesian theoretician on Communism, having read works of Lenin and others extensively. Had, however, rebelled against their theories and had been ejected from Comintern. Said had not seen Darsono since latter's return Indonesia but thought he could be used profitably. I reminded him as I have other RUSI leaders that care should be taken see Darsono does not penetrate their Government behalf Communism.

COCHRAN

[7] Derwent W. Kermode.
[8] L. N. Palar, Head of the Indonesian Observation Mission at the United Nations.

756D.00/3-2850 : Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

SECRET PRIORITY THE HAGUE, March 28, 1950—7 p. m.

384. Personal for Secretary. Stikker [1] called me to Foreign Office this afternoon to say situation in Indonesia deteriorating so rapidly that he felt it imperative bring condition to your personal attention. He said he still anxiously awaiting report he understood being prepared by Cochran to give unbiased account actual situation, but meanwhile he very much concerned.

1. Definite word had been received from Dutch authorities in Indonesia to effect some 40 to 50 thousand Dutch and Indo-Europeans wish to leave at earliest possible moment, having become convinced there no future for them in Indonesia, but on contrary considerable hardship and even danger. Ships are being procured, but aside from vastness transportation problem and difficulty in already overcrowded country finding livelihood, Dutch Government faced with necessity creating refugee camps here.

2. The pressure being exerted on East Sumatra, whose people desire federal status, to be incorporated in Republic, was being resisted to point where there was possible movement among Medanese to resist incorporation by force of arms. Dutch planters and Indo-European population in interior was rumored to be concentrating in Medan city in effort to leave. Should civil war break out in this richest area, economic life Sumatra might well be seriously damaged.

3. The Celebes state East Indonesia had consistently objected to receiving TNI troops but on March 26 it was learned that steamer actually chartered transport TNI to Macassar. Although Hatta when approached disclaimed knowledge any such move, when confronted with proofs of charter, he managed at last moment to stop it. President Sakawati had, despite strong Dutch official advice, even launched a "separatist movement."

4. Yesterday report of mutiny on Ambon particularly disturbing since dissatisfied KNI [*KNIL*] native troops were reported actually fighting despite efforts on part Dutch officers control them. Already false reports circulating Jogja and elsewhere this movement engineered by Dutch.

Summing up, Stikker stated he did not like to "cry wolf" and that as the Secretary knew, he, Stikker, had strongly urged RTC settlement. He felt, however, that conditions were indeed serious and, if allowed to go on unchecked, might very well lead in short while to such chaos as to make excellent breeding ground for communism. In response my direct query, he said that he could not state from his information that there were any serious new Communist movements, although it obvious that Communist agents were endeavoring stir up trouble and prepared to capitalize not only Dutch-Indonesian difficulties but on local disorders.

[1] Dirk U. Stikker, Netherlands Foreign Minister.

He was not prepared to assess any blame in any particular spot, but there was trouble brewing.

In his opinion, Hatta is not strong enough to take necessary responsibility and issue requisite orders. He must be pushed and pushed—vigorously pushed. He added that Dutch influence is no longer of any importance in this respect, although Hirschfeld and others had endeavored to get Hatta to take action. In his opinion, only way that Hatta could be forced to move would be from strong continued representations by US. He remarked that former Dutch Colonial officials still working with Indonesians report similar indecision and lack of action in all Departments of government, including their representation here. They are simply drifting.

In response my question, Stikker stated he felt deeply that conditions had not degenerated to point where strong action would not be effective and that he believed that Hatta could, if he would, get on top of situation. Unless action was taken promptly he reiterated, communism might well come in side door Indonesia while we were trying to keep the front door of southeast Asia blocked in Indochina.

CHAPIN

756D.00/4–550

Memorandum of Conversation, Prepared in the United States Embassy in the Netherlands [1]

TOP SECRET THE HAGUE, March 30, 1950.

Yesterday afternoon a formal call was made on Mr. W. F. Schokking, the Netherlands Minister of Defense, by Secretary Johnson [2] and Ambassador Chapin. After the termination of a purely technical conversation concerning defense, Mr. Schokking called in Dr. Fockema Andreae, Netherlands Secretary of State for War, who had just returned from a five-weeks' visit to Indonesia.

Dr. Fockema Andreae, who is apparently resigning shortly, expressed even deeper pessimism after his first-hand view of affairs in Indonesia than had Mr. Stikker, the Netherlands Minister of Foreign Affairs, in his conversation on March 27 with Ambassador Chapin (this conversation was reported to the Department of State by the Ambassador in a telegram marked personal for Mr. Acheson, numbered 384 and dated March 28). Dr. Fockema Andreae felt that the situation is deteriorating at a much more rapid rate than is generally

[1] The source text was attached to a memorandum by George Perkins, Assistant Secretary of State for European Affairs, to Secretary Acheson, dated April 5, not printed, in which he stated that the Dutch had an unfortunate tendency "to embark upon 'character assassination' of various United States officials when the going is particularly tough for the Dutch in Indonesia." Because of their character, Perkins believed that the Department of State should obtain immediately Ambassador Chapin's appraisal of the remarks made by Fockema Andreae.

[2] Louis Johnson, Secretary of Defense.

known, and that there would be complete chaos shortly unless strong measures are taken immediately.

As in the case of Mr. Chapin's previous interview with Mr. Stikker, Dr. Fockema Andreae was pressed as to whether he saw any definite signs of an early native Communist movement. He said, like Mr. Stikker, that he did not, but added that Dutch officials had definite information of constant new arrivals in Indonesia of Chinese Communist Military officers who then disappeared within the local Chinese community. He stated that the arrival of other Russian agents had also been reported. The greatest difficulty, in Dr. Fockema Andreae's opinion, was complete lack of control, not only in the provinces but also in the cities. He cited as evidence of the helplessness of the Indonesian Government the fact that Westerling, who had been wanted by the Indonesian Government, had openly circulated in territories under their control from mid-January to mid-February when he could have been picked up at any time if the Government had so desired. This, he claimed, was a typical example of the indecision, lack of coordination and effective intelligence in the Indonesian Government. In the same way, said Dr. Fockema Andreae, smuggling all through Indonesia, particularly in Sumatra had reached an all-time high so that little revenue was coming into the Indonesian Government. This smuggling, he asserted, was not confined to goods but also to arms and subversive individuals, much coming from Singapore which is an underground Communist center.

Although with apparent reluctance, Dr. Fockema Andreae then turned to what he called an "extremely delicate matter". He implied some doubts as to the present effectiveness of our Embassy in Indonesia, which, he said, is the only influence today able to exert the requisite pressure on the Indonesian Government to maintain order. Both he and Minister Schokking paid great tribute to Ambassador Cochran's past services and stated that he had earned the universal respect of all clear-thinking Dutchmen. He said, however, he had the impression that Mr. Cochran is "extremely tired" and a very disappointed and disillusioned man. Dr. Fockema Andreae said that he had had several talks with Mr. Cochran in which the latter had expressed this disappointment. He implied doubt whether our Embassy now had the necessary sources of information as to real conditions throughout Indonesia. The inference was inescapable that Minister Schokking and Dr. Fockema Andreae felt that it might be desirable to replace Mr. Cochran with someone whose health and frame of mind would permit him to be more vigorous.

Of particular interest was Dr. Fockema Andreae's statement that in Indonesian Government circles there was a developing feeling that the United States was seeking to infiltrate its influence throughout Indonesia with a view to substituting its "own control" for that of

the Dutch. Dr. Fockema Andreae was unable to explain how and why this new feeling had arisen but left the inference that it might have been fostered by pro-Soviet elements. Nevertheless he appeared to feel strongly that only the prompt exercise of vigorous United States influence upon leading Indonesian officials could rectify the situation.

In response to a question whether he, Dr. Fockema Andreae, thought that Dr. Hatta could still "get on top of the situation", he replied that Dr. Hatta was in such poor health (seriously ill with diabetes) that he doubted whether he would have the physical strength to enable him to do so.

The two Ministers reiterated the line of argument given by Mr. Stikker on the danger to all of South East Asia should chaos develop in Indonesia, so creating a vacuum which would inevitably be filled by Communism which then could only be ousted by force of arms.

756D.00/3–2850 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, March 30, 1950—1 p. m.

301. Dept has noted reasons given urtel 419, Mar 24 [1] for your heistancy to provide Neth Govt with statements critical of conduct of RUSI Govt. Dept wishes reiterate that it does not propose provide Neth with material with which to belabor UN or US policies in Indo. Dept, however, in view of van Kleffens' request (ReDeptel 277), Stikker's discussion of this matter with the Secy on Mar 2 [2] (which has been verified), and The Hague's 384, Mar 28, as well as course of developments Indo, believes it must make available to Neth Govt its views on developments in Indo.

Dept now preparing note to Dutch which will:

1. point out your belief that nothing has to date caused you to worry greatly or lose confidence (final sentence urtel 412, Mar 23).
2. review and express Depts views (now being formulated) re general developments in polit and econ fields with particular reference to drive on part Republic of Indonesia toward unitary state.
3. Bring to Dutch attn views which you have reported Indos as holding concerning Westerling Affair in all its ramifications. Unless you perceive objection, Dept wishes to point out numbers and importance of Dutch officials whom Indos believe are implicated as well as assistance which lower Neth mil echelons are believed by Indos to have given to Westerling.

[1] Not printed, in it Cochran reported a conversation with Djuanda in which the Minister for Economic Affairs related the efforts of certain Dutch officials in Indonesia to frustrate economic and financial policies of the United States of Indonesia. Because of this Cochran stated his hesitancy in providing the Dutch with statements critical of the Indonesian Government. (756D.1/3–2450)

[2] No record of Stikker's discussion with Secretary Acheson on March 2 has been found in Department of State files. Presumably it ran along the lines developed in telegram 384.

4. Point out to Neth the reasons given to you by Indos (whom we do not intend to identify to Neth) for failure RUSI to make more use its Dutch advisers. In this connection, Dept intends to be specific and to note to Neth that it can confidently expect dissolution Dutch-Indo Union unless its advisers working with RUSI acquire confidence of Indos.

Dept considers that reply to Neth along above lines offers opportunity to comment on Neth policy toward Indo. Ur views foregoing appreciated.

ACHESON

756D.00/3–3050 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

CONFIDENTIAL PRIORITY DJAKARTA, March 30, 1950—5 p. m.

455. Tahija, political representative of East Indonesia to Djakarta, called today. Said instructed by his government ask my intervention since East Indonesia feared civil war if TNI troops sent East Indonesia in effort force latter into Republic (see Embtel 450 [1]).

I said Anak Agung had told me of situation yesterday. I could not interfere in domestic politics Indonesia, but was always happy discuss problems with friends on all sides. Let him know I had appointment see Jogja Sultan [2] tomorrow. Tahija insisted difficulties do not result from influence of Netherlands advice to East Indonesia. Said most Netherlands advisers departed except economists and others with no political influence.

Tahija attributed part difficulty to resistance Netherlands officers in KNIL forces East Indonesia to seeing those forces transferred to Nationalist army. Said soldiers clamoring for such transfer since early January. Said officers held up papers and otherwise delay. Troops unaware tactics followed by superiors, think they are not wanted in Nationalist army and are suspect. He hoped Netherlands commanding officers Djakarta and Bandung could understand situation and discipline their KNIL officers. Incidentally, Tahija, himself an old KNIL officer, was at Ambon when trouble broke out there few days ago and settled it.

Tahija believes situation requires Hatta carry out promise have conference preferably next week of representatives from East Indonesia and Republic with RUSI Government Djakarta. Said East Indonesia does not desire secede and will undoubtedly vote for joining with Republic and any other states if Republicans will only desist from pressure and permit democratic procedures envisaged by provisional constitution, including constituent assembly and elections. Further-

[1] Not printed.
[2] Hamengku Buwono IX, Sultan of Jogjakarta.

more, TNI troops should not be sent East Indonesia from Java, but transfer of KNIL troops East Indonesia into Nationalist army be expedited. Tahija insisted no Westerling influence in East Indonesia.

COCHRAN

756D.00/3–2950 : Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, April 1, 1950—3 p. m.

319. Embtel 450 Mar 29,[1] 455 Mar 30, and Gocus 852 Mar 10 [2] and 412 Mar 23. We have been following with close attn question of unitary versus federal state in Indo. Fol are Dept views this matter:

A. RUSI leaders bear strong responsibility to Indo people to adhere principle democratic determination of political relationship certain areas with RUSI and with other constitutent negaras (primarily Republic). Spirit and to considerable extent letter of Linggadjati, Renville and 1949 Agreements [3] call for determination situation future Indo Govt by people.

Consistent US support 1946–1949 for legitimate natl aspiration of Indos rested in good measure upon confidence and reliance promises Indo leaders that Indo Govt wld estab and fol democratic principles.

B. Provisional Indo constitution contains important guarantees for determination by the people of the status which their respective territories shld occupy within RUSI.

Dept does not suggest that final RUSI Govt structure be determined through plebiscite or any other particular type of election. We recognize that method of determining popular will must correspond to realities of local customs and politics and that final wish of people may very well be to establish strong unitary govt along lines structure now emerging. Important principle, however, is that internal structure be determined by democratic processes. If this principle followed, Dept not concerned final structure RUSI Govt.

Dept concerned lest RUSI may employ emergency clause provisional constitution such a way as to vitiate determination final structure RUSI Govt by democratic processes. If other non-Commie nations gain idea that RUSI disregards provisional constitution's

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[1] Not printed.

[2] Not printed; in it Dow reported that it was becoming increasingly clear that plebiscites would not be held in the Negaras to determine whether they would rejoin the Republic of Indonesia. Nor was it likely that elections would be held in the near future. Dow also reported that the UNCI would make an informal approach to the Dutch and Indonesians during the Union Conference "to discuss functions UNCI in light hitherto smooth implementation RTC agreements." (357.AA/3–1050)

[3] For documentation relating to the negotiation of the Linggadjati and Renville Agreements, see *Foreign Relations*, 1947, vol. VI, pp. 890 ff., and *ibid.*, 1948, vol. VI, pp. 68 ff.; for documentation on the agreements reached on May 7, 1949, and at the Round Table Conference, see *ibid.*, 1949, vol. VII, Part 1, pp. 407 ff.

procedures in establishing internal structure, serious doubts may be raised on other matters of vital importance future RUSI relations; e.g. willingness meet international commitments, protection foreign property and enterprises, etc.

C. Amalgamation territories and negaras with Republic is primarily question internal structure RUSI. Yet this movement has implications re whether certain territories will or will not be assoc with RUSI. Latter problem dealt with Art 2 Hague agreement on Transitional Measures. This respect Dept puzzled implication Gocus 852 that as result current legislation, external self-determination may not be matter for UNCFI participation. Inasmuch as that problem is expressly covered Hague agreement and referred to Jan 28 SC Res, decision this issue cannot be made unilaterally by Indos or UNCFI.

Dept believes Dutch may not now be in position to protest effectively current developments because of Neth haste to transfer sovereignty before holding of elections; creation of artificial negaras; and possible damaging implications Westerling and other affairs. Despite weakened Neth position this matter and its consequent reluctance to raise issue, Indo measures that direction may be source of smoldering Dutch resentment, harming Union relationship. Inasmuch as UN–SC must consider Indo case at least once more and both SC and GA may discuss RUSI membership UN, self-determination issue may be subjected critical international scrutiny with important consequences RUSI.[4]

Urtel 450, Mar 29 and 455, Mar 30 indicate growing seriousness this problem, particularly with respect East Indo, Dept thinks that danger arises from TNI whose action may precipitate serious trouble. We leave to ur discretion representations which you may see fit to make. Suggest that among RUSI leaders Jogja Sultan shld be made aware considerations outlined above in hope they will act as restraining influence.

Dept wld appreciate ur recommendations on what action it might take usefully vis-à-vis Neth Govt and Indo Emb here.

ACHESON

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[4] In telegram 353, April 14, to Djakarta, not printed, the Department of State transmitted the text of a note that van Kleffens had left with Dean Rusk, Assistant Secretary of State for Far Eastern Affairs, in which the Dutch reviewed the course of events in Indonesia since their memorandum of March 21 and stated that the "whole procedure of integrating constituent states into Republic of Indo in Djocjacarta, is at variance with Round Table agreements. . . ." In view of these facts the Dutch asked the United States to give the Indonesian Government "such advice at early date as wld seem calculated to check dangerous developments." The Department of State advised Ambassador Cochran that he should continue to counsel Indonesian officials along the lines of telegram 319 and left to his discretion the timing and officials with whom he should talk. (756D.00/4–1450)

856D.00/4–250 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

CONFIDENTIAL PRIORITY DJAKARTA, April 2, 1950—noon.

464. Attended closing session Union Conference April 1. Summary of communiqué cabled separately.[1]

Hatta told me relations cordial and outcome generally satisfactory. Said pensions matter had to be referred union court. Hatta, Roem [2] and some RUSI Ministers accompanying Hirschfeld and Netherlands Ministers Goetzen and van den Brink visit East Java including some estates Sunday until Tuesday.

Lieftinck [3] told me granting 200 million florin credit and consolidating 80 million so-called HG/HI [*HC/RI?*] credit. Said this still left gap which he hoped US could bridge.

Hirschfeld said conference accomplished more in better spirit than anticipated. Said at RUSI insistence date for report committee set up for NNG question advanced from July 31st to 1st; considerable work in economic field also left for further study by committees. Said battallion RUSI national troops leaving for East Indonesia with Jogja Sultan giving strict orders they not mix in politics and with Netherlands commander-in-chief ordering KL and KNIL keep quiet.

Gieben [4] surprised at results accomplished five days. Said no tin pledge mentioned but some terms of security for Netherlands credits would be discussed later. Said Netherlands delegation pleased Indonesian delegation sought no deviation from RTC agreement even on troublesome point Netherlands civil servants but merely wanted find best way overcome problems.

Pringo,[5] Secretary General Indonesian delegation, said aside from thorny NNG question principal difficulty on economic side and caused by disagreement between advisers.[6]

This cable drafted prior receipt Deptel 306.[7] Will provide comment answer it and related messages tomorrow.[8]

COCHRAN

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[1] Telegram 465, April 3, from Djakarta, not printed (656D.56D/4–350).

[2] Mohammad Roem, Indonesian High Commissioner in the Netherlands.

[3] Professor P. Lieftinck, Netherlands Minister of Finance.

[4] Abraham H. C. Gieben, Netherlands Deputy High Commissioner in Indonesia.

[5] Abdul Gafar Pringgodigdo, Chief Secretary to Sukarno.

[6] In telegram 468, April 3, from Djakarta, not printed, Cochran reported that Djuanda told him that the arrangements made with the Netherlands at the Union Conference were "not as favorable to RUSI as would appear on surface" because of various financial stipulations. (856D.00/4–350)

[7] Not printed; it transmitted to Djakarta the text of telegram 384 from The Hague.

[8] See telegram 466, *infra*.

756D.00/4–350 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, April 3, 1950—2 p. m.

466. RefEmbtel 419 and Deptels 268, 272, 277, 301, and 306.[1] Admit some basis statements by Stikker, van Kleffens and Boon. Most their information, however, either out of date or so distorted or exaggerated as to give untrue picture.

Note from Chapin's 384 (Deptel 306) Stikker anxiously awaits from me "unbiased account actual situation." Respectfully submit:

(1) Since transfer sovereignty, at least one Netherlands Cabinet officer Indonesia most of time. Past several days Stikker's leading colleagues van Maarseveen, Lieftinck, van den Brink and Goetzen with score top advisers and assistants here for conference in intimate contact with RUSI leaders and some of them now traveling East Java. They amply able report Stikker re Indonesia.

(2) H. G. Hirschfeld was Stikker's principal and trusted assistant on international affairs before coming here and now reports copiously daily to Hague. He has been embarrassed greatly by treachery to RUSI of Netherlands military officers and civil officials and advisers left in Indonesia. He is handicapped by hatred and opposition old colonials including some of his immediate assistants well as Netherlands planters and businessmen. Hirschfeld told me at closing Union Conference session was glad of chance show some of Indonesia to visiting Netherlands delegation (Embtel 464) since many Netherlanders writing personal letters from Indonesia to Netherlands Cabinet playing up their own troubles in way to give unfair picture. He said Stikker impressed by these and wanted van Kleffens protest to US. Hirschfeld had warned Hague "go slow." Believe Hirschfeld trying honestly to do good job and succeeding better than could any Netherlander with whom I am acquainted excepting Van Royen if he were physically capable this trying task. I collaborate squarely with Hirschfeld and do not want lose his confidence through revelation to Stikker of information obtained through friendship with HC.

(3) If either party to Indonesian dispute still before SC desires unbiased factual report on actual situation, believe it should address UNCI and not look to ex-member now responsible solely to his own government.

(4) Consider it characteristic Stikker that he "cry wolf" this juncture. He has done it repeatedly past two years and always in manner to embarrass US. I am particularly mindful his attempt blame threatened fall of Drees[2] government on me at RTC when I submitted plan for financial settlement at his request.

Appreciate opportunity afforded comment on Department's proposed note to Netherlands outlined Deptel 301. Have no objection

[1] Telegram 272, not printed; regarding telegrams 419 and 268, see footnote 1 to telegram 301, March 30, p. 995, and footnote 4 to telegram 277, March 22, p. 985; telegram 306, not printed, transmitted to Djakarta the text of telegram 384 from The Hague of March 28.

[2] Dr. Willem Drees, Prime Minister and Minister for General Affairs of the Netherlands.

passing on sentiments point One. Honestly believe Department should refrain from expression views anticipated point Two. Strongly advise against Department intervening in differences between Union partners through either criticism or approbation of one or both. Any comment by Department on propriety of unitary state might embarrass US if case revived in SC. Let partners solve their own problems through union conference such as that just terminated in good spirit and success.

Especially object to Department bringing to Netherlands attention my reports on Westerling affair (point Three). Believe facts as I reported have been correct. My sources were certainly highest and most authoritative. On more than one occasion inquired of Hatta whether I should ask my Government make representations to Netherlands Government on Westerling case. Hatta always responded negatively. He considered Hirschfeld acting in good faith and sought straighten out troubles here directly with HC and any visiting Netherlands Cabinet Ministers rather than have case taken Hague. He repeatedly sought and I exercised my good offices in explaining RUSI situation to Hirschfeld, Maarseveen, Fockema Andreae [3] and others. I cannot submit documentation in proof my reports of implication Netherlands military and civil officials in Westerling case, but have been informed again from highest sources ADN [*Aneta?*] that even high ranking Netherlands military involved including Generals van Langen and Engles. Only recently reported F. Andreae's intervention. Should Department enter controversy on handling of Westerling matter conceivable Netherlands Government might retort with charges US involvement mentioning specifically Malloy and McMahon.[4] Since both Union partners endeavoring workout of Westerling difficulty amicably see no reason we should stir up trouble. Reference point Four, do not believe Department should go far as predict dissolution Netherlands-Indonesian union.

My recommendation is that to several Netherlands approaches listed hereinabove, Department reply orally and only orally to van Kleffens. To assist with background for such reply respectfully submit following appraisal, but with reservations hereinabove made as to extent and character of any answer due Netherlands:

A. *Political.*

(1) Move toward unitary state has been rapid, ruthless. Moving force has been Republican Government Jogja aided by old TNI now Nationalist army, this force going beyond plans which RUSI Gov-

[3] Netherlands Secretary of State for War.

[4] Lt. Col. John T. Malloy, Assistant Military Attaché, and Maj. John P. McMahon, Assistant Naval Attaché, had been recalled in February for their contacts with Westerling. Further documentation regarding their involvement is in file 120.32256D/2–1050 ff.

ernment itself had set in motion for eliminating certain Negaras. Little blood but lots of jobs lost in process. Most BFO governments were found weak and populace genuinely desirous returning to Republican leadership. Opposition remains somewhat serious in East Sumatra where Mansoer has personal army but not enough strength or political acumen to hold out. East Indonesia is only really serious hurdle. I have had long talks past week with such East Indonesians as Anak Agung, Tahija and Latuharhary and on other side with Sukarno, Hatta and Jogja Sultan. Delay in despatching TNI troops to East Indonesia together with planned conference here this weekend between RUSI, Republic and East Indonesia, Anak Agung's present visit to Makassar Sukarno's goodwill trip to East Indonesia latter part April with Jogja Sultan and one or more ministers are designed promote peaceful arrangements.

(2) Old Republicans have shown organizational strength and political experience lacking in BFO's. Hatta and moderate colleagues in RUSI Government have been disappointed in search for competent BFO's to use in Cabinet and embarrassed by poor showing made by most of few taken in. Nevertheless Hatta endeavoring retain such ministers including Sultan Hamid who has been difficult to utilize helpfully, and who has threatened repeatedly to resign following his failure to be given post Minister Defense and after he became suspect in Westerling case. Similarly, Hatta trying keep Anak Agung nothwithstanding difficulties over East Indonesia.

(3) Hatta, Anak, Agung, Jogja Sultan and Sukarno all cooperating wisely toward keeping peace Indonesia and resolving internal political difficulties through negotiations and visits. True Sultan dispatching troops contrary wishes East Indonesia. Difficult to argue, however, that RUSI Defense Minister should be prohibited from garrisoning national troops in any part RUSI territory. Furthermore, some suspicion Netherlands advisers seeking estrangement between East Indonesia and RUSI with ulterior plot of Federalists in East Indonesia joining Borneo leader Sultan Hamid in secession from RUSI with plan these two areas form with New Guinea new colonial empire under Netherlands. Whether this may be far-fetched remains to be seen. I personally do not expect it but do not intend remonstrate against Sultan for dispatching troops any part RUSI. I have, as cables indicate, talked with him and other Republican leaders, even before requested by East Indonesians, to use moderation and patience in dealing with East Indonesia.

(4) Believe unitary state with Republic, East Indonesia and other Negaras all amalgamated therein will be form of government best suited to needs Indonesia. Believe Sukarno and Hatta, who are among original Republicans, will continue dominate Republican movement and with support Jogja Sultan continue head central government with

headquarters Djakarta, although some concessions may be made to Republican nationalists who have been stimulated by Netherlands record here since sovereignty transfer. Conceivable provisional constitution will be altered by Constituent Assembly and perhaps even name of state. Believe initial aspects of RTC will be respected. Believe streamlined strongly centralized government only type can bring law and order Indonesia and can be afforded by presently impoverished state. I have promises from Sukarno, Hatta and Sultan that once unitary state is achieved and nation consolidated trend will be toward giving provinces greatest possible autonomy.

B. *Military.*

(1) Believe TNI under Sultan did good job keeping peace during RTC conference and through transfer sovereignty. Consider record good first three difficult months new state. In spite massacre TNI troops Bandung by Netherlands-sponsored Westerling, RUSI forces kept their heads and now getting situation in hand. Netherlands military have been slow transferring to RUSI weapons requisite to maintaining order. RUSI troops have recently dealt severely with Darul Islam gangs. Bandits of various kinds roam many parts Indonesia and have since beginning World War II. Am confident Jogja Sultan will mop these up and achieve order in Indonesia as political consolidation achieved, KNIL troops amalgamated and KL troops withdrawn. As reported Embtel 458,[5] incorporation KNIL into RUSI Army now definitely scheduled. Likewise plans for Netherlands military mission worked out. In absence unforeseen developments, feel RUSI Government will be rough rather than weak in dealing with evil doers remaining after Netherlands forces withdrawn. RUSI has lately indicated intention change from military to civilian area by area soon as conditions permit. Believe RUSI civil police better adapted certain tasks than military. Sukanto[6] promised me, for example, that once his civil police take over from military in harbors, they will end present pilferage. True some TNI bands have lived off land and levied on planters. Weakness of TNI supply and pay arrangements being remedied quickly as possible and military mission will utilize several hundred Netherlands officers to improve this further. Stories of Stikker's constituents deserting plantations and leaving Indonesia greatly exaggerated.

C. *Economic.*

(1) Neither RUSI nor UN nor US should be held responsible for condition of political and military chaos and economic bankruptcy in which sovereignty transferred. It was not UN or US that pressed

[5] Not printed.
[6] Raden Said Sukanto, Chief of the Indonesian State Police.

for immediate transfer of sovereignty. Idea came from Beel plan,[7] not Cochran plan. Indonesians who had been given little opportunity under Netherlands regime to gain experience have encountered plenty difficulties in taking over sudden responsibility. Problems enhanced and confidence diminished by plotting and sabotage on part leading Netherlands advisers. In circumstances, consider Indonesians have done well. They have exercised great restraint and patience in retaining any Netherlands advisers. Hatta and his colleagues realize, however, their great need for advisers and have preference for keeping Netherlands in accordance RTC agreement if Netherlands do not themselves make this absolutely impossible. Happy to report some Netherlands technicians appear honestly endeavoring do good job. Consider many Netherlanders and Eureasians on RUSI payroll unnecessary and not worth higher compensation they are given over Indonesians. Believe economy of country as well as common sense will dictate dropping many of these lesser non-technical employees as government develops, since they demanding pay, prerogatives and pension above natives of comparable qualifications.

(2) Labor situation improving except around Medan. Exports slowed up during first three months. Certain factors responsible therefore being eliminated such as threatened civil war incited by Westerling and hoarding of stocks as result uncertain future of inflated currency. Still too early predict results monetary measures but convinced definitely of right character. Necessary modifications can be made as circumstances warrant. Big danger comes from Netherlands colonials who still dominate banking, shipping and economy of Indonesia sabotaging RUSI efforts through failure export or cooperate with new regime. Netherlands economic royalists backed by sterling and are sharpest critics of monetary measures. Some British interests strongly sympathetic with them. Chinese who control retail trade practicing habitual evasions but RUSI beginning punish. Netherlands has been slow to discuss credit and RUSI still fears Netherlands will endeavor exact embarrassing guaranty.

(3) Believe US acted properly in Export-Import credit. Hope some agriculture or CCC credit for cotton or Japanese textiles can also be arranged. Looking forward visit Griffin Mission for discussion possibility further economic assistance and advice which may be useful in mitigating radical tendencies of extreme nationalists.

D. *Police.*

Believe mobile civil police constabulary would benefit greatly from projected receipt of US equipment and through training of intelli-

[7] For documentation on the plan of L. J. M. Beel, Netherlands High Commissioner of the Crown in Indonesia, announced on February 26, 1949, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 225 ff.

gence officers in US. Hope submit list shortly giving Naval equipment which would be useful in preventing loss of revenue through smuggling and entrance of undesirable alien agitators. CAS cooperating helpfully with Ministry of Defense and chief of police on intelligence matters, but training program in US urgently required. Indonesians seriously handicapped through Netherlands officials having removed Netherlands all dossiers on Communists. Netherlands could help materially by returning such files. By recognizing Communist China and planning for exchange of missions, Netherlands is not aiding RUSI oppose admission Communist Embassy to Indonesia. I believe Indonesia's non-Communist; I criticize to leaders naive statements or acts their part which might be interpreted contrary; I argue constantly against admitting Communist missions, to point my risking press reaction.

Conclusion.

Believe Netherlands should be advised exercise patience and be honestly helpful with RUSI in difficulties yet to come. Withdrawal and punishment of their officials whose treachery to RUSI has been demonstrated would appear more appropriate than repeated condemnation of Hatta as weakling. I am constantly exercising what influence I have with Sukarno, Hatta and other Indonesians toward their preserving in Indonesia ideals expressed when we championed them before and at RTC. I consider them worthy of our continuing confidence and support. Hatta is not well and dangerously overworked. If Netherlands Government really wants union to exist, it should aid and encourage Hatta rather than cast aspersions on his ability and permit old colonials undermine and defy him. It is nonsense for Stikker imply Netherlands no longer has influence here and that task devolves upon US to push Hatta into acting forcefully. I will continue use my best offices toward having in prosperous RUSI moderate, friendly, effective government that can be helpful union partner.

COCHRAN

756D.00/4–750: Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, April 7, 1950—5 p. m.

484. Embtel 483.[1] Hatta approved today plans I had made with Djuanda for Griffin mission. I regretted politico-military situation Indonesian tense just at time Griffin mission coming and I trying get

[1] Not printed; in it Cochran reported that police equipment, naval and smuggling control craft, farm tools, roadbuilding materials, and medicines would be given priority in the material aid requirements for Indonesia. (756D.00/4–750)

cotton credit.[2] He was glad Jogja Sultan revealed to Warder, Duff[3] and me actual problems faced East Indonesia and KNIL. I said anxious go ahead and help every way possible long as I have confidence moderate group of himself, Sukarno, Jogja Sultan and Djuanda working together for original ideals and aims. I stressed desirability having Djuanda to work with on correlated economic planning to eliminate waste duplication and graft. Hatta disappointed Communist China had recognized RUSI so soon but said this would not change RUSI intent delay exchange ministers. Confirmed Palar might leave next week for Moscow but reaffirmed delaying tactics. I warned him against giving Palar mission too much authority. I envisaged complete chaos that might exist if on top present troubles one or more Communist embassies might be established Indonesia. I feared possible wiping out of Cabinet.

Sultan Hamid transferred to Jogja as prisoner. Hatta said Hamid's two Netherlands' aides had confessed. Said Hamid had begun plot before transfer sovereignty when Anak Agung beginning gain ascendancy over him as BFO leader. Said Hamid had taken over underground setup of late General Spoor including Westerling and KNIL officers. Had plotted assassination several cabinet members for late January and had been angry when Westerling had without his approval sprung Bandung incident prior his fixed date for killings in Djakarta thus putting RUSI on guard and making his own plan unfeasible.[4]

Hatta said plans for sending TNI troops East Indonesia had been decided upon several weeks ago since desired have National Army there against any possible moves from north (Chinese Communists, etc.). Said KNIL officers East Indonesia had been playing politics and influenced East Indonesian Government against RUSI. Said Netherlands Commander-in-Chief Buurman van Vreeden had returned this morning from Macassar after going there to investigate uprising and after ordering all KNIL troops remain barracks. Hatta said by this noon troops out of barracks again. Said no end of intrigue between KNIL officers reaching top. Said would show me soon as photostated documents proving plot by KNIL General Moget for general KNIL uprising Indonesia with some hoped-for aid from certain TNI against RUSI Government in May or June. Said Moget is general in charge intelligence or information on Commander-in-Chief's staff and living here with Chief of Staff General van Langen.

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[2] Documentation on the negotiations for a cotton credit for Indonesia is in file 856D.10.

[3] Warder and Duff were members of the Griffin technical assistance mission.

[4] In telegram 478, April 6, from Djakarta, not printed, Cochran had reported press stories on the arrest of Sultan Hamid, which stated that he had been in constant contact with Westerling and had been the leader of an action to overthrow the state (756D.00/4–650).

Hatta said two ships outside Macassar might be diverted Borneo port since short of food and supplies. Evidently does not wish risk fighting incident with conference scheduled eighth Djakarta with Prime Minister and other officials from East Indonesia together with RUSI and Republic officials.

I asked Hatta if he had spoken Hirschfeld re latest revelations of plots by Netherlands KNIL officers. He had not but would do so at once. Hatta still has faith in Hirschfeld and does not want US intervene with representations to Netherlands' Government but is beginning suspect someone on Hirschfeld's staff has knowledge of what is being plotted.

Initial press reaction to Hamid's arrest is that all acts against Government should be punished severely irrespective race, color or creed of evildoers. Anti-Netherlands feeling bound to grow if more revelations of Netherlands officer duplicity. Consider RUSI Government keeping calmer than even its best friends could counsel it.

COCHRAN

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123 Cochran, H. Merle : Telegram

The Chargé in the Netherlands (Coe) to the Secretary of State

TOP SECRET THE HAGUE, April 10, 1950—1 a. m.

433. Eyes only for the Secretary. In absence of Ambassador, have read your 350 April 7.[1]

Am aware contents memo in question. Ambassador informed me of Fockema Andreae's remarks, and expressed his surprise at latter's statement.

This is first time Ambassador or I have heard any Netherlands official make any such remarks regarding Cochran. Some weeks ago, however, Boon, Secretary General Foreign Office, said to me that he wondered if Cochran had been reporting to Department real state of affairs in Indonesia and asked if we had had any confirmatory reports from Cochran reference deteriorating situation. This was basis for Embtel 323 March 16.[2] During Ambassador's conversation with

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[1] Not printed; it informed Ambassador Chapin that Secretary Acheson had seen the memorandum of his conversation with Schokking on March 30 and asked Chapin for his appraisal of the extent to which Fockema Andreae's views were held by other high Dutch officials. Chapin was also advised:

"As you know we are all concerned to promote orderly and stable Govt in Indonesia consonant with our sponsorship Round Table Conf agreement. We believe that Cochran has vigorously been pursuing this policy. This is not first attempt of Dutch to discredit our reps in Indonesia. Present move may not be unconnected with possible involvement of important Dutch officials in improper activities in Indonesia. Our immed concern is how best to contribute to cessation of this kind of maneuvering and to insure maximum cooperation of Dutch. In absence of specific substantive info this clearly cannot involve Cochran replacement. In the meantime I believe you shld make clear in conversations whenever question is raised that Cochran enjoys full confidence of this Govt." (123 Cochran, H. Merle)

[2] Not printed.

Stikker (Embtel 384 March 28) so far as I am aware no innuendos reference Cochran were made.

It is my opinion that Cochran earned the healthy respect of Netherland officialdom at RTC because of his soundness, tact, persuasiveness and skill. Although he came to The Hague with the animadversion of many Dutchmen, he overcame their suspicions—at least in most official quarters—by his influence in bringing success to RTC negotiations.

Netherlands officials have tried to forget the past and Ambassador, myself and other Embassy officers believe they have the same aim as we have regarding Indonesia—namely, the establishment of the new state on a firm and solid basis. The Dutch like the Communists no more than we, and they realize that the RUSI Government is the strongest group in sight to keep Communists out of Indonesia, furthermore the hard-headed Dutch are practical enough to know that in a stable and effective Indonesian Government, there lies their only hope to get any returns at all from their heavy investments in the Archipelago.

Foreign Office takes gloomy view of outlook in Indonesia. As you will recall, Stikker made points in his conversation of March 28 with the Ambassador that Hatta must be forced to take much stronger hand in dealing with deteriorating situation and that Cochran should persuade him so to do. Perhaps the Dutch do not think Cochran will "push Hatta vigorously" and this may account for Fockema Andreae's remarks. I cannot credit the Dutch with any Machiavellian motives, and think that in their genuine concern regarding Indonesia they are doing everything possible to strengthen Hatta. Their reports from Indonesia are disturbing, and they view the future with an alarm that they apparently do not believe possessed by Cochran. They may account for this clumsy tactic through Fockema Andreae. He has recently returned from Djakarta and was presumably selected to put Secretary Johnson "wise" as having the last word from Indonesia. I understand via Hunter (ECA Chief) that Ministers Lieftinck and Maarseveen who returned last week from Indonesia have equally disturbing views, despite their public declarations to the contrary.

Ambassador returns 16th and may wish to report further, but I am certain he will concur in views reported above.[3] I shall keep alert

[3] In telegram 463, April 18, from The Hague, not printed, Ambassador Chapin expressed his concurrence with Coe's remarks and added:

"I have never heard any other responsible Dutch official seek to discredit our representative in Indonesia since my arrival which more or less coincided termination RTC conference and do not believe Dutch Government would in any way countenance acts on part of Dutch officials in Indonesia prejudicial to what it has stated are our common objectives, namely, the establishment of a bulwark against Communism through the agency of a government capable of maintaining order, promoting welfare of Indonesian people and protecting legitimate foreign interests in Indonesia.

"I believe Dutch, including those who even before settlement were sincere friends of Indonesian independence, now to be seriously apprehensive (rightly

for any signs of an anti-Cochran campaign here and not hesitate to say, as we have in the past and if occasion arises during any conversation with Netherlands officials, that Cochran enjoys the full confidence of our government.

COE

or wrongly) at trend of events in Indonesia based upon such information as is reported here by cables or by returning officials and businessmen." (123 Cochran, H. Merle)

756D.00/4–1650 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, April 16, 1950—1 p. m.

523. Visited Hirschfeld fifteenth his request. He said meeting fourteenth between himself, Hatta, Jogja Sultan, Simatupang and Generals Buurman van Vreeden and van Langen (Embtel 515 [1]) entirely cordial. Every one relieved Abdul Azis decision come Djakarta.[2] Hirschfeld said status Azis not certain. Thought probable he would face court martial and be sentenced but Sukarno grant pardon on appeal. Said both RUSI and Netherlands representatives desired utilize Saturday and Sunday toward peaceful solution. Said RUSI examiners endeavording ascertain instructions Azis gave his troops upon leaving Macassar. Azis had sought safe-conduct and facility return to troops after reporting Djakarta. At same time Netherlands endeavoring get better discipline among KNIL troops East Indonesia particularly 125 that had participated with Azis rebels.

Hirschfeld impressed upon Indonesians complications involved in RUSI military movement against Celebes. Pointed out KPM boats used as transports are manned by Netherlands civilians who should not be brought into armed struggle. Furthermore landing craft which Netherlands has transferred to RUSI still manned by Netherlands noncombatants since RUSI's crews not yet qualified. Hirschfeld said he had been requested by Netherlands subjects Macassar arrange their evacuation. Certain Netherlands sources had requested KL troops be sent Macassar. Hirschfeld against both measures feeling such moves would complicate situation further. He had stressed to RUSI officials importance avoiding loss civilian life Macassar. Said two troop ships which had originally gone Macassar now in Borneo ports. Said other transports in Surabaya and Semarang but no word of departures yet

[1] Not printed; it reported *inter alia* that a meeting of Indonesian and Dutch officials would be held on April 14 to discuss the East Indonesian situation. (756D.00/4–1450)

[2] At the beginning of April two companies of ex-KNIL troops under the command of Capt. Abdul Aziz, alarmed by reports that 900 RUSI troops were about to land at Makassar, seized control of the city. Following a speech by President Sukarno on April 13 which branded him as an insurgent, Aziz agreed to go to Djakarta for talks with the RUSI Government concerning the status of East Indonesia.

for East Indonesia and definitely no RUSI troop landings East Indonesia.

Hirschfeld said Netherlands Government concerned over recent RUSI and Republican moves against Negaras but he himself would not use these as basis for evoking UNCI intervention. He admitted to me unitary state inevitable and thought his government should not be too much upset thereover. Said definitely felt could not appeal UNCI to stop RUSI troop movements anywhere within RUSI territory. Said UNCI might be called in properly however if situation should deteriorate to point of making transfer of KNIL impossible within period anticipated by RTC agreement.

Hirschfeld spoke highly of calm judgment Hatta has displayed and latter's earnest desire see East Indonesia situation settled peacefully. He said RUSI military tempers had also cooled perceptibly, mentioning good spirit shown by Simatupang. Said he himself had to combat certain nervousness on part his Netherlands generals. Said settlement Sumatran and Priok strikes constituted hopeful indication but unhappy over Surabaya area. He expressed wish I keep in touch with Hatta and help preserve peace.

I told him I had seen Hatta several times past few days and was constantly talking peaceful settlement and internal consolidation. Told him I would continue endeavor influence RUSI Government in most constructive direction. Added I had been instrumental getting Sukarno address RUSI youth meetings on need for devoting their energies to manual labor in reconstruction rather than in warfare. I thought Sukarno's speech East Indonesia situation had been effective.[3] Hirschfeld agreed it brought Azis into line. I had suggested "goodwill tour" for Sukarno soon as situation permits.

After visiting Hirschfeld, received Deptel 353 quoting van Kleffen's latest note on Indonesian situation.[4] I will continue consistently impress upon RUSI leaders necessity of retaining democratic ideals of respecting RTC and of achieving political consolidation and economic rehabilitation with minimum of frictions and international entanglements. Hope prospective return of Fockema Andreae to Indonesia may assist in eliminating Netherlands officers so largely responsible for continuing sabotage of RUSI efforts.

Aneta sixteenth reports Jogja Sultan in response written questions by Aneta blamed Netherlands military authority for not being able control troops its command. Said Macassar rebellion staged by group former KNIL Army personnel just transferred to RUSI Army together with number KNIL followers. Said Netherlands Army Command responsible for KNIL followers and deserters since it responsible

[3] Ambassador Cochran reported on Sukarno's speech in telegram 512, April 14, from Djakarta, not printed (756D.00/4–1450).

[4] Not printed, but see footnote 4 to telegram 319, April 1, p. 998.

for KNIL during its reorganization. Said RUSI Government would take action against these KNIL members well as against members Abdul Azis troops after time limit which had been given Netherlands Army Command to call back its troops had expired.

Aneta reports Defense Minister as saying "RUSI Government considers arrival Djakarta Abdul Azis unconditional surrender and I ask House trust that Government will take vigorous measures this case". Minister was speaking plenary session House of Parliament fifteenth. Said government had shown enough patience before it decided suppress Macassar rebellion in military manner. Said orders given to suppress rebellion were being implemented. Said Macassar rebellion could not be separated from political movement and part East Indonesia Government had played therein still under investigation. Refuted allegation documents found in quarters RUSI Army Commander Macassar contained proof RUSI troops East Indonesia had been ordered undermine Negara Government (Embtel 517 [5]).

COCHRAN

[5] Not printed.

756D.00/4–2250 : Telegram

The Head of the United States Technical Assistance Mission to Southeast Asia (Griffin) to the Secretary of State

SECRET DJAKARTA, April 22, 1950—4 p. m.

544. After extensive discussions American Embassy, American businessmen, Indonesian officials, and Dutch advisers and technicians, following conclusions reached: [1]

(1) *Political.*

(*a*) Indonesians new to world situation and their thinking deeply colored by reaction to colonialism. Top leaders aware threat communism but averse to aligning themselves in world ideological struggle since not yet fully alive new form Russian imperialism. Hope to gain time by pursuit political neutrality based on best feasible relations world powers and adjacent areas. Do not consider Communist China can become military threat for several years. In meantime, they hope for progressive internal consolidation and development some kind solidarity and political defense arrangements between SEA countries. Indonesians so confused by suspicion Bao Dai [2] dependence on Colonial French that reaction to possible Communist victory Indochina difficult assess. View preoccupation pressing internal problems

[1] The conclusions which follow comprise the Griffin Mission recommendations for United States assistance to Indonesia.

[2] Chief of State of Viet-Nam.

RUSI aiming at relatively static foreign policy and proceeding utmost caution but in direction middle position.

(*b*) Principal political problems include national constitutional reorganization, demobilization guerrilla elements present army and disposition Netherland-Indonesian forces. Second level independence leaders and politicians Jogja Republic pressing for nationalistic unitary state with fairly radical socialistic economic program. Resistance has been met East Sumatra and East Indonesia but trend toward centralization inevitable. Labor situation confused owing price dislocations and lack responsible labor organizations. Widespread wildcat strikes sometimes at critical period in crop cycle. Chinese minority so far inert but some attraction toward Communist China and susceptibility to underground activity expected. Leaders have shown determination suppress militant Communism when identified as such, but Communism making some headway in central labor organization, paraliamentary groups and through naive hope some Republic politicians establish good relations with Russia. Except for areas involving possible conflict between Netherlands-Indonesian forces and National Army, prospect maintenance internal order generally good. Responsible RUSI leaders likely continue command government and public support in proportion ability settle actual problems.

(2) *Administrative.*

(*a*) Top RUSI leaders who participated RTC appreciate advantages Netherlands assistance. Realize inadequacy Indonesian administrative and technological competence. Great lack Indonesian civil servants middle and lower levels reflects failure Dutch train needed personnel. Although forced waste much time in political maneuvering maintain their position, top RUSI leaders energetic and determined resolve difficulties their own way. Resentful of Dutch duplicity since sovereignty transfer in Westerling and Makassar affairs and suspect many Dutch advisers chiefly interested protecting Dutch interests. While not purpose of new exchange regulations, latter will result in departure many Netherlands civil servants. Radical Republic politicians pressing for elimination Netherlands influences, including cultural, such as abolition Dutch language in schools. Indonesians, however, conditioned and receptive to Western administrative and technological procedures provided these are disassociated from any aspect colonial tutelage and overt proselytization. For foreseeable future best that can be expected will be relatively moderate and stable government with somewhat less than Western efficiency but bound to West by economic interest and gradually developing mutual understanding.

(*b*) Continued exodus trained Dutch civil servants and technicians further complicates already harassed position of Indonesians who unable replace Dutch or even get good cooperation from many those remaining. Many Dutch who remain complain advice often not asked or taken. Undoubtedly partly true and partly result difficulty adapt selves new relationship. Present prospects unpromising RUSI get new Dutch from Netherlands as must buck strong flow embittered returnees.

(3) *Economic.*

(*a*) Despite country's vast potential wealth, prewar level production many world's most needed products gravely lowered by eight years war and revolution. At transfer sovereignty country was left with huge internal and external debt, although RTC agreement reduced latter by 2 billion guilders. Final 40 million ECA dollars and ExImBank credit 100 million dollars assist greatly but temporarily balance payments deficit may oblige seek utilize portion ExImBank loan for consumer goods despite great desirability use entire amount for capital projects.

(*b*) Short-term problems are (1) export of present large commodity hoardings; (2) reduction swollen smuggling trade; (3) removal apprehensions currency's future; (4) rehabilitation nation's productive plant and transport system; and (5) provision normal supply consumer goods to meet crying demand, particularly textiles, small tools. While still too early judge efficacy month-old drastic monetary measures, there will likely remain problem preventing further rise internal price level which could nullify export inducement features of these measures and contribute to political instability.

(*c*) For new government to establish itself and gain confidence ability Indonesians govern selves, there must be real progress towards solution these short-term problems. There must also be visible start on long-range development projects giving hope for future amelioration living conditions.

US aid toward solution both problems can have great economic leverage view inherent richness country and great export potential. In addition big economic impact, disinterested aid by Western country will make favorable political impression on government and people still suspicious Western motives and will increase popular support government friendly US.

(4) *Financial.*

Indonesia's financial situation in coming months heavily dependent upon deflationary result of reduction of money supply in March from guilders 3.8 billion to guilders 2.3 billion. Following factors combine to lessen effects of reduction of money supply accomplished by freezing half of all currency in denominations 5 guilders or more

and by compulsory loan of 50 percent of bank balances above certain maxima.

(*a*) Ten percent of currency in circulation in denominations of 2½ guilders and less, and this portion was not subject to monetary regulations of March 19.

(*b*) In anticipation of regulations, and with some foreknowledge thereof, deposit balances widely distributed among banks prior March 19 and "cloaks" were used, in order come under certain exemptions given bank balances. Also, banks were drained of currency holdings in denominations of 2½ guilders and less prior March 19.

(*c*) To be expected that measures will be taken by entrepreneurs to maintain scale their activities by borrowing where possible. Ability of banks to extend credit temporarily impaired, owing to loss of assets (50 percent reduction in deposits), and to banks need for more guilder funds to finance foreign payments, owing to higher exchange rates. This offset some degree by nonbank borrowing and by sale of assets. Also, economy in use of funds practiced, and existing money supply called upon to do more work than would otherwise be the case.

(*d*) Money supply reduction program has not removed distrust of currency which has existed for some time. Hoarding continues and in particular exporters persuaded to accumulate stocks, notwithstanding higher guilder prices for exports, and importers similarly desire hold stocks.

New exchange system inflationary in character and may counteract such deflationary effects as are caused by reducing money supply. Prices of imports have already risen. Price Control Office effective April 1 advised importers they could triple price their floor stocks excluding certain major essential commodities, a measure which offsets money stringency importers otherwise subject to.

Basic to all problems besetting new government is difficult budgetary situation. Expenditures in 1950 estimated at guilders 4.5 billion with one-third devoted to army. Government wants to demobilize army but at same time acutely aware of need for providing employment for guerrilla veterans, and of danger involved in not doing so. New government lacks experience and to be expected that waste and inefficiency public outlays will result.

Tax and other revenues prior March 19 estimated at guilders 1.5 billion. To these revenues government now adds guilders 800 million on basis of higher guilder values for both exports and imports, and guilders 500 million from differential between "export" and "import" rates. Although certain quarters government advocate liquidation debt to Bank of Java with "proceeds" of compulsory loan, repayment may need to be deferred in order finance budgetary deficit. Over first three months of 1950 government debt to Bank of Java increased by third, from guilders 1.2 billion to guilders 1.6 billion.

In view strength of inflationary pressures, would be advisable acquire local currency needed for aid program by selling aid supplies. Release ECA counterpart fund now available, amounting to some guilders 350 million, should be scheduled to minimize inflationary pressures and to projects which promptly increase availability consumer goods.

(5) *Program Summary.*

Total dollar cost $14.5 million plus unestimated cotton processing cost; 63 experts; both figures exclusive administration; 80 trainees. Costs are for 15 months ending June 30, 1951 except two-year contract item 9. Estimated nearly $7 million counterpart generated. Detailed recommendations follow.

[Here follow specific recommendations for emergency aid to agriculture, forestry, fisheries, health, medicine, education, industrial communications, and commodities.]

(12) *Problems Confronting Program.*

1. Chief difficulty expected is probably lack cooperation Dutch officials different levels civil service and advisory capacities. Mission arrived Djakarta imbued with necessity doing all possible retain Dutch administrative and technical personnel Indonesian service. Efforts to work with Dutch and with Indonesians relying on Dutch, however, revealed in many instances recalcitrance, defeatism, indifference, "unconscious sabotage". It is obvious that many Dutch desire failure and collapse this country some perhaps expecting be called back to run it. Many are marking time until departure Holland, abilities some overrated. Dutch in government circles expected to "drag feet" more than a little and cause frustration.

2. Indonesian officials have made favorable impression, have energy, good will, high intentions, integrity but are handicapped by almost complete dependence upon Dutch advisers because of lack of experience in posts of great responsibility and because of almost complete lack of Indonesian deputies or staffs capable of sharing load of responsibility and carrying through sound technical and administrative operations.

3. Despite faults many Dutch, some cooperative and valuable, exodus of Dutch officials and technicians will leave great gaps which Indonesians not for many years equipped fill with properly trained personnel. These gaps largely outside US scope as they pertain civil servants working for pay unacceptable to Americans approximately equal training and ability. Ardent Republicans seeking jobs for guerrilla heroes may oppose replacements by other Europeans. Quality of administration within next 18 months may be expected, therefore, to deteriorate no matter how desperately Indonesians strive.

4. Indonesia so vast in extent Java so heavy in population that small scale program American aid may get lost in shuffle unless utmost value is wrung from all expenditures. Nevertheless, even limited American personnel participation must be guarded and tactful lest Indonesians feel pressures reminiscent colonial period or Dutch feel outraged at presumption inexperienced [Americans?].

5. Exaggerated hopes that independence would bring quick increase living standards were built up during struggle and will plague government and any aid program. They should not, however, be allowed divert emphasis from aiding self-help activities to supporting any specified living standard by balance of payments aid. Shift of responsibility to US implied by latter not sought by present leaders but always tempting and could become morass.

(13) (*a*) Field organization recommended Section 5 mission cable April 11 from Bangkok [3] is likewise recommended Indonesia.

(*b*) End-use ECA controllers now Djakarta should be retained administer end-use control ECA.

(14) *Conclusion.*

Immediate start implementing above recommendations imperative despite or because of problems and difficulties foreseen. Interest in participation highly trained American technicians has grown day by day in conference with individual Indonesian Ministers who aware handicaps their present technical environment. Most vigorous and prompt action all phases proposed program needed to mark decisive steps in preventing further deterioration economy and services to people to attempt forestall crisis. This country promising example SEA of effort introduce Western type democracy. Failure here would spread confusion and defeatism elsewhere. Successful leadership Indonesia would favorably affect Western orientation other SEA governments. Personnel capable high level detailed planning and negotiation project agreements should be sent here least possible delay and should be prepared remain on job.

(15) Representatives American Embassy have participated many joint meetings with Indonesian and Dutch officials and advisers and in drafting this cable. Ambassador Cochran concurs above analyses and recommendations.[4]

GRIFFIN

[3] Section V of telegram 319 from Bangkok provided that the Chief of Mission would be responsible for the operation of the program and would be assisted by a single coordinator of economic cooperation activities. Joint commissions would be set up and United States technicians would be responsible to the local government or the joint commissions.

[4] In Ecato 34, May 25, to Djakarta, not printed, Cochran was informed that Mr. Griffin's recommendations had been approved on the staff level and, subject to review and modifications based on field experience, would serve as a basis for the "initial action and development of aid plan for the next year." (ECA files: Mutual Security Administration: Lot W–131: Box 59: Djakarta 8–100)

756C.00/5–450

Memorandum of Conversation, by the Acting Officer in Charge of Indonesian and Pacific Island Affairs (O'Sullivan)

SECRET WASHINGTON, May 4, 1950.

Participants: Mr. van Kleffens, Netherlands Ambassador
FE—Mr. Rusk
WE—Mr. Scott
UNP—Mr. Stein
PSA—Mr. O'Sullivan

Mr. van Kleffens called at his request this morning. He said it was with great pleasure that he could deliver a note (Attachment A [1]) setting forth, with regard to the future status of Netherlands New Guinea, the position of his Government which the Dutch Cabinet had decided upon and which he had received instructions to draft and deliver. He then read the text of the note. (Sent as telegram 403 to Djakarta, 92 to Canberra, 434 to The Hague, 2090 to London.[2])

In reply to a question, Mr. van Kleffens stated that he often prepared an answer to a letter before he received the inquiry. He then read what he described as an informal memorandum (Attachment B [3]) setting forth the Dutch reaction to the recent Australian note delivered to the Netherlands Ambassador at Canberra on the future status of Netherlands New Guinea. (Sent as telegram 91 to Canberra, 402 to Djakarta, 2091 to London, 433 to The Hague.[2])

Mr. van Kleffens then requested that the *Aide-memoire* be brought to the attention of the Secretary as his Foreign Minister, Mr. Stikker, desired to discuss the future status of Netherlands New Guinea with the Secretary at London.

In accepting the *Aide-mémoire*, Mr. Rusk said that he would be happy to see that it was brought to the attention of the Secretary (the *Aide-mémoire* was forwarded to the Secretary under cover of a memorandum from Mr. Rusk to Mr. Battle).

In answer to a question, Mr. van Kleffens said that the Netherlands Government did not envisage a continuation of its control in Netherlands New Guinea in the form of a trusteeship. He said that his Government did not like the manner in which the administering powers were treated in the Trusteeship Council where, as he was sure

[1] No copy of the note was found attached to the source text; however, a copy of note 2446, handed to Rusk on May 4 by the Ambassador, not printed, is certainly a copy of the note under reference. It stated that for political, ethnic, cultural, economic, and geographic reasons the Netherlands Cabinet believed Western New Guinea should remain under Dutch authority. (756C.00/5–450)

[2] Not printed.

[3] No copy of this memorandum was found attached to the source text; however, a copy of a similar memorandum bearing the handwritten notation "Handed Mr. Rusk by the Netherlands Ambassador 4 May 50," not printed, stated that the disposition of Western New Guinea was a matter for decision between the parties of the Round Table Conference. (756C.00/5–450)

we knew, they are like "prisoners in the dock". Mr. van Kleffens admitted that the present Dutch position represents a change from their position last Autumn. He said that at that time, the Dutch Government had proposed a Netherlands Trusteeship for Netherlands New Guinea in the hope that such an arrangement would be acceptable to the Indonesians and would have liquidated the problem.

Mr. Rusk stated that there was some doubt in our minds regarding whether UNCFI is an appropriate organ to act as "go between" in the question of the future status of Netherlands New Guinea as the interests of some of its members were involved. He emphasized that this was by no means a firm or final departmental decision but is one of the factors that has entered into our consideration of the problem.

In answer to a question, Mr. van Kleffens said that he did not know whether the Australians had delivered a note setting forth their position on the future status of Netherlands New Guinea to the Indonesians. Mr. Rusk mentioned that while we were not sure, we thought that the Australian note had in fact been delivered to RUSI. (Subsequently, Mr. Scott and Mr. O'Sullivan phoned Mr. Helb, Counselor of the Netherlands Embassy, to state that our information was to the effect that the note had been delivered. Shortly after this conversation, Canberra's telegram 139 of May 4 was received,[4] and Mr. Helb was then informed that our previous information was in error and that the Australian note was not in Indonesian hands.)

Mr. van Kleffens dilated at some length during the conversation on the fact that future status of Netherlands New Guinea was only one of many factors affecting the relations between the Netherlands and Indonesia and it was by no means the most important. He added that it was likewise only one of many factors which would affect the stability of the regime in Indonesia.

In reply to a question, Mr. van Kleffens said that while public opinion in Netherlands New Guinea was not developed, the indications were, particularly among the Christianized natives who, he said, formed an appreciable portion of the population, that the inhabitants of Netherlands New Guinea desired the continuation of Netherlands control. He indicated that the Netherlands would not be adverse to a sounding of public opinion on this matter, provided, of course, it would be run on principles other than those used by the Indonesians to assess public sentiment.

[4] Not printed.

756D.00/5–450 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, May 4, 1950—6 p. m.

598. Visited Hatta this morning. He confirmed Leimena mission due back Djakarta today, has not succeeded settling Ambon trouble.[1] Said opposition headed by 1,200 KNIL including unruly red and green cap battalions. Said General van Langen had failed influence them on visit week prior Leimena. Fockema Andreae has now promised take hand in situation. Hatta has requested him remove some KNIL officers from Ambon to Holland. In meantime RUSI will establish garrisons in islands surrounding Ambon but land no troops there. Thinks such maneuver may bring Ambonese to terms shortly if Netherlands do their part.[2]

Hatta said Mansour due talk with him today re East Sumatra. Hatta's idea is for Mansour Government to resign and commission of three, one from Mansour's group, one from RUSI and one from Republic be set up to administer until new government can be created. Believes all parties will be agreeable this idea. Hopes government being established in East Indonesia under Putuhena[3] will join with Mansour Government in giving Hatta full mandate to negotiate with Republic on formation unitary state. Said opposition still coming from PNI in Republic to Hatta's idea of UNCI [*RUSI*] rather than Republic being basis of unitary state. Denied rumor that he would sacrifice Sjafruddin[4] and Djuanda to get political support but admitted pressure from PNI strong. Also admitted Anak Agung might resign shortly as Interior Minister on own volition. Anak Agung considers unitary state inevitable and will not oppose it but takes position since he has been Federation leader his participation in government creating unitary state would be subject criticism and embarrassment. Has pledged his personal loyalty to Hatta and willingness to take any other task Hatta may assign him.

Hatta said Gieben acting Netherland HC, informed him yesterday of receipt instructions from Hague to submit to UNCI question alleged failure RUSI Government permit self-determination, particularly

[1] Johannes Leimena, Minister of Health in the RUSI Government and a Republican Ambonese, had been sent by the RUSI to try to negotiate with dissident elements on Ambon which had proclaimed the island to be the independent Republic of South Moluccas.

[2] In telegram 614, May 8, from Djakarta, not printed, Cochran reported that he had talked with Leimena on May 7, and the Minister of Health revealed that he had been unable even to land on the island and had had to return for consultations. (756D.00/5–850)

[3] Head of the pro-Republican Cabinet being formed in East Indonesia.

[4] Sjafruddin Prawiranegara, Minister of Finance in the RUSI Government.

East Indonesia, as envisaged by RTC agreement. Hague Government had told Gieben this subject of much debate Netherlands political circles.

Hatta told Gieben if Netherlands insisted on drawing UNCI into present differences between Netherlands and RUSI latter would insist question for investigation is principally involvement KNIL in RUSI affairs. Hatta said this phase would be emphasized by RUSI Government and in RUSI parliamentary discussions. Said Gieben agreed that differences should be settled directly between parties through friendly discussions such as have been carried out by Hatta, Hirschfeld, Fockema Andreae and others on spot. Gieben intended make such recommendation to his government and endeavor convince Hague UNCI should not be asked intervene.

Hatta told me of intercepted telegram which appears involve Netherlands KNIL commander Macassar in Molucca separatist movement.

Hatta said in addition Chinese and leftist group criticism and opposition to monetary and economic acts of RUSI Government, increased evidence Chinese teachers Indonesia spreading Communist propaganda. He said investigations now being made and any found guilty would be deported. He promised meet my request any information this subject be provided us and I told him we had mentioned to Netherlands urgency returning to RUSI files on Communists which had been removed by NEI Government when sovereignty transferred. He said part of these files had been returned only yesterday.

COCHRAN

357.AA/5–1250 : Telegram

The Ambassador in Indonesia (Cochran) to the Acting Secretary of State[1]

SECRET DJAKARTA, May 12, 1950—5 p. m.

640. Gocus 858. Reference Deptel 411, May 8 (Usgoc).[2] As reflected in greatly diminished reporting, UNCI activities since Soviet [*sovereignty*] transfer end 1949 have been extremely limited. Following is submitted as summary activities:

1. Commission has held 5 meetings since January 1, all very routine character as will be observed from records transmitted to Department. In addition there has been one meeting on February 6 of the "contact committee" at which decisions were taken and information given to

[1] Secretary Acheson was in London for talks with Foreign Ministers Bevin and Schuman; documentation on their talks is scheduled for publication in volume III.

[2] Not printed; it asked for a summary of UNCI activities since the first of the year. (357.AA/5–850)

commission by Netherlands and Indonesian representatives chiefly concerning assembly sectors and Netherlands troops awaiting embarkation.

2. UNCI has received no request from either Netherlands or Indonesian side for intervention or assistance in connection with carrying out of RTC agreements and attributes this to excellent spirit of cooperation between union partners in execution of those agreements, despite certain incidents which have occurred and which although they did not directly involve Netherlands vs. Indonesian forces have caused certain bad feeling, particularly on part of Indonesians. Three major incidents have occurred since transfer, namely (1) Westerling attack on Bandung (2) Abdul Aziz mutiny in Makassar (Celebes), (3) Effort at rebellion in South Moluccas (Ambon) including proclamation of so-called Republic of South Moloccas. Westerling and Makassar affairs were viewed by RUSI Government as internal difficulties and were suppressed by RUSI armed forces. Ambon affair is regarded in same light by RUSI which will presumably liquidate rebels in due course. In none of these cases has there been any official suggestion, let alone request, on part of either partner that UNCI should intervene or lend assistance. As noted in summary record of UNCI meeting of April 4, UNCI decided that I should as chairman of week suggest informally to Sultan of Jogja (Minister Defense) that he consider deferring landing of RUSI troops in Celebes until situation more clarified, this approach being met with friendly but firm reaction to effect that movement RUSI troops was purely internal matter. Similar attitude taken by Dutch officially although Dutch made some informal suggestions that UNCI should attempt to intervene on behalf of East Indonesian Government.

3. UNCI was invited to opening and closing public sessions of Netherlands-Indonesian Union Conference in early April. Although Indonesian and Dutch officials had stated that UNCI's future role might be discussed during conference, understand from participants and official records that only reference to UNCI consisted in statement that results of negotiations in New Guinea joint commission would be brought to attention UNCI.

4. For all practical purposes component states of RUSI have ceased to exist and a unitary state is already in effect established, as Department will have noted from American Embassy's comprehensive reports. There is question as to whether the method in which this is being accomplished is in full accord with RTC agreements and in this matter also some Dutch officials have informally criticized UNCI for not taking some action. Such officials state however, that they are not prepared to submit formal request to this effect and are probably

speaking without authority and against the wishes of High Commissioner Hirschfeld and Hague Government. In any case almost all observers are agreed that whatever methods are being used to form unitary state great majority of population favors centralized republic.

5. Netherlands headquarters here state that rate of evacuation of Netherlands troops from Indonesia has averaged approximately 9,000 per month since January 1. Total number embarked between January 1 and May 1, 35,000, total remaining to be embarked amounts to 26,000. It is estimated that rate of 10,000 per month can be maintained, particularly due to assistance of US Army transports, and that no Netherlands troops, other than military mission, will remain in Indonesia after July 31. Reorganization of KNIL (Royal Netherlands Indies Army) has presented greater problems. KNIL troops totalled 64,000 on January 1 and May 1 total was still 49,000. 13,000 have been taken into RUSI Army, 2,000 demobilized and embarked for Holland and 1,100 demobilized in Indonesia. Both Netherlands and Indonesian military expect rate of reorganization to be stepped up sharply in next 2 months and present target date for complete absorption or demobilization of KNIL is July 26, this date having been fixed by agreement between Sultan of Jogja and Fockema Andreae, Netherlands Secretary of State for War, and announced in joint communique May 9. It is planned to send 2,000 KNIL troops to Holland [where?] great majority would be incorporated in Netherlands forces in Europe. These men would almost all be either Dutch or Eurasian and figure would include very few if any native troops. Foregoing figures furnished by Netherlands headquarters on strictly confidential basis.

6. As Department will recall from previous messages total number of military observers in Indonesia has been reduced to 35, of which 9 are Americans. Military observers are stationed in 9 localities of Indonesia including Djakarta. Every military observer with whom I have spoken in Djakarta or on trips I have made elsewhere has stated that his duties are either negligible or non-existent, a view shared by the senior military observers in Djakarta, including Colonel Hisgen. Commission is considering further reducing number of military observers but some opposition is voiced by Belgian representative and both Netherlands and Indonesian officials while frankly stating that they do not know what military observers are doing, state that they hesitate to agree with further reduction or complete withdrawal in view of "possible incidents".

Signed Dow

COCHRAN

856D.10/5–1850 : Telegram

The Ambassador in Indonesia (Cochran) to the Acting Secretary of State

CONFIDENTIAL PRIORITY DJAKARTA, May 18, 1950—6 p. m.

662. Deptels 375 and 446.[1] Export Import Bank was looked to for providing initial and important basic credit for supporting RUSI in general economic rehabilitation and currency stabilization. No international or other US leading authority could be approached hopefully for this purpose first few months new state. Granting 100 million dollar credit by ExIm upon application Economy Minister Djuanda February came at most opportune moment to strengthen confidence in country beset by military and political troubles resulting importantly from Westerling affair. Same credit created atmosphere of international support which permitted bold monetary steps March 13 and 20. With US having taken lead, it became practically obligatory Netherlands arrange credit 200 million florins to Union partner following first conference Union ministers end March.

President Sukarno and Prime Minister Hatta hoped for ExIm credit greater than 100 million mentioning specifically 500. They have in mind rehabilitation projects which they think warrant and necessitate utilization foreign capital to this extent. Both realize however Export Import Bank has responded generously and along sound business lines in limiting initial credit to 100 million. They also appreciate necessity providing ExIm with specific data in regard to contemplated projects for which credit is to be utilized and have gone through difficult process assembling data shortly after taking over unfamiliar offices from Netherlands Government in circumstances of chaos and bankruptcy and without ample indoctrination or even satisfactory cooperation. Best experts available inexperienced government have gone Washington to seek action on projects submitted. Geniunely hoped American capital goods may shortly flow Indonesia under this credit. Critics US policy and of friendship Hatta government for US endeavoring argue ExIm arrangement was only on paper and that political and other difficulties that have confronted RUSI have frightened off Export Import Bank.

RUSI has now weathered worst months. Monetary measures proving their merits. Exports beginning move in gratifying measure with such commodities as rubber having benefit exceptionally favorable prices. Imports not yet coming in normally since prices many thereof trebled by monetary act and holders of imported stocks refraining

[1] Neither printed.

from buying more until liquidate present holdings at greatest profit possible. Furthermore, still some speculation that further currency changes possible and also worry over internal political conditions. Believe next few weeks will witness clarification problems of unitary state as well as KNIL.

At my insistence ECA credit for NEI which was suspended second police action December 1948 not revived until after successful termination RTC agreement. Consequently final $40 million from ECA available to provide textiles and rice during first few months new RUSI state. Otherwise great distress and possibility financial ruin would have been experienced. Has now become necessary place orders Japan for cheap cotton textiles to continue inward flow as ECA imports end.

As Department knows textiles greatest single import for average Indonesian consumer. Serves not only to satisfy essential needs but also incentive to production commodities constituting most important exports. With uncertain and troubled conditions existing first few months RUSI and with export returns disappointing until just recently, it has been impossible government anticipate hard currency receipts from exports and program imports accordingly. Most reasonable calculations, however, showed needs from $22.5 to perhaps $60 million for cotton and cotton textiles that could not likely be met from exports.

I took initiative recommending US credit to relieve this situation and still urgently request minimum 22.5 be provided soonest. I feel this is bankable commodity credit that can be repaid after three or four years. I have opposed special legislation or large new grants to RUSI. Should US fail give such help shortly leftist element will allege US aid to RUSI illusory and attack Hatta government on ground favoring US policies without receiving credits required to keep workingman in necessities. This market prefers Japan and US textiles to higher priced products from Netherlands, France and Belgium. Textile credits from Europe have already been offered but Economy Ministry desires keep trade lines with US and purchase more reasonably than now possible in Europe. Believe Indonesia market fits well into US plans for marketing its own cotton and for supporting Japanese economy.

Even if exports continue grow at rate anticipated by Economy Minister he still sees need for textile credit of size above mentioned. He has mentioned alternative selling RUSI gold if US credit cannot be obtained. I strongly oppose this lest it wreck degree stability now being achieved with such difficulty in Indonesian currency. Both Hatta and Djuanda have abhorred idea drawing on ExIm 100 million credit for textiles. They prefer conserve this precious credit for economic rehabilitation projects which they could not otherwise finance

and which should mean so much to relieving unemployment and achieving satisfactory standard of life of a country that has suffered from ten years strife. They feel if any part of ExIm credit used for textiles then pressure on Government would be increased for utilizing other portions for other consumer goods. Policy of Hatta government is to tighten belt and get along on what would be to most countries spartan economy. To purchase textiles is however absolutely essential and funds cannot be assured for meeting requirements unless US credit is extended.

Djuanda insisted to me again this morning ExIm credit must be reserved for capital projects if at all possible. Said exports first 15 days May totalled 112 million florins against 111 million for month January. Said these figures should not lead to false sense favorable position since part recent exports have come from hoarded stocks and uncertain what rate of exports will be when dependent upon current production. Will not be able predict year's imports safely until about July 1. Entirely certain require minimum 22.5 million credit for cotton.

COCHRAN

761.5/5–2450 : Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, May 24, 1950—6 p. m.

478. There fols text of draft bilateral agreement for RUSI for mil Assistance:[1]

"PREAMBLE

The Govts of USA and RUSI:

Considering that the Govt of USA has enacted the Mutual Defense Assistance Act of 1949 which permits the furnishing of assistance by the USA.

Desiring to set forth the understandings which govern the furnishing of assistance by the Govt of the USA under the Mutual Defense Assistance Act of 1949, and the receipt of such assistance by RUSI:

Have agreed as follows:

ARTICLE I

1. Such assistance as may be made available by the USA pursuant to this Agreement will be furnished under the provisions, and subj to such terms, conditions and termination provisions of the Mutual Defense Assistance Act of 1949 as affect the furnishing of such assistance, and such other applicable US laws as may hereafter come into effect. The two Govts will, from time to time, negotiate detailed arrangements necessary to carry out the provisions of this para.

[1] In the immediately preceding telegram Cochran had been informed that a draft bilateral agreement and proposed secret codicil were being transmitted for his comments both as to text and as to the manner of their negotiation. Telegram 477, May 24, to Djakarta, not printed (761.5/5–2450).

2. The Govt of RUSI undertakes to make effective use of assistance recd pursuant to Para 1 of this Article for the purposes for which such assistance was furnished, and that Govt will not, without the prior consent of the Govt of the USA, devote assistance so furnished to purposes other than those for which it was furnished.

3. The Govt of RUSI undertakes not to transfer, without the prior consent of the Govt of the USA, title to or possessions of any equipment, material, or services which are received pursuant to Para 1, or which are substitutable for, or similar in category to the equipment, material, or services so received.

ARTICLE II

1. Each Govt may take appropriate measures consistent with security to keep the public informed of operations under this agreement and will, at appropriate intervals, consult with the other on the measures to be employed to this end.

2. Each Govt will take such security measures as may be agreed between the two Govts in order to prevent the disclosure or compromise of classified articles, services or info furnished by the other Govt pursuant to this agreement.

ARTICLE III

The Govt of RUSI will, except as otherwise agreed to, grant duty-free treatment and exemption from internal taxation upon importation or exportation to products, property, materials or equipment imported into or exported from its terr in connection with this Agreement.

ARTICLE IV

1. The two Govts will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

2. The Govt of RUSI will accord, to duly authorized US reps, facilities freely and fully to observe the utilization of assistance furnished pursuant to this Agreement.

ARTICLE V

1. Each Govt agrees to receive such personnel of the other govt as may be required to discharge in its terrs the responsibilities of the latter Govt under this Agreement.

2. Such personnel will in their relations to the Govt of the country to which they are assigned, operate as part of the Emb under the direction and control of the Chief of the Dipl Mission of the Govt which they are serving, and will enjoy the same privilege and immunities accorded other accredited personnel of that Embassy.

ARTICLE VI

1. The Govt of RUSI will make available to the Govt of the USA rupiahs for the use of the latter Govt for its administrative expenditures within Indo in connection with assistance furnished by the Govt of the USA to the Govt of RUSI under this Agreement.

2. The two contracting Govts will initiate forthwith discussion with a view to determining the amount of such rupiahs and agreeing upon arrangements for the furnishing of such rupiahs.

(*Note:* The amount of local currency and the arrangements for furnishing same wld be recorded in annex to the main bilateral doc.)

ARTICLE VII

The Govt of RUSI will facilitate the production, transport, export, and transfer to the Govt of the USA for such period of time, in such quantities and upon such terms and conditions as may be agreed upon, of raw and semi-processed materials required by the USA as a result of deficiencies or potential deficiencies in its own resources, and which may be available in RUSI. Arrangements for such transfers shall give due regard to the reasonable requirements for domestic use and commercial export of Indo.

ARTICLE VIII

1. This Agreement shall enter into force upon signature and will continue in force until three months after the receipt by either party of written notice of the intention of the other party to terminate it.

Done in duplicate, in the English and Indo languages at Djakarta, Indo, on this date day of month 1950. The English and Indo texts shall have equal force, but in case of divergence, the English text shall prevail.

In witness whereof the respective reps, duly authorized for this purpose, have signed the present Agreement."

It is also contemplated that understanding be achieved on the fol clause, which wld not be the subject of an actual agreement, and therefore not a part of the registered bilateral.

"The two Govts recognize their mutual interest, consistent with objectives of mutual security and econ stability, in effective controls over the export of war-potential materials equipment, and, insofar as practicable, technical data; and the two Govts will consult with a view to taking measures for the accomplishment of these ends."

WEBB

756D.5/6–750 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET DJAKARTA, June 7, 1950—6 p. m.

757. Have talked with Hatta, Djuanda and Sukanto recently on plans for military and economic aid. My comments on draft bilateral agreement with respect aid contemplated by Griffin group set forth Toeca 30.[1]

Following are my ideas on acceptability draft agreement discussed Deptels 359, 477 and 478.[2]

Hatta has consistently kept secret his request to US and our endeavors to provide military equipment civil police constabulary. As

[1] Not found in Department of State files.

[2] Telegram 359, not printed (756D.5–MAP/4–1750), asked for Cochran's views on the content of an agreement between the United States and Indonesia covering constabulary equipment; regarding telegram 477, see footnote 1 to telegram 478, *supra*.

developments progressed to point where Washington obliged make some revelations I got Hatta agree he and political chief Sukanto could no longer be only officials having cognizance of plans. Consequently Defense Minister Sultan Jogja was informed and some of his closest associates now have knowledge thereof. Washington press items mentioning possible provision police equipment have not attracted local press comment.

Hatta has agreed to necessity and desirability small technical group coming Indonesia for spot survey constabulary needs, particularly RD electrical equipment. Defense Ministry well as chief police will cooperate with such group. Hatta will nevertheless endeavor avoid publicity such visit. In Embtel 726 [3] I gave Hatta's indications as to how material should be addressed. Arrangements he prescribed would still keep responsibility for equipment to himself and Sukanto. Department is of course aware political struggle now preceding formation unitary state with certain elements endeavoring push Hatta to one side. Whatever the result, Hatta's future position should be considered incidental to basic purposes US arms supply program. Essential purposes are to enable civil police provide more effective law and order and protect state against any Communist armed internal attack. Assumption is still valid that whatever central government may eventuate in foreseeable future, it will be willing cooperate US execution these aims. However, believe government would be embarrassed by bilateral agreement which would commit it to mutual defense obligations. Without reference to other authority Prime Minister can sign agreement which would seem binding and cover all points mentioned Deptel 359. If agreement goes much beyond those points and particularly if it has aspects mutual defense, or if it involves extensive publicity then Prime Minister might have to obtain Cabinet approval and possibly defend position before Parliament. With Indonesian press generally critical present government and with recent wave of anti-colonialism, Hatta's position in this particular instance, as well as position any future government might be seriously endangered if Prime Minister endeavored draw Indonesia into published agreement of type US has negotiated with full-fledged allies Western Europe.

Think Prime Minister would find acceptable agreement with preamble substantially as follows:

"USA and RUSI, realizing necessity improve and stabilize conditions for maintainance law and order in Indonesia through provision to new state of military assistance in form of constabulary equipment, have decided to concluded agreement to govern such assistance."

[3] Not printed; it stated that equipment for the constabulary should be addressed to the Prime Minister. (756D.5–MAP/6–250)

Believe agreement could include language along following lines, some of which taken from Deptel 359 some from Deptel 478:

1. USA shall furnish to RUSI military assistance in form constabulary equipment. There shall be no transfer of possession or title of equipment by RUSI to third party without consent two parties concerned.
2. RUSI will accept such military assistance on basis of negotiated detailed arrangements necessary to carry out provisions of this agreement. Equipment shall be used exclusively by Indonesian civil police forces.
3. Proper technical security shall be observed.
4. All administrative expenses of program entailing disbursements, specified in accordance with mutually agreed maximum amounts, shall be paid in Indonesian currency.
5. Such US technical personnel as may be required by mutual agreement shall be admitted to Indonesia to instruct RUSI police forces in operation and maintenance of equipment. Such personnel shall be exempt from taxes and customs.
6. Periodic observation and inspection by US personnel of use of equipment by RUSI shall be permitted.

Believe Prime Minister would find difficult accept Article 7 Deptel 478 since this includes matters ordinarily covered by commercial or special treaty or agreement.

While there is no objection to survey group, best plan for US Government personnel required in Indonesia discharge responsibilities under agreement would be attach such individuals assistant military attachés.

Believe Prime Minister would find impossible accept secret codicil as set forth final paragraph Deptel 478. While I consider unitary state with Hatta retained in Premiership would have direction cooperating more closely and openly with US, I know it is Hatta's opinion RUSI too weak at present enter undertakings which might entangle state or possibly involve it in armed conflict.

COCHRAN

856D.10/6–1250 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, June 16, 1950—6 p. m.

537. Ref Embtel 772, Jun 12.[1] Dept satisfied with manner in which RUSI Govt has so far handled question recognition Ho Chi Minh and is particularly appreciative of response by Indos to your observations. Dept inclined believe that present RUSI Govt will not take

[1] Not printed; in it Cochran reported on various economic and political problems confronting the RUSI Government and expressed anxiety that the United States might lose the friendship of Indonesia "if after having made financial commitments we falter to such extent that moderate government which we have considered hope of new nation is embarrassed and perhaps defeated by our default." (856D.10/6–1250)

further steps looking toward recognition Ho regime Indochina for foreseeable future. We think that while Indos, at present, do not wish become involved in cold war on our side they are far more unwilling to become involved on other side which wld, of course, be result of their recognition of Ho.

Importance of Indo to US policy in Southeast Asia remains unchanged. Indochina is currently under most severe attack and is area made vulnerable by past mistakes of Fr which allowed Commies to capture control of deep-seated natl movement. Dept is sure that you understand necessity of immed support, particularly along mil lines, to Indochina. This does not mean that Indo will be neglected or that its importance to US has, in any manner diminished.

We recognize that implementation of plans to assist Indo has not been as rapid as you and we have desired. We remain hopeful that we will be able to bring forward assistance along lines with which you are familiar in near future. If you so desire, you may reassure RUSI officials that there has been no cooling of our attitude because RUSI may not yet see eye to eye with us on Indochina.

We can do nothing at present re possibility obtaining additional ExImBank credit for RUSI for textiles. However, you shld keep in mind that Army continues to express strong interest in selling Jap textiles in Indo and that their concern has been the manner in which such textiles cld be financed. Refusal of ExImBank to consider additional credit merely eliminates one possibility for financing such transaction.

ACHESON

756D.5 MAP/7–1550 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, July 15, 1950—7 p. m.

62. Tomap. Since receipt Deptel 46[1] last night have considered carefully and discussed with Counselor and CAS. Regret unable consult NA on trip Manila and MA in Bandung. We agreed any official request on RUSI Government to receive MAAG immediately would be inopportune.[2]

[1] Not printed; it informed Ambassador Cochran that the proposed Military Assistance Advisory Group (MAAG) would consist of 10 officers, enlisted men, and civilians. (756D.5–MAP/7–1350)

[2] In two other telegrams Cochran had protested to the Department of State over the size of the military survey mission. ECA plans for a "basic organization which is usual extravagant administrative and advisory group," and the suggestion that the Griffin plan activities in Southeast Asia be coordinated from Djakarta. His objections stressed the inadequate facilities in Indonesia to support and house these missions and the fear that they would be construed as an effort to press Indonesia for commitments to the United States, "thus provoking strong left-wing local reaction which in turn could jeopardize Hatta's already delicate position in formation new government." Telegrams 11 and 63, July 3 and 15, from Djakarta, neither printed (756D.5–MAP/7–350 and 856D.00/7–1550).

Current cables to Department report situation of present RUSI Government with Hatta as Prime Minister. Meeting scheduled for nineteenth between RUSI and Republican Cabinet delegates to discuss draft of provisional constitution for unitary state. Most important point in dispute is whether Vice President of unitary state shall be permitted function as Prime Minister in event emergency whereunder President unable form Parliamentary Cabinet. Strong pressure from left to relegate Hatta to inactive Vice Presidency and eliminate him from responsible leadership and authority within new government. Opposition criticizes his acceptance of RTC agreement which did not cut Indonesia away entirely from Netherlands and his friendship for western powers with particular emphasis on likelihood his being influenced by US.

If Hatta functions as Prime Minister after contemplated setting up unitary state August 17 he will keep moderate group about him with whom he can work. It is much to US advantage for Hatta to be retained not only because he is most experienced and efficient of prospective appointees but also most appreciative of benefit to Indonesia of US friendship and support.

With foregoing in mind I decided not to make formal request of RUSI Government for immediate dispatch MAAG group Indonesia. On other hand I was unwilling give Department negative recommendation without sounding out Hatta and endeavoring prepare way for later assignment MAAG group. Consequently called on Hatta noon fifteenth. I requested and he agreed consider my visit secret and strictly personal. I told him of urgent desire Defense for MAAG group here immediately for conference and coordination with RUSI. Hatta asked explanation of difference in functions of expected survey group and of MAAG. After I provided this he expressed strong preference survey group arrive first. Said he would be much embarrassed politically if MAAG group should precede survey team and gave reason for conclusion that he, Hatta, had already reached agreement with US on various phases of military aid without letting his own government know and he now suggested group to advise not only his present government but prospective unitary government. I let Hatta know for first time probable size survey group. He is concerned lest so conspicuous group arouse criticism of government even though he ready to cooperate in explaining purpose of visit to several countries including Indonesia. Although I explained again that survey members would wear civilian clothes and would work with his government and Embassy closely he feared reaction from arrival so many military men at one time and suggested arrivals be staggered. I explained group would of necessity travel in their own plane and must all be together. I stressed, however, that considerable portion would be civilians from State and ECA.

Considering tense Indonesian political situation I recommend Hatta's preference be respected and arrival MAAG group be delayed until survey group has visited Indonesia and arrangements are made whether through formal agreement or otherwise, for kind and extent of military aid.

I emphasized to Hatta seriousness world situation and intimated US military authorities might be even more conscious than we are here of Communist threat to Indonesia. I felt sure he would not want to delay unnecessarily in considering arrangement which US might be disposed to favor for help Indonesia. He indicated genuine appreciation our interest and hopes everything can be worked out within next few weeks. Said in meantime his government exercising increased vigilance against Communist dangers from within. Said SOBSI Communist labor groups endeavoring sow dissatisfaction among soldiers as well as working people because inability government be able provide textiles and other presents for distribution this great religious holiday. Expressed satisfaction first items to be released by US under ExIm Bank credit will be automotive vehicles. Said these urgently required to improve transport pointing out Djuanda unable get textiles distributed part of Java because lack conveyance. Again reiterated engineering group should be first of STEM to arrive.

In answer my query what would happen if Communist uprising followed liquidation KNIL July 26 and preceding setting up unitary state August 17 Hatta said RUSI forces could unquestionably control situation everywhere except perhaps part of east Sumatra where Communists have infiltrated with weapons from Malaya. Then I raised question whether alternative government to his moderate group might likely be so radical as to warrant present government retaining office on emergency basis with benefit outside support he dismissed such thought. Said no danger Communist group dominating government from within if economy can be strengthened and policies of present government continued without too serious modification.

Masjumi leaders inform Embassy their party realizes Indonesia must eventually take sides with US. They believe move this direction may be consummated after unitary government established. Admit however that present US military reverses Korea cause fear at least temporarily among lower ranks of party.[3]

I recommend we move cautiously for present giving survey group opportunity consult with Hatta government frankly. Believe US ends can thereafter be reached with a little patience (if Hatta heads unitary state) rest should not be difficult. With any other likely government, believe negotiations would be feasible unless surprising swing to left. In such event pressure could be used through threat

[3] For documentation on the Korean situation, see volume VII.

of withholding protection by our navy or support of economic character. My belief is our best policy will be to respect sensibilities of our friends during their trying times, negotiate with them fairly and patiently and not resort to pressure unless our own military situation makes it absolutely imperative. Even then results would be less favorable than if reached through amicable arrangements.

COCHRAN

756D.00/7–1950 : Telegram

The Secretary of State to the Embassy in Indonesia [1]

SECRET NIACT WASHINGTON, July 19, 1950—8 p. m.

72. Quarles, Second Secy Neth Emb, in Helb's absence called Dept today with oral request re fol: Neth Govt requests intervention US Amb Djakarta with RUSI Govt to achieve peaceful settlement present difficulties between RUSI and dissident elements centered upon Ambon. This request came after Quarles had reviewed extensively developments which led to Ambon determination to resist formation of unitary state. Quarles touched upon attachment of Ambon to Neth and mentioned extensive presence throughout Indo in various capacities of Ambon. He stated that Neth Govt felt it was unable usefully again to intervene with RUSI to effect peaceful solution this problem and was appealing for US intervention as indicated above.

While Quarles mentioned question of arbitration his later remarks strongly indicated that Neth Govt was thinking in terms of conciliation and good offices, including if useful employment of UNCI to avoid bloodshed by effecting settlement of current disorder.

In ans to question Quarles revealed he was unaware of Indo allegations that Soumokil, FonMin, South Moluccas Republic, was flown from Makassar to Ambon in Dutch bomber. In reply further question, Quarles indicated lack of knowledge re present status Westerling repatriation but stated his personal belief that Neth Govt wld be most unhappy if Westerling shld reach Ambon. Quarles did indicate understanding that certain Dutch groups might wish to see such development. Dept officers took pains to point out how unfortunate Westerling arrival in Ambon wld be for all parties concerned, especially the Dutch.

Dept wld appreciate urgently your views on desirability and feasibility of either intervention on your part or on part of UNCI or both, along lines Dutch have requested. Quarles informed matter wld be taken under consideration and we wld advise him later of decision.

Dept wld also appreciate your views on any other manner in which you believe US might assist in resolving Ambon revolt. As indicated

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[1] Repeated to The Hague as 78, to London as 352, and to the United States Mission at the United Nations as 47.

Deptel 65, July 18,[2] we are prepared attempt to assist indirectly arrival in Ambon of peace mission Hatta has in mind.[3]

ACHESON

[2] Not printed.

[3] In telegram 75, July 20, to Djakarta, not printed, Cochran was asked to "estimate extent to which South Moluccans determined resist formation unitary state; ability resist RUSI forces; whether Hatta willing compromise with them, and nature possible compromise." (756D.00/7–2050)

756D.00/7–2150: Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET NIACT DJAKARTA, July 21, 1950—5 p. m.

92. Deptel 72. Question propriety request Netherlands Government for my intervention toward achievement peaceful settlement Ambonese revolt against sovereign state Indonesia. If instead of domestic revolt this were issue between two parties RTC agreement normal procedure would be for one or both parties appeal to UNCI. Question as to whether Netherlands should ask formally for UNCI intervene Ambonese situation on basis noncompliance RUSI with provisions RTC agreement on right self-determination has been subject considerable correspondence between Netherlands Government and High Commissioner Hirshfeld. Latter told me night 19th that when delivering to Hatta note of July 15 (see Gocus 873[1] on question self-determination and field of authority of UNCI in connection therewith, he told Hatta on his own initiative this would be last Netherlands note on this subject. He said he promptly telegraphed his government that he had "confirmed to Hatta this would be last Netherlands note this subject".

In my recent cablegrams reporting conversations with Hirschfeld I have indicated his reluctance endeavor push case for Netherlands against RUSI on ground that move toward unitary state was violation RTC agreement. He has consistently held that best interests of Netherlands as well as Indonesia and peace-loving nations would be served by supporting moderate Government of Hatta. He has been conscious of damage not only to Netherlands prestige but also to Hatta as negotiator of RTC agreement that has come from activities of reactionary Netherlands officials both military and civil. He has doubted that Netherlands Government could make good case against RUSI if above matters should be taken before SC. He is keenly aware that RUSI could disclose facts before SC which would embarrass Netherlands Government tremendously. I am amazed that

[1] Not printed.

officials of Netherlands Embassy Washington entrusted with such responsibility as asking our good offices in this matter would either be ignorant or profess to be ignorant of such matters as involvement of Netherlands military officials in Soumokil affair. My feeling is that Netherlands Government should avail itself of UNCI services if it considers Ambon incident international affair for which RUSI responsible. Department is of course aware of attitude UNCI premises. I have not participated in UNCI discussions and have not seen Dow's cablegrams until filed.

I visited Hatta night 20th. I asked for details re Ambon situation. He confirmed landing on Buru Island (see Embtel 79 [2]). He said leaders there were friendly to RUSI and no fighting took place. He said plan is to land on other neighboring islands in move to blockade Ambon. Said military action against some 1500 armed men Ambon would be undertaken if efforts towards peaceful solution fail.

I reminded Hatta that when member of GOC and of UNCI I had occasionally volunteered to be of service in special circumstances. I told him I regretted setting up of new state being hindered through Ambon affair and threatened bloodshed. I asked if there was any way at all in which I could be helpful. I told him I was making this approach personally and secretly to him on my own responsibility and without instructions. He replied he would appreciate my endeavoring influence British Ambassador Kermode arrange for Malayan Airways plane be made available under charter to take unofficial RUSI peace mission to Ambon. He said KPM had agreed with RUSI Senate President Pelapessy who is one of leading Ambonese in RUSI, to charter steamship for this purpose. Hatta said would much prefer plane to save time and hasten settlement. I promised speak with Kermode. I mentioned I had no official plane here at present NA being in Manila with Beechcraft for overhauling and possible exchange for C–47. Hatta agreed with me that use of US Air Force plane could not be undertaken unless I procured approval of my government and unless his military advisers concurred. Furthermore, it would be necessary, of course, to find out whether Ambonese revolutionists would permit landing. It was agreed this question should not be raised for present.[3]

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[2] Not printed; in it Cochran reported that Defense Minister Jogja had confirmed the landing of RUSI troops on Buru Island on July 14. According to Jogja the troops had encountered little opposition, and further landings on the islands surrounding Ambon were planned with the aim of blockading the island. (756.56356D/7–1950)

[3] In telegram 97, July 23, from Djakarta, not printed, Cochran reported further on the situation on Ambon. He stated that information was difficult to obtain directly and often conflicting, but there seemed to be about 1,500 determined and deeply committed troops on Ambon. The RUSI Government was considering sending Lemeina again to the island to negotiate, but that beyond this no definite plan was being prepared by the RUSI Government. (756D.00/7–2350)

I asked Hatta if he desired UNCI intervene in Ambon question. He definitely opposed this. Again UNCI correspondence covers RUSI attitude toward such intervention.

I left Hatta feeling any attempt intervention by me alone or in cooperation with UNCI at instance of Netherlands Government would not be welcomed. I did not, of course, give slightest hint we had been approached on this subject. I am anxious be of any possible service in connection with Ambon matter and volunteer gladly to undertake exercise of good offices if peace mission fails and if situation may develop in such fashion that RUSI governor might see fit call on me prior launching attack Ambon. I feel very strongly, however, Netherlands Government itself has large responsibility for unfortunate development in east Indonesia particularly Ambon and does not come to us with clean hands. When I asked Hatta if he knew source of support and financing of revolution Moluccas, he said no question but that old line reactionaries in Holland were responsible and were using NNG in connection their operations.[4] I feel this group will become increasingly active as time for settlement NNG question approaches. If we are to be at all helpful in achieving an amicable arrangement on that vital question, we must refrain now from committing ourselves in favor of either party to dispute and from being used by either improperly.

Visited Kermode morning 21st. Asked him re plane. He said Shell Company had originally approached local Malayan Airways agent for charter of plane for several points including Ambon leaving impression this was for their own business. Agent informed Singapore headquarters and also Ambassador and furthermore learned charter was really for use of plane by peace mission. Ambassador has been approached subsequently by Lemeina and Pelapessy and also by Hirschfeld. He will recommend approval of plan only if Hatta will approach him and give guarantee of responsibility on part RUSI Government and if Netherlands Government will likewise give guarantee responsibility to London Government.[5] He said Hatta had not yet approached him. I will perhaps see Hatta or Lemeina soon. Have no further recommendations make Department this time.

COCHRAN

[4] In telegram 114, July 24, from The Hague, not printed, Ambassador Chapin added his view on the source of support for Ambon, stating that there were pro-Ambonese organizations collecting funds in the Netherlands and that many individuals wished the Republic of South Moluccas luck. (756C.00/7–2450)

[5] In telegram 97, Ambassador Cochran also reported that the RUSI Government had been unable to give Kermode the guarantee, so Lemeina was attempting to find out if a steamer could be used.

756C.00/7–1950 : Telegram

The Secretary of State to the Embassy in France[1]

SECRET WASHINGTON, July 22, 1950—5 p. m.

413. Dept appreciates info contained Embtels 227, July 13 and 338, July 19.[2] However, Dept believes that Emb's statements contained in second from final para (ur 338), particularly last sentence thereof, do not accurately reflect position this Govt.[3] US recognizes sovereignty RUSI over all former Neth East Indies (save regency Neth New Guinea) including territory of so-called "Rep of South Moluccas". We wld not countenance at this time participation by Amers in any attempt to support or assist "Rep of South Moluccas" against the will or in violation of laws of RUSI.

You shld urgently communicate this view to rep mentioned Embtel 338.[4]

While Dept interested in Emb continued reporting this matter, Dept assumes Emb aware fact that Nikijuluw undoubtedly using his contacts with Emb to his own ends and presumably to those "Republic of South Moluccas" and that Emb is exercising all due precautions in contacts it may have with him or others who may be involved this question.

ACHESON

[1] Repeated to Djakarta as 83 and to London as 417.

[2] Neither printed; they reported two approaches to Embassy Paris by J. P. Nikijuluw, representative of the "Republic of South Moluccas." (756C.00/7–1250 and 1950)

[3] This sentence read: "The question of any American participation of such a scheme [American citizens or capital in Ambon] would be judged on its merits if and when it materialized."

[4] In telegram 461, July 25, from Paris, not printed, the Department of State was informed that the representative of the "Republic of South Moluccas" had been told the views of the United States. (756C.00/7–2550)

756D.5 MAP/7–2650 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, July 26, 1950—7 p. m.

112. Tomap. Handed Hatta twenty-sixth formal note setting forth text of bilateral draft exactly as contained Deptel 84, July 22.[1] Gave

[1] Not printed; the text of this draft followed closely the draft transmitted in telegram 478, May 24, p. 1025, with some rearrangement of the articles and inclusion of the suggestions made by Cochran in telegram 757, June 7, p. 1027 (756A.5 MAP/7–2250).

him copy of secret minute separately.[2] Note of transmittal asked earliest possible negotiations.

Hatta reminded me new unitary state to be established as of August 17. Parliament is now in session giving undivided attention to revision of constitution in preparation for unitary state. Cabinet which is to function under unitary state is to be organized prior August 17. Political situation is tense with members of government appearing before Parliament to explain draft constitution and defend various positions. Hatta promised since effort meet US requirements realizing we desire have proper understanding while he is responsible head of government and prior arrival first consignment of police equipment.

Hatta took exception to form of US draft stating this is formal agreement which would have to be ratified by Parliament. He said absolutely impossible obtain such ratification before status of Parliament and of government changed on August 17. Hatta is agreeable to an exchange of diplomatic notes. Deptel 477[3] authorized this if more acceptable to RUSI than original bilateral text contained Deptel 478.

Hatta believes preamble in US draft is in such language that a formal agreement is constituted of type which would require Parliamentary approval. Since such approval is impossible in present circumstances, he could not accept preamble as drafted. Would, however, be agreeable to substitution preamble form Deptel [*Embtel*] 757.

Throughout exchange of notes Hatta suggests there be no use of word "agreement". He is entirely ready as Prime Minister and Acting Foreign Minister to "undertake". He would inform his colleagues in

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[2] The text of the secret minute read:

"In the course of discussions on the military assistance agreement under Public Law 329, 81st Congress, as amended, the Reps of the Govt of the USA proposed the inclusion of the following provision:

" 'The two Govts recognize their mutual interest, consistent with mutual security and recovery objectives, in effective controls over the export of war-potential materials, equip and, insofar as practicable, technical data; and the two Govts will consult with a view to taking measures for the accomplishment of these ends.'

"Reps of the Govt of RUSI have stated that the Govt of RUSI is in full accord with the terms of this provision, and have also given assurances, on behalf of their Govt, of the intention of the Govt of RUSI to cooperate with respect to the development of satisfactory controls over such war-potential exports.

"In view of the assurances of the Reps of the Govt of RUSI of the intention of the Govt of RUSI to cooperate in the development of such controls, and to establish appropriate consultative procedures, the Reps of the USA believe that it is unnecessary to incl the above qtd provision in the text of the military assistance agreement under Public Law 329, 81st Congress, as amended."

[3] Not printed, but see footnote 1 to telegram 478, May 24, p. 1025.

Cabinet of his "undertaking", but would not have to submit document using this word to Parliament for approval.

Hatta feels he cannot subscribe to secret minute. He assured me Indonesia and its government strongly sympathetic to United States of America and to their resolve stop Communist imperialism. He admitted, however, that Indonesia fears Russia. He said any promise even to consult at this critical time on control of export of war potential materials would be extremely dangerous to Indonesia. He said he and Djuanda in agreement that purchasers of Indonesian products this type will be given quotations only for delivery Indonesia. That is, Indonesia will not risk deliveries abroad but will require buyers take title and responsibility here.

He argued that it is much better to have a moral understanding which will work than a written agreement which would result badly. He said Indonesia wants US have its products. US is natural purchaser of important part thereof and would certainly be given every consideration in buying these in time of hostilities. Believes US would continue dominate seas and enemies would have no access Indonesian market. I pointed out sales from neutrals such as Argentina during part of last war to Germany through Switzerland, Sweden and Spain. Hatta offered give oral undertaking that RUSI would not export potential war materials to intermediate countries for transmission to enemies of US.

Hatta promised study entire document together with pertinent parts of PL 329 and let me have his reaction soonest. I am fairly sure I can obtain his agreement to balance of text provided above-mentioned changes are made and minute is eliminated. Realizing good will of Hatta toward US value of having an exchange of letters to which he is signatory and of possible difficulties of negotiation an agreement after August 17, I strongly recommend Hatta's amendments above-mentioned be accepted and I be promptly instructed proceed with negotiations on such lines.

COCHRAN

756D.00/7–2650 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, July 26, 1950—8 p. m.

94. UP Djakarta reports 26th July "Foreign war ships taking part in UN operations against Commie North Korea were banned today from refueling, loading or being repaired in Indonesian ports.

"The Maritime Commander of the Surabaya naval base said in making the announcement that he was speaking on behalf of the Indonesian Govt which has adopted a neutral policy in the Korean conflict."

This report fols UP dispatch from Rangoon as fols: "Indo's Amb to India and Burma said today his Govt does not believe the Korean conflict will erupt into a world war. Amb Soedarsano said Indo was not supporting either side."

Pls advise Dept soonest veracity these reports.

Needless to say these evidences of wrong-headedness on part Indonesian authorities seem to Dept quite indefensible. Dept fully understands necessity new uncertain Indo Govt maintaining neutrality within limits for reasonable length of time. However bemused it may be Indo Govt shld understand at this moment, (*a*) that in struggle between USSR and free world Indonesian choice is not only unavoidable but has been made; (*b*) at a moment when US and free world straining to support UN on field of battle Indo refusal to allow UN's ships port privileges in Indonesia will be taken at worst as defection from UN and at best as aberration; (*c*) despite US policy not to use military and economic assistance programs as political weapons, continuation these tendencies may create situation in Congress and with US public opinion which will force USGovt to reconsider its assistance programs.

Upon determining degree to which press reports are based on fact you may at your discretion inform appropriate Indonesian authorities attitude USGovt as described foregoing. Until ur advice received Dept will take no action with Indo Emb Wash aside from expressing natural dismay and disbelief these reported attitudes in personal unofficial conversations officers Indo Emb.

It is this moment too early to assess effects these reports on Congress and US public opinion. It can be expected however that reactions will be at least as definite as those of Dept.[1]

ACHESON

[1] Ambassador Cochran responded to this message in three separate telegrams. In the first (telegram 117, July 27, not printed), he indicated that the Chief of Staff of the RUSI Navy had denied the report; in the second (telegram 127, July 28, not printed), he quoted a statement by the RUSI Information Minister on July 27 which indicated that since Indonesia was not a member of the United Nations it was not committed to follow the Security Council order on aid to Korea and any vessels intending to call at an Indonesian port should submit a request to the RUSI which would reply basing its position on the comity of nations; in the third (telegram 130, July 28, not printed), Cochran reported that he had discussed the reports with Hatta who said that the Minister of Information had correctly stated the position of the RUSI. With respect to the statement of the Indonesian Ambassador, Hatta indicated that his Government had not made or authorized such a statement and felt the Ambassador had been misquoted. (756.56356A/7–2750, 795B.00/7–2850, and 756D.00/7–2850)

611.56D/7–2750

Policy Statement on Indonesia, Prepared in the Department of State [1]

[Extract]

SECRET WASHINGTON, July 27, 1950.

[Here follow sections A–C—the objectives of United States policy toward Indonesia, the policies followed from 1945 to 1950, and Indonesia's relations with other states.]

D. POLICY EVALUATION

The transfer of sovereignty to the Republic of the United States of Indonesia, and the establishment of the Netherlands-Indonesian Union, represent a notable success for American diplomacy as well as for the United Nations. Through the Round Table Agreements reached at The Hague, Indonesian national aspirations have in large part been satisfied while the Netherlands has been placed in a position to preserve friendly relations with her former dependency. Both countries have the opportunity through the Netherlands-Indonesian Union to secure mutually beneficial cooperation in economic, military, cultural, and international affairs. The United States has retained the respect of both parties and won the confidence of Indonesia's foremost nationalist leaders who now head the new Government. As the result of support given to Indonesian nationalism, particularly through the efforts of the United Nations Commission for Indonesia, American prestige was enhanced among Asian nations friendly to Indonesia.

The success of United States policies in Indonesia in the short period following the transfer of sovereignty cannot as yet be evaluated. Thus far, however, none of the basic United States policy objectives has been voided or seriously threatened by events in Indonesia. The Government is non-Communist and its leaders have in the past demontrated their willingness to suppress forcibly any Communist attempt to seize power. Close relations are maintained with the United States and American economic and technical aid is actively sought.

Factors Relevant to Possible Future Policy Problems. Future United States efforts to help Indonesia achieve and maintain political stability and economic viability must take cognizance of factors which, operating singly or in combination, may limit or negate the effectiveness of United States policies.

[1] Policy Statements on various countries were prepared periodically within the Department of State and reviewed and updated every 12 to 18 months. This is the first statement on Indonesia.

1. A hypersensitivity to any move that might be termed foreign intervention and a suspicion of the motives of western powers are characteristic of Indonesian political groups. This hypersensitivity is the result of strong nationalist feelings, Indonesia's recent colonial status, and the tensions of the "cold war." Indonesia, like India, wants to maintain a neutral position between the United States and the Soviet Union.

2. In the Indonesian view, inconsistencies exist in United States policy toward the conflict between nationalism and colonialism in the Far East. United States recognition of Bao Dai in Indochina is equated with United States support of the French against Vietnamese nationalists.

3. While the Indonesian Government enjoys wide popular support at the present time, there are indications that the achievement of independence has resulted in the appearance of divisive influences previously suppressed by the unifying force of the struggle for independence. It is likely that opposition parties will continue to grow in strength. However, among the masses there is an inclination to follow individual leaders rather than a party program.

4. Indonesian political methods are unlikely to conform to American concepts of democracy. Similarly, public management is unlikely to meet American standards of efficiency and honesty.

5. Many Indonesian leaders do not consider that Indonesia has gained complete independence. These leaders may be expected to make a concerted political drive to annex Netherlands New Guinea, to dissolve all Federalist states formed by the Dutch, and to remove many Dutch advisors and technicians still in Government service.

6. Dissatisfaction with the very limited Indonesian participation in the management of enterprises and in retail business is likely to arise. Dissatisfaction with the small return earned by Indonesian workers in foreign-owned enterprises is likely to result in a period of labor unrest which may be exploited by Communist propaganda.

In view of these factors, it is possible that American aid may become an internal political issue. Fear of foreign domination or of involvement in the "cold war" may be capitalized on by opposition political groups, at least to the extent that the Government is forced to adopt an ambivalent attitude toward the United States. This might lead to an exploitation of American assistance without concomitant sympathy for American aims. Animosity against the United States is also incited by Colonial Dutch who fear that the spread of American influence in Indonesia will be detrimental to the Dutch position. At its worst, Indonesian resentment might be aroused by Communist propaganda to the point that the enmity felt for the colonial Dutch might be transferred to the United States. This danger should be given consideration in the implementation of any future United States program of Point IV aid, or in offers of military aid. To maximize possibilities for success, it may be advisable to consider whether aid should be given through the United Nations, insofar as possible, rather than directly.

The Indonesian desire to annex Netherlands New Guinea has thus far been channeled into peaceful negotiations with the Dutch. It is doubtful, however, that direct negotiations will succeed, in which case the United Nations Commission for Indonesia will presumably have to intervene.

With a view to strengthening Indonesian confidence in the United States and preventing the development of an ambivalent attitude toward the United States and an increased receptivity to Communist propaganda, additional measures are required, mainly in the psychological sphere.

Indonesian culture places a higher value on spiritual and intellectual matters than on material power, in spite of the tangible demonstrations, in the war and postwar period, of the need for military and economic strength. The policies of the Soviet Union are evident mainly in the sphere of ideology; American policies are apparent in the shape of physical power. Without an at least equally strong reservoir of ideological appeal, the United States cannot hope to secure the sort of sincere friendship of the Indonesians that might be needed in the event of an open conflict between the United States and the Soviet Union.

To strengthen confidence in American motivation, greater proof may be needed of our sympathetic understanding of Indonesian problems and aspirations. Reference in public statements and information materials to peculiarly Indonesian problems may usually be connected with reference to conditions in America. Similarly, all efforts to stimulate anti-Communist attitudes may best be geared to Indonesian ideals rather than to our own. To carry out our psychological program in Indonesia effectively, increased attention to the preparation of studies of social conditions and public attitudes is needed.

756D.00/7–2950 : Telegram

The Secretary of State to the Embassy in Indonesia[1]

SECRET WASHINGTON, July 29, 1950—3 p. m.

113. Asst Secy Hickerson invited Neth Chargé to call on him for purpose of receiving oral replies to Neth note of June 23 (Usgoc 462 June 26[2]) and to Neth request of July 12 for US intervention in Ambon difficulty. (Deptel 72 July 19). Due other emergency business interview postponed until Mon.

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[1] Repeated to The Hague as 132 and to the United States Mission at the United Nations as 76.

[2] Not printed; the Dutch note, transmitted in Usgoc 462, asked that the Netherlands Government be informed "whether Govt of US prepared instruct its rep on UNCI lend his assistance in promoting satisfactory solution problem of right self-determination Indo." (257.AA/6–2650)

Asst Secy will make statement along following lines re Neth note:

a. UNCI obligated by its terms of reference observe implementation of Hague Round Table Conference Agreements by parties.

b. Commission, in carrying out its responsibilities, already made interpretation Article 2 of Agreement on Transitional Measures, concerning plebiscites on issue of separate component states and concerning rights of such component states, as well as interpretation of procedures to be followed under Article 2. This interpretation affirmed right of Commission, shld initiative be taken by either Govt or population of any terr, and in appropriate circumstances, recommend to RUSI that plebiscites be held. The interpretation also declared that if plebiscite held and favors creation of autonomous terr, that terr will retain right ratify final constitution and also negotiate about special relationship with RUSI and Neth Kingdom. We agree with this interpretation; and Neth Govt, as evidenced by its most recent note (Gocus 873 [3]) of July 15 to UNCI and to RUSI seems concur with Commission.

c. In our opinion, it wld be in interest of harmonious relations between Union Partners if Dutch and Indonesian cld agree between themselves on interpretation of Hague Round Table Conference Agreements. Our rep UNCI is under standing instructions that we consider that UNCI shld be of every possible assistance to parties in this and any other matter which falls within scope of its jurisdiction.

Re request for US intervention in Ambon matter Asst Secy will make statement along following lines:

a. Shortly after outbreak of Ambonese difficulties US requested its rep UNCI follow carefully developments and consider advisability UNCI's offering its assistance to RUSI Govt if and when there shld be indications such assistance wld contribute to satisfactory settlement of this question. Similarly US Ambassador in Djakarta discussed problem on numerous occasions with responsible RUSI officials. In these discussions RUSI authorities indicated their strong desire obtain peaceful settlement of difficulty.

b. We understand that RUSI Govt at this time undertaking renewed effort achieve peaceful solution this question. It is view of Dept that full opportunity shld be given development this effort for peaceful solution. Pending outcome present effort Dept believes intervention on part of US not useful. However, Dept following developments with utmost attention and will keep request of Neth Govt in mind in case present efforts for peaceful solution shld fail.

c. Dept read with sympathy message by Prime Minister Drees to Premier Hatta and feels this appeal shld contribute toward intensification RUSI endeavors for peaceful settlement. End Ast Secy's statement.

Dept notes your view that if instead of domestic revolt Ambon difficulty were issue between two parties to HRTC agreement normal procedure wld be for one or both parties appeal to UNCI (urtel 92 July 21). In previous correspondence UNCI agreed initiative under HRTC for claim of self-determination may be taken also by "popu-

[3] Not printed.

lation of any terr" (Gocus 867 [4]). A technical argument cld be made that Ambon rebellion has aspects going beyond internal affairs of RUSI. Since rebellion involves claim for grant of self-determination it cld be argued technically matter falls within UNCI jurisdiction in spirit if not letter of HRTC agreement.

Whatever legal position under HRTC may be and whether or not Dutch cld make out good case before UNCI Dept believes UNCI as subsidiary body of SC stationed in area wld come in for considerable criticism if large scale fighting shld break out in Moluccas without any effort on UNCI's part to bring about peaceful solution. Unless proferred informally any UNCI offer to assist RUSI in settling Ambon revolt wld pose question of status Ambonese rebels in the dispute. A rejection of such offer by RUSI might affect adversely RUSI's international position. Moreover use of armed force particularly if large scale and prolonged hostilities result wld endanger internal prestige RUSI and might create complications elsewhere in area.

Dept gratified your efforts facilitate RUSI peace mission to Ambon (urtel 119 July 27 [5]). Dept notes your suggestion you undertake exercise good offices if projected peace mission fails and if situation may develop in such fashion RUSI Govt might call on you prior launching attack Ambon. Dept fully agrees any such offer must be divorced from any Neth initiative.[6] Shld present peace mission fail, however, and further indications point to impending armed attack on Ambon it might be advisable for you offer officially good offices even without prior RUSI request to you. We believe you cld play constructive part in settlement and in this connection note terms of settlement mentioned to you by Lemeina (urtel 97 July 23 [7]). Dept believes risks of repercussions of large scale armed action by RUSI such as to call for strongest effort on our part facilitate peaceful settlement.

In this connection, Dept assumes you will bear in mind possibility of Indo Military officials such as Sultan Jogja ordering assault on Ambon without knowledge or consent of RUSI cabinet particularly during period preceding formation Govt of unitary state.[8]

ACHESON

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[4] Not printed.

[5] Not printed; it reported various conversations Cochran had had with Indonesian officials from July 25 to 27 concerning the peace mission to Ambon (756D.00/7–2750).

[6] At this point in the source text the following sentence had been deleted before transmission: "We also agree US must refrain from committing itself to either party to dispute or from being used improperly."

[7] Not printed; the terms included maximum autonomy within the unitary state (756D.00/7–2350).

[8] In telegram 115, August 1, to Djakarta, not printed, Cochran was informed that Hickerson had made a statement to the Dutch along the lines of this cable on July 31. (756D.00/8–150)

611.56D/8–450

The Under Secretary of State (Webb) to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, August 4, 1950.

MY DEAR MR. SECRETARY: The Department understands that the current thinking of United States military authorities is to the effect that in the event of a US–USSR war, Russia could deny the Middle East oil fields to the United States. The only other large available petroleum production outside the Western Hemisphere lies in Indonesia.

The Department feels reasonably confident that Indonesia would side with the United States in the event of a US–USSR war in the near future. Needless to say the Department is taking, and will continue to take, all practical measures to insure that Indonesia will support the United States in the event of a US–USSR war.

The possibility remains that Indonesia in such a conflict might be hostile to the United States. I suggest, therefore, that the appropriate authorities may wish to develop plans for assuring the availability of Indonesia's strategically placed petroleum to the United States and the West in the event of US–USSR hostilities in which Indonesia would be hostile to the United States.

Sincerely yours, JAMES E. WEBB

756D.5 MAP/8–950 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, August 9, 1950—6 p. m.

188. (*Section one of two*)

Tomap. Hatta received me ninth discuss draft exchange of notes on provision constabulary equipment as mentioned Embtel 169.[1] He agreeable to accept following text of letter to him from me as I had drafted:

"I have the honor to refer to the program of military assistance in the form of constabulary equipment to be supplied by the United States of America to the Republic of the United States of Indonesia in the interest of improving and stabilizing conditions for the maintenance of law and order in Indonesia. Following our discussions it is my government's understanding that this program will be carried out on the basis of a series of mutual undertakings specified in the exchange of notes of today's date.

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[1] Not printed; in it Cochran reported that he had redrafted the text of the proposed bilateral agreement with Indonesia to constitute an exchange of notes containing the amendments approved by the Department of State. (756D.5 MAP/8–750)

1. The Government of the United States of America records its understanding that the determining objective of the program of assistance is the enhancement of the welfare of the sovereign Indonesian nation and the preservation of its unimpaired and unqualified independence.

2. The United States of America and the Republic of the United States of Indonesia mutually undertake that such assistance as may be furnished by the United States of America to the Republic of the United States of Indonesia under this program shall be utilized solely for the maintenance of an effective constabulary and for the carrying out of the purposes of such a constabulary.

3. Such assistance as may be made available by the United States of America pursuant to this program will be furnished under such provisions of PL 329, 81st Congress, as amended, as affect the furnishing of such assistance and such other applicable United States laws as may hereafter come into effect. The two governments will, from time to time, negotiate detailed arrangements necessary to carry out the provisions of this paragraph.

4. Each government may take appropriate measures consistent with security to keep the public informed of operation under this program and will, at appropriate intervals, consult with the other on the measures to be employed to this end.

5. Each government will take such security measures as may be requested by the other to prevent disclosure or compromise of classified articles, services or information furnished by the other government pursuant to this program, and to this end will consult with the other as to the measure to be taken.

6. The two governments will, upon the request of either of them consult regarding any matter relating to the application of this program or to operations or arrangements carried out pursuant to this program.

7. Each government undertakes to receive within its territory such personnel of the other government as may be required to discharge the responsibilities of that other government under this program.

8. Such personnel will in their relations to the government of the country to which they are assigned, operate as part of the Embassy under direction and control of the chief of the diplomatic mission of the government which they are serving and will enjoy the same privileges and immunities accorded comparable personnel of that Embassy.

9. It is understood that the Government of the Republic of the United States of Indonesia will make available to the Government of the United States of America rupiahs for the use of the latter government for its administration and operating expenditures within Indonesia in connection with assistance furnished by the Government of the United States of America to the Government of the Republic of the United States of Indonesia under this program.

10. The two governments will initiate forthwith discussion with a view to determining the amount of such rupiahs and agreeing upon arrangements for the furnishing of such rupiahs, taking into

account the ability of the Government of the Republic of the United States of Indonesia to provide such currency.

11. These mutual undertakings shall enter into force upon today's date and will continue in force until three months after the receipt by either party of written notice of the intention of the other party to terminate them."

Hatta asked changes in three paragraphs my draft of reply which he should make. Draft acceptable to him would read:

"I have the honor to refer to your note number (blank) of (blank) dealing with the program of military assistance in the form of constabulary equipment to be supplied by the United States of America to the Republic of the United States of Indonesia in the interest of improving and stabilizing conditions for the maintenance of law and order in Indonesia. I confirm your government's understanding that this program will be carried out on the basis of a series of mutual undertakings specified in the exchange of notes of today's date.

(*Section two of two*)

1. The US of America and the Republic of the US of Indonesia mutually undertake that such assistance as may be furnished by the United States of America to the Republic of the US of Indonesia under this program shall be utilized solely for the maintenance of an effective constabulary and for the carrying out of the purposes of such a constabulary.

2. I note that such assistance as may be made available by the United States of America pursuant to this program will be furnished under such provisions of PL 329, 81st Congress, amended, as affect the furnishing of such assistance. The two governments will, from time to time, negotiate detailed arrangements necessary to carry out the provisions of this paragraph.

3. The Government of the Republic of the US of Indonesia undertakes to make effective use of assistance received pursuant to paragraph 2 above for the purposes for which such assistance is furnished, and my government will not, without prior consent of the Government of the United States of America, devote assistance so furnished to purposes other than those for which it is furnished.

4. The Government of the Republic of the United States of Indonesia undertakes not to transfer, without the prior consent of the Government of the United States of America, title to or possession of any equipment, material, or services which are received pursuant to paragraph 2 above, or which are substitutable for, or similar in category to the equipment, material, or services so received.

5. Each government may take appropriate measures consistent with security to keep the public informed of operations under this program and will, at appropriate intervals, consult with the other on the measures to be employed to this end.

6. Each government will take such security measures as may be requested by the other to prevent disclosure or compromise of classified articles, services or information furnished by the

other government pursuant to this program, and to this end will consult with the other as to the measures to be taken.

7. The government of the Republic of the US of Indonesia will, except as otherwise agreed to, grant duty-free treatment and exemption from internal taxation upon importation to products, property, materials, or equipment imported into its territory in connection with this program.

8. The two governments will, upon the request of either of them, consult regarding any matter relating to the application of this program or to operations or arrangements carried out pursuant to this program.

9. The government of the Republic of the US of Indonesia will accord to duly authorized US representatives facilities freely and fully to observe the utilization of assistance furnished pursuant to this program.

10. Each government undertakes to receive within its territory such personnel of the other government as may be required to discharge the responsibilities of that other government under this program.

11. Such personnel will, in their relations to the government of the country to which they are assigned, operate as part of the Embassy under the direction and control of the chief of the diplomatic mission of the government which they are serving and will enjoy the same privileges and immunities accorded comparable personnel of that Embassy.

12. I confirm that the Government of the Republic of the US of Indonesia will make available to the Government of the US of America rupiahs for the use of the latter government for its administration and operating expenditures within Indonesia in connection with assistance furnished by the Government of the US of America to the Government of the Republic of the US of Indonesia under this program.

13. The two governments will initiate forthwith discussion with a view to determining the amount of such rupiahs and agreeing upon arrangements for the furnishing of such rupiahs, taking into account the ability of the Government of the Republic of the US of Indonesia to provide such currency.

14. These mutual undertakings shall enter into force upon today's date and will continue in force until three months after the receipt by either party of written notice of the intention of the other party to terminate them."

Points to which he took exception were to inclusion in paragraph 2 of his letter the phrase "and such other applicable US laws as may hereafter come into effect." He was willing accept provisions PL 329 but felt he could not bind his government to future legislation of which unaware of. In paragraph 7 of my draft of his letter he eliminated words "or exportation" and "or exported from." (Article 4 Deptel 84[2]). He is willing grant duty-free treatment and exemption from

[2] Not printed, but see footnotes 1 and 2 to telegram 112, July 26, pp. 1037 and 1038, respectively.

internal taxation upon imports, but said he found definition of "materials" so broad in Section 411 of PL 329 that to use above phrases could possibly subject almost entire export of Indonesian products to requirement existing export taxes thereon be lifted. Third point to which Hatta objected is covered in oral undertaking.

Hatta agreed to give me oral undertaking in following words:

"I undertake on behalf of my government not to sell war potential materials except for delivery in Indonesia and not to export war potential materials to any enemy of the United States of America, either directly or through intermediary countries or channels."

Hatta found acceptable my proposed reply to his oral undertaking as follows:

"I have been instructed to reserve the right of my government to bring up this question should, for example, significant amounts of Indonesian petroleum material appear in any blockade enforced by the United States of America against one of its enemies."

Hatta objected to the following paragraph (Article 5 Deptel 84) being incorporated in his written reply, arguing that this brought into the undertakings a trade matter which is entirely separate and on which US rights are taken care of by RTC agreement. This wording he would use exactly as presented to him however as a second part of oral undertaking:

"The Government of the Republic of the United States of Indonesia will cooperate by facilitating transfer to the US of America on reasonable terms, no less favorable than those provided to other countries or the nationals thereof, of materials in which the United States of America is actually or potentially deficient, giving due regard to the reasonable requirements of the Republic of the US of Indonesia for the domestic use and commercial export of such materials."

Please instruct whether I am authorized conclude exchange in above terms.[3]

COCHRAN

[3] Cochran was informed in telegram 155, August 12, to Djakarta, not printed, that he should attempt to secure a written agreement covering the facilitation of transfer of items which the United States needed, and only if a written undertaking would jeopardize the whole mutual understanding should he accept an oral undertaking. With respect to the secret minute, Cochran was instructed that "Hatta's undertaking considered deficient in that it relates too personally to Hatta," and it should be made clearer that Hatta was binding his Government to take action. Finally, the Department of State "under the pressure of necessity" authorized the conclusion of the exchange in terms set out in this telegram, urging Cochran to do the utmost to elicit modifications by Hatta so the notes might "better express the intentions of our two Govts to their mutual advantage." (756D.5 MAP/8–1250)

756D.5 MAP/8–1650 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, August 16, 1950—5 p. m.

226. Tomap. Reference Embtel 218, August 15.[1] I have delivered to Hatta note 119, dated August 15 in terms quoted in my 188, August 9. Hatta has handed me reply over his signature dated August 15 in text draft quoted Embtel 188 with following exception:

In paragraph 2 of his letter original Department wording "and such other applicable US laws as may hereafter come into effect" was restored. To meet his position on this point I initialed and left with him *aide-mémoire* dated August 15 as follows:

"The Ambassador of the United States of America is authorized by his government to provide the following interpretation of the use of the phrase 'and such other applicable United States laws as may hereafter come into effect' ". In paragraph 2 of the reply dated August 15, 1950, by the Prime Minister or Acting Minister for Foreign Affairs of the Republic of the US of Indonesia, to the Ambassador's note No. 119 of this same date:

"The purpose of including this phrase is to record that the governments of both countries know and understand that the Government of the US of America is bound by its own present and future laws in whatever aid it may undertake to furnish. If new laws involve conditions that the Government of the Republic of the US of Indonesia consider onerous, that government can reject any aid that the United States of America may possibly offer in the future. The wording cited above does not contemplate that future United States laws can retroactively bind the Government of the Republic of the US of Indonesia regarding aid already granted." As reported in my 218, I agreed eliminate from paragraph 7 of Hatta's reply references to export exemptions.

Matter of facilitating transfer of items needed by USA was taken care of in following exchange of letters. I wrote Hatta under date August 15, note 121:

"I have the honor to record that it is the understanding of the Government of the United States of America that the Government of the Republic of the US of Indonesia undertakes, in accordance with Article 11 of the financial and economic agreement concluded at

[1] Not printed; in it Cochran reported that he had discussed the points of difference with Hatta on August 15 and that agreement was reached on all points except for the secret minute. The negotiation on that was long and Hatta had finally agreed to take under advisement a draft prepared by Cochran in light of the comments from the Department of State. (756D.5 MAP/8–1550)

the Round Table Conference at The Hague, to facilitate the transfer to the United States of America on reasonable terms, no less favorable than those provided to other countries or the nationals thereof, of materials in which the United States of America is actually or potentially deficient, giving due regard to the reasonable requirements of the Republic of the US of Indonesia for the domestic use and commercial export of such materials."

Hatta replied in letter dated August 15:

[Here follows the reply stating that the understanding expressed in note 121 was correct.]

Hatta stated had consulted his most intimate Cabinet colleagues on matter secret oral undertaking. His colleagues advised him most firmly against any undertaking beyond that which he had agreed to previously. See Embtel 188 for text. Hatta and his colleagues feared any more formal and extensive undertaking would be used against himself and colleagues in RUSI Cabinet (he submitted all of their resignations night August 15) and against coming unitary government if latter should consider itself bound by such undertaking. He said I should know that Indonesian Government policy while officially "neutral" is in reality a policy against Russia and its satellites. Hatta said Indonesians did not intend to contribute resources to Russia which would increase strength of that country and its satellites and produce force which might be used aggressively against Indonesia. Said Indonesians realize Soviets desire upset RUSI or unitary government and dominate Indonesia. Mentioned Communist designation August 17, 1950 as "day of mourning". He referred as he had yesterday (see Embtel 217 [2]) to victory of moderate group in vote of provisional constitution, and meager polling of 16 Communist or pro-Communist votes. He said that following this poll of sentiment it will be easier for unitary government to take strong position against Communists in future.

Hatta recalled he had constantly told me Indonesia must be cautious vis-à-vis Communists until stronger internally. He feels adoption constitution in circumstances described and prospect unitary government will be moderate now will give opportunity for carrying out firmer policy. Again argued unitary Parliament with incorporation RUSI Senate and senior republicans from Jogja will make such body more conservative than original RUSI Parliament. Hatta anticipated Djuanda would continue as Minister Economy and that he would carry out economic policy of no exports to Soviet bloc. I am convinced that Hatta felt he was going limit possible in his undertaking with US.

Consequently Hatta made following oral declaration to me:

[2] Not printed.

"I undertake on behalf of my government not to sell war-potential materials except for delivery in Indonesia, and not to export war-potential materials to any enemy of the United States of America, either directly or through intermediary countries or channels."

I answered in following terms which Department will note correct my original draft which had been based on garbled text from Washington: "I have been instructed to reserve the right of my government to bring up this question should, for example, significant amounts of Indonesian petroleum material appear in trade between Indonesia and the Soviet bloc".

Hatta understood oral understanding was strictly secret. He hoped that for Indonesian political reasons it would not be necessary publish text of written documents exchanged, at least in near future. I thought publication could be postponed, but told him eventually revelation thereof required,

Full texts will be forwarded by pouch.[3]

COCHRAN

[3] The texts were transmitted as enclosures to despatch 130, August 21, from Djakarta, not printed (756D.5 MAP/8–2150).

357.AA/8–1850 : Telegram

The Secretary of State to the Acting United States Representative on the United Nations Commission for Indonesia (Doolittle)

SECRET WASHINGTON, August 18, 1950—7 p. m.

182. Usgoc 470. For Doolittle.[1] Dept understands UNCI offer of good offices to RI in Ambon affair (Embtel 154, Aug 4, Gocus 877 [2]) has not yet been accepted. Also Embtel 171 Aug 8 [3] indicates second Ambon Peace Mission stalled with Lemeina still in Djakarta.

Early settlement Ambon dispute particularly desirable since its continuance into period of coming active negot re NNG wld decrease chances success.

Dept therefore desires repeat suggestion included Deptel 168 Aug 6 that UNCI may wish consider using its still fresh success in Makassar as springboard similar attempt Ambon.[4] Despite difficulty making UNCI good offices acceptable to RI owing RI fear of implicit "recog-

[1] Hooker A. Doolittle, Foreign Service Reserve Officer with the rank of Minister, had replaced Dow as the Acting United States Representative on the UNCI.

[2] Not printed; it transmitted the text of a letter from the UNCI to Hatta expressing its readiness and desire to lend any assistance or its good offices to the RUSI Government. (357.AA/8–450)

[3] Not printed.

[4] Not printed. The UNCI had offered its good offices to both sides when the Dutch destroyer *Kortenaer* had appeared off Makassar without the approval of the Indonesian Government.

nition", "South Moluccas Republic" Dept suggest MilEx Board might be acceptable all parties.

ACHESON

756D.00/8–2650: Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, August 26, 1950—6 p. m.

284. Visited President Sukarno forenoon 26th his request. He sought information and advice on China. Said when Nehru was here,[1] latter said Kuomintang finished in China, Mao Tze-tung in control and no use expecting anything except full relations with Communist Government, admission to UN, etc. Sukarno asked why US had diplomatic relations with Communist Russia but not with Communist China. I recalled we had refrained from establishing diplomatic relations with Communist regime at Moscow for several years and that our actual relations were perhaps better in that period of absence of diplomats than since.

As for China, I said we had aided Chiang Kai-shek importantly over several years and had been disappointed his government had not followed up its success in liberalizing China by a program of improvement welfare Chinese people under truly democratic and benevolent regime. At same time we felt Communization of China came as directly from Moscow as if tremendous army of Muscovites had marched into China to install their institutions at point of sword. We aware that Communist control widespread in China but do not know how much may be superficial acceptance and how deep may be hatred and potential resistance against Communism by truly patriotic Chinese, guerrillas, etc. We did not feel Communism had been voluntarily adopted by the country and we doubted China would become irretrievably Communist. We did not risk believing, however, that Communism as it now exists in China is different from Communism as found in Moscow. Our view to date had been that present Peking regime has not conducted itself as government of sovereign state duly cognizant of rights of other sovereign states and following accepted methods and standards in international intercourse. I cited indignities inflicted upon our Foreign Service officers and American businessmen, and also mentioned difficulties British are experiencing, even after being ready to exchange diplomats.

I summarized President Truman's statement of June 27 on both Korea and Formosa.[2] I said US upholding its pledge to UN and would continue to fight in behalf UN created state suffering from

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[1] Ambassador Cochran had reported on Nehru's visit to Indonesia in telegram 796, June 17, from Djakarta, not printed (756D.00/6–1750).

[2] For the text of President Truman's statement of June 27, see vol. VII, p. 202.

aggression at hands of Communist North Korea with latter benefiting from last word in Russian equipment and training in addition to compaign of fraud and lies perpetrated by Malik [3] in manner insulting decent members of UN and countries they represent. I said I was happy to see Australia, New Zealand, Thailand, and Philippines helping, as well as British and French sparing aid from their Far Eastern outposts. I said frankly many friends of Indonesia would have been delighted if this new state, owing its birth so importantly to UN, and now awaiting for admission to UN, had come out publicly in support of UN cause and had made some official contribution thereto. I said I had not approached his government toward that end, desiring meticulously to respect its sovereignty and freedom of action. I had not failed, however, constantly to remind him and his associates in government of danger which they are risking from Communism and of urgency of their taking every measure and precaution to get their own internal problems solved soonest while being vigilant to keep out and down Communist elements trying to penetrate or raise their heads from within.

I said we did not know whether Communist China would dare attack Formosa in view of position we have taken, and risk full war with US as result. I said if this happened Sukarno surely ought to realize more fully than ever that there is a concerted move on part of Communists stemming from Moscow to take over all of Asia including islands to the south. I pointed out how vulnerable Philippines and Indonesia would be if Chinese with Moscow support took Formosa, moved en masse over Indochina and Thailand and then threatened the two island republics, still weak from their birth struggles and from Communist internal machinations. I said Sukarno should realize it is US force alone that can save Indonesia from Communism and that he should keep that in mind in his international relations.

I told Sukarno that Melby mission [4] would be here shortly and would question me searchingly re use to which Indonesians will put military equipment being provided. I recalled to President he had told me morning after outbreak of Communist uprising in Republic in September 1948 that he had chosen his side in third world war. I told him I had not reminded him of this lately but I was still convinced of his real sentiments and those of Hatta, Sultan of Jogja and his other close collaborators or I would not have carried on as calmly as I have, recommending military equipment, continuing economic aid, etc. I said my visitors would have to be convinced also, however, that arms that we spare to Indonesia, at a time when we are carrying burden of UN fighting against what may eventually be Communist world, will be utilized in our common cause.

[3] Yakov A. Malik, Permanent Soviet Representative to the United Nations.
[4] For further documentation on the Melby mission, see pp. 1399 ff.

I told Sukarno he and his people were inclined to become too self-satisfied and complacent over their newly-acquired sovereignty. I reminded him of years he and his colleagues had fought and had passed in jail or in exile in endeavor to achieve sovereignty for their people. I said they might lose everything in brief period unless they were keenly alive to dangers of Communist infiltration in their schools, labor organizations, army, etc. I told him to be sure not to underrate recently arrived Chinese Communist Ambassador who now has large staff already here. Sukarno admitted it was largely because of recent visit from that Ambassador and prospect of a follow-up call in next few days that he had asked me to come in for a talk.

Sukarno said on last call Ambassador had talked of their community of interest, strength of China and wisdom of their working out their problems together. He expects that on his next visit Ambassador will press him to come out openly in favor of admission Communist China to UN. He asked me what he should say. I replied that in first place Indonesia was not a member of UN and its Chief of State had no business telling UN who should be admitted. Furthermore, Indonesia had not declared itself along side UN in Korean matter even though indebted to UN for its freedom and enjoying support from freedom loving and respecting members thereof. I said these friends of Indonesia would certainly be shocked if Indonesia should now take position that could be interpreted as throwing itself in with Communist group in opposition to free nations. He said he would not give desired endorsement to Communist China.

Sukarno asked if I did not realize he had asked Natsir [5] to form a government because of strong opposition of Natsir and his Masjumi Party to Communism. I said I hoped that whatever government is formed will for sake of its own country realize Communist danger and take strong measures against movement before it is too late. Incidentally, Sukarno said Natsir visited him last night re difficulty in filling position Minister of Interior. Said too early tell whether Natsir may succeed in forming government. I said I would work loyally with whatever government comes in but naturally would like to see in office old dependables whom I have come to know.

I told Sukarno how much I liked tone of his reply of August 22 to greetings from US Senate on occasion Indonesian independence anniversary. I said I knew how much Sukarno respected American institutions and desired that his country pattern itself after mine. I said I had come to feel rather badly past few weeks since it had begun to appear Indonesians did not desire have world think they were even friends of US. I said I had been obliged to "play down" assistance US giving Indonesia in way of police equipment, economic support and

[5] Mohammad Natsir, Chairman of the Leadership Council of the Masjumi Party.

assignment of medical, agricultural and other technical experts under STEM plan. President assured me that there was no diminution in friendship but he did sympathize with position Hatta and Djuanda had taken especially in these several weeks of political crisis when leftists would use against these and my other moderate friends any possible evidence that US might be endeavoring influence Indonesian policy and draw latter into Korean war.

Sukarno happy to report that he thought Djuanda, Sjaffrudin and Sultan of Jogja, all moderates would be in next Cabinet. Said he hoped US would continue aid his country and work through his associates in government. He did say, however, that such help could be much more effective if extended quietly rather than with much publicity. He said Chinese Ambassador would undoubtedly approach him now seeking permission for Chinese center comparable to USIS and for display Chinese films. Said if we expanded any further it should be done quietly and unobtrusively rather than obviously. He appreciated assistance we have given and are giving in police training, etc.

At this point I again stressed danger to Indonesia of Chinese Embassy and its agents. When Sukarno said chief of Police had learned various security ideas in US I said this had only been a beginning and much more instruction necessary both in US and Indonesia, and then dissemination of information and implementation of methods learned. I said in meantime his government would have to be most vigilant in watching Chinese activities which can be covered up so easily with a colony of two military [*million*] Chinese in this archipelago.

Sukarno referred once more to Nehru's visit. I said my country had great respect for him and sympathy with his purpose in striving for peace. I said we were convinced, however, that one could not depend upon Soviet word and that it would be foolhardy to endeavor purchase peace through deal which would give Communist China seat in UN. I said separate questions should be determined on their respective merits and that US had no idea of dropping out present conflict while taking chance on a Soviet promise. I said we had seen too many countries which we had originally helped establish, such as Poland and Czechoslovakia, fall prey to Communism to permit us to relax our vigilance now that we have taken up challenge. I said I realized Indonesia leaders had some conceptions of a "third force" comparable to those advanced in India. I thought time would prove, however, that one must take side one feels is right one in such division as that which now faces the world.[6]

COCHRAN

[6] In telegram 214, August 29, to Djakarta, not printed, Cochran was informed "Dept gratified your representation Sukarno." (756D.00/8–2650)

756D.00/4–2750

The Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance (Burns)

SECRET

WASHINGTON, August 28, 1950.

MY DEAR GENERAL BURNS: I refer to your letter of April 27, 1950 [1] stating that the Department of Defense at that time considered that no major strategic interests were involved in the disposition of Dutch New Guinea. Your letter also made the request, which I acknowledged on May 8, that the Department of Defense be informed of developments with respect to this problem so as to be able to make known any further views it might have on the subject.

I now wish to inform you that the mixed Netherlands-Indonesian Commission on New Guinea which was appointed by the Union Ministers Conference last March to study the question reached a deadlock on August 1. On August 9 the Netherlands and Indonesian representatives submitted separate and conflicting opinions to their governments. There are indications that the matter may be brought before the Security Council. A further Netherlands-Indonesia conference on the problem has been scheduled to meet at the Hague on September 30, 1950.

The issue appears to be receiving widespread and fervent attention both from the Dutch and the Indonesian people. It is increasingly doubtful that the Republic of Indonesia and the Kingdom of the Netherlands will be able to reach a mutually satisfactory agreement by negotiation within the period of one year from December 27, 1949 provided by the Round Table Conference agreement.

The Department therefore is studying the substance of its position on New Guinea, with particular attention to the desirability of avoiding a sharp Asiatic-white split over New Guinea.

I understand that the Netherlands Naval Attaché has recently delivered to the Department of Defense a note in effect offering the United States military advantages in Netherlands New Guinea if this territory remains in Dutch hands. A similar informal offer has been made to the Department by a representative of the Indonesian Embassy in the event that Western New Guinea is acquired by the Republic of Indonesia.

In view of the above conditions and particularly in the light of world developments since your letter of April 27, 1950 I would appreciate being informed of what the Department of Defense now considers are our major strategic interests in the disposition of Western New Guinea.

[1] Not printed.

Since the Department may have to take action on this problem in the near future, I would be very grateful if you would handle this as an urgent matter.

Sincerely yours, DEAN RUSK

756D.00/8–3050 : Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

SECRET THE HAGUE, August 30, 1950—6 p. m.

334. This morning I had 15 minute talk with Spender, Australian Foreign Minister. He apologized for keeping me waiting quarter of hour as he felt it necessary permit Indonesian High Commissioner Roem explain in detail Indonesian position NNG.

Spender stated Indonesian position NNG entirely one prestige and claim based solely on fact NNG once administered as subdivision by Governor General Dutch East Indies. Spender said he pointed out that if Indonesians could bring forth any other basis for claim NNG founded on geographic, racial, linguistic, cultural or economic reasons, such claim would automatically extend itself to territory Australian mandate and to Papua. He said Roem, like all other Indonesians, could not answer this and could merely repeat statement that Indonesia as heir all Dutch possessions that area should obtain NNG. Spender felt Roem could see validity of Australian argument that Papuans of NNG were essentially same racial and cultural stock as those of east half island and in no way related to Malays of Indonesia. Spender said main Australian contention was that it would be crime against humanity arbitrarily to divide a people who in any case are just beginning grope toward civilization and who should be prepared through education and tutelage eventually take place in world as separate nation. (This apparently main Aussie surface argument.)

Spender stated it quite apparent to anyone that if Indonesian Republic should obtain control NNG it would use territory for surplus Indonesian population with result of driving out or extinguishing primitive Papuan population in same way as had happened American Indians.

Spender stated "I can say categorically that Australian public opinion will never permit Indonesian control over NNG either in form of transfer of sovereignty, joint trusteeship or condominium." While he again referred to basic Australian argument above, he added he would not attempt disguise that Australia had vital security interest in territory—so vital in fact that Australians would use all means prevent it falling into Asian hands. He added that of course he hoped territory would remain Dutch possession but if for any reason, such as economic, Netherlands might wish at later time give up

territory, Australia would be willing undertake added burden of administering that territory.

When I pointed out recent strong Indonesian statements with regard NG and asked whether he saw any chance reasonable settlement, he replied he did see two ways in which matter might be settled. First, whole question might come before UN. He for one did not believe such procedure would necessarily bring about division along east-west lines and intimated he felt one or two east countries might be willing see validity Australian contention that on grounds humanity half of island should not go to Indonesia. He used at this point an expression of Stikker's which he laughingly said Stikker had permitted him adopt as his own namely that NG was not geographic part of Asia but rather part of sub-continent of Australia. He also remarked at this point that Indonesia appeared wish commit same crime of Colonialism for which it had so long reproached Netherlands.

Second possible solution in Spender's eyes would be if GB and US and possibly India, would use their good offices to press upon Indonesian Government the Australian argument and to tell Indonesian Government that it "already had more than it could eat on its plate and that they ought to be sensible and thankful for what they had already and try to digest it before they reached out for more". Although Spender believed GB and US would prefer see NNG remain Dutch hands, they had never given support to Australia which alone had stated case frankly to Indonesian Government. He implied he was somewhat disappointed since he felt strong representations would be effective. As for Netherlands, he said he understood their position quite clearly and in view of RTC and continuing bitterness, Netherlands Government could not be expected make such representations in Indonesia.

Department pass Djakarta, Canberra. Sent Department 334; repeated info Djakarta 32, Canberra 3, London 71.

CHAPIN

756C.00/9–150 : Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

SECRET THE HAGUE, September 1, 1950—5 p. m.

357. Re Deptel 241, August 25 [1] requesting Embassy suggestions most practicable solution NNG problem. As Department well aware uncompromising and unflattering statements by Indonesian leaders have perceptibly stiffened Dutch position on NNG. Stikker's remarks (Embtel 324, August 28 [1]) that his government "not even considering possibility of relinquishment" sovereignty over NNG came on

[1] Not printed.

heels Surkarno's pronouncement that unless Indonesians obtain NNG by end this year would be a "major conflict". By this Embassy does not mean imply that had it not been for these Indonesian statements Dutch would have given in on NG issue, nevertheless there is no doubt that direct relation exists between jingoistic Indonesian declarations and present Netherlands attitude.

Unfortunately present position is that the two parties to dispute, Dutch and Indonesians, plus Australians (who have now spelled out in detail their NG policy) all have publicly entrenched themselves behind fixed positions from which very difficult retreat. While number high ranking Dutch officials infuriated by Indonesian diatribes which are rapidly and successfully poisoning atmosphere surrounding prospective New Guinea conference to begin September 30, Dutch have at least restrained themselves in public. In spite numerous inquiries and unquestionably considerable pressure on Foreign Office issue statement or make observations or comments, et cetera, on NNG issue Foreign Office continues state that since future status Netherlands NG will be subject this conference, Netherlands Government has no comment. It will be recalled, however, that in strictest confidence for information US Government only Stikker made position Netherlands Government absolutely clear to Embassy Counselor. It may be noted Dutch Government resisted strong pressure on part of Australian Foreign Minister Spender to issue accompanying statement at time Spender issued his.

While foregoing complicates already existing tension obvious atmosphere must be cleared before any compromise can be reached by two parties to this dispute and projected Netherlands-Indonesian NG conference bound end in deadlock unless both sides show more compromising attitude. Should be pointed out that one tempering factor which may possibly prove conducive more compromising Netherlands frame of mind is that Hirschfeld has presented his case before Cabinet; also business interests in Amsterdam are known to be opposed any Netherlands-Indonesian split for fear it will endanger their investments there, number of which in healthy economic condition. I believe that both parties could be more reasonable but that much of Hague reasonableness depends chiefly on Indonesian leaders demonstrating more restraint. To effect this, we offer suggestion that Sukarno, Yamin and other Indonesian leaders be told quite bluntly that they are successfully making impossible any solution as called for by RTC agreements. I see Netherlands case as follows: Netherlands' contention NG Papuans are not racially part of Indonesia irrefutable. People of NNG are same as people of Australian NG and Australian Papua and are completely different from Malaysians. Geographically NNG not part Indonesia and of course areas are separated by over 1,000 miles.

Admittedly one weak spot Netherlands' argument is that for 300 years have done virtually nothing with NNG and only within recent years have developed oil fields. Yet obvious that of two contestants, Netherlands in far better position develop NNG today and in future. Yet in view virtually uncivilized conditions in NNG even Netherlands in weak position undertake anything but modest scale administration NNG. Investments or public works would be dependent on US funds. While public statements by both sides professing great interest in welfare Papuan natives may be for purposes UN consumption, incontestable that Indonesians wish incorporate NNG within Indonesian state. On other hand Netherlands Government, as member UN, is bound by Article 73 requiring it submit reports concerning administration NNG due to latter's status non-self-governing dependent area. Furthermore, such status gives NNG certain other guarantees. It follows, therefore, that transfer NNG to RI would place its inhabitants in less favorable position making known any grievances they might wish to air against RI administration. Would follow that Indonesians themselves would become colonial nation and this, of course, is current anti-Dutch charge which Indonesians so loudly proclaiming today.

As to possible solution problem Embassy sets forth below several thoughts, gist of which are:

1. While Spender apparently does not believe that this issue, if raised in UN would necessarily create white-Asiatic division (Embtel 334, August 20) seems generally agreed by British Embassy and Netherlands Foreign Office that debate might well result in this very cleavage. This greatest concern of Netherlands Government. As temporary measure, therefore, possible that were issue raised now, it could be kept off Security Council agenda on grounds that until deadline December 31, 1950 reached, no reason for SC action. (Re this point of existence deadline interesting note August 31 statement NNG Van Waardenburg, who contends if September 30 NNG conference fails that Netherlands jurisdiction "will continue". He argues that December 31 deadline as such does not exist because (1) clear wording RTC agreements and (2) record of RTC negotiations during which Netherlands rejected Indonesian proposal that Netherlands' jurisdiction over NNG be continued single year only.) While admittedly unrelated matter could also be argued that full attention should be paid Korean situation and until North Korean aggressors withdrawn or driven back to 38th parallel, SC should not divert its attention to NNG dispute.

2. Without some sort mediation seems clear at this point that Dutch and Indonesians will be unable solve problem before December 31 deadline. View prospective deadlock one suggestion, admittedly purely temporary nature, is to persuade Dutch and Indonesians postpone RTC deadline for fixed number years during which time Netherlands' jurisdiction would continue alongside the Netherlands-Indonesian negotiations re this issue.

Foreign Office says that next to Indians or others not raising NG issue in SC this postponement deadline most important goal. From Netherlands and NNG standpoint this would have disadvantage holding in abeyance Netherlands investments in NNG until status area settled.

Expanding this thought of postponing deadline, mediator could suggest that both parties prepare study setting forth positive and documented evidence their respective capabilities administer, develop and defend NNG stressing that respective countries specify in detail their financial resources and plans for implementing their respective studies.

3. While Embassy doubtful that Netherlands Government would find it acceptable another possible solution is that Indonesia cede NNG to RI on condition it be leased to Netherlands Government, say for 99 years.

4. Re UN Trusteeship, most serious disadvantage seems to be that its creation presumably would require that it be passed upon by SC. This would mean that such proposal would be subject Soviet veto thereby enabling them demand as a price for their support, such conditions as participation in the Trusteeship or in some sub-commission of such significance that the Soviets would be given, if not foothold at least, and entrance into sub-continent of NG. This, of course, would stir Australians into active opposition. As possible alternative to avoid hazards UN Trusteeship might be that another round table conference (but on smaller scale) could be held between Netherlands and Indonesians only but under auspices UNCI or some third mediator.

5. In view developments of post-sovereignty Netherlands-Indonesian union, a joint Netherlands-Indonesian trusteeship or condominium of NNG seems almost certainly doomed failure and would almost certainly be rejected by Netherlands. In this connection high-ranking Foreign Office officials said such solution would mean mass Indonesian immigration to NNG followed by "infiltration" into key positions so that Indonesians would simply "take over" in relatively few number years (Embtel 355, September 1 [2]).

6. Reports that joint Netherlands-Australian sovereignty under consideration seem largely based upon press speculation. While it may have considerable merit it seems illogical that Dutch would cede complete sovereignty any third power since repercussions from Indonesians would be same as continued Netherlands' jurisdiction and, of course, Netherlands' sovereignty over NNG would be reduced by half. In other words, this solution would seem peculiarly unsatisfactory to both Dutch and Indonesians. Of course Netherlands could simply give area away to Australians but there, too, they would probably receive almost as much Indonesian criticism as if they were to keep it themselves.

7. Union Court of Arbitration still an untried institution and probably too feeble and not sufficiently recognized by parties concerned so that its decision would be accepted. Jurisdiction of International Court of Justice restricted to juridical matters and NNG regarded as one of international politics.

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[2] Not printed.

As to method of mediation, a third party, possibly Nehru, could be approached to act in the interest of the Papuan natives to offer his "good offices" to mediate this issue.

He might also be approached to keep issue from arising in SC or UNCI might make its good offices available. Should be pointed out that acceptability to Dutch of selection Nehru is debatable. For a time Foreign Office seemed look upon him as moderating influence in Indonesian politics yet today are indications India viewed by Dutch with more skepticism, at least as far as Indonesian affairs are concerned.

Embassy's considered opinion of arguments presented by two parties is that factually Netherlands have clearly presented a slightly better case. Indonesian claim seems be based solely on contention that it should inherit NNG simply because it formed part of ex-NEI. While Embassy fully aware US efforts bring about stable RI Government and not antagonize it, does not believe delivery NNG into hands present RI Government would serve any other useful purpose than to appease Indonesian leaders into remaining silent. Furthermore it would transfer half of a sub-continent into hands of government of doubtful stability and one which in view of Far East conditions might conceivably drop into laps Communists. On other hand, as pointed out, Netherlands also in weak position develop NNG. Business arguments that area not worth fighting over may prove of increasing influence in official circles.

In conclusion, therefore, Embassy suggests that: (1) Indonesian leaders be told to keep still. (2) That in strictest confidence US and British Governments support some sort of continued Netherlands' jurisdiction over NNG. (3) Through mediation see that December 31 deadline is extended.

As Department will note, no suggestion offered here with regard to strategic importance NNG insofar as military defense of Australia concerned or, in fact, of importance this territory in maintaining general Pacific military and political defense line against possible Communist expansion in Asia. It is assumed Department and Joint Chiefs have carefully evaluated pros and cons our position as so affected.

CHAPIN

Editorial Note

Following the proclamation of the Unitary State on August 17, the Hatta Government remained as caretaker while President Sukarno consulted with various Indonesian political leaders concerning the formation of the first Unitary State Cabinet. On August 22, President Sukarno instructed Mohammad Natsir to form a new government and

the leader of the Masjumi Party announced his Cabinet on September 6, including the following officials:

Prime Minister	Mohammad Natsir
Deputy Prime Minister	Hamengku Buwono IX (Jogja Sultan)
Internal Affairs	Assaat
Foreign Affairs	Mohammad Roem
Defense	Abdul Halim (resigned due to poor health on December 8; duties assumed by Natsir and Hamengku Buwono IX)
Trade and Industry	Sumitro Djojohadikusumo
Communications and Transport	Djuanda
Health	Johannes Leimena
Finance	Sjafruddin Prawiranegara
Information	M. A. Peelaupessy

856D.00–TA/9–1250 : Telegram

The Acting Secretary of State[1] *to the Embassy in Indonesia*

CONFIDENTIAL WASHINGTON, September 15, 1950—7 p. m.

271. Urtel 365, Sep 12.[2] Dept appreciates Emb's reports of activity of Fox and Fox interests and agrees with Emb would be undesirable if Fox succeeded through exploiting Indo's nationalistic aspirations and ambitions his Indo friends in achieving arrangements with monopolistic characteristics which would be inconsistent with US comml policy objectives and might prove harmful to econ development Indo and US-Indo relations.

While Fox's methods of operating may be questionable from standpoint above consideration Dept does not believe that it can police commercial jockeying between various US commercial interests in Indo nor question business practices any individual unless evidence clearly indicates such practices will restrain competition. Up to present time it is not clear that Fox and Fox interests will attain monoply position in any particular endeavor. However Dept realizes that conditions are such that this group might easily do so. In evaluating developments in this fluid situation Dept continues dependent flow full info from Emb on Fox operations.

While opinion expressed Deptel 259[2] that meeting with Fox at this time wld not be profitable, Dept prepared to reconsider when

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[1] Secretary Acheson was in New York to attend a meeting of the NATO Council and the Fifth Session of the U.N. General Assembly.

[2] Not printed.

more definite info available Indo Service Corp re stock ownership, Fox relations to co and proposed activities of co.

WEBB

357.AA/9–1550 : Telegram

The Acting Secretary of State to the United States Mission at the United Nations [1]

SECRET WASHINGTON, September 16, 1950—4 p. m.

283. Reurtel 542 [2] info from Indo Emb here confirms that Chinese contemplating veto Indo membership application. Dept requests Austin [3] discuss with Tsiang earliest opportunity and, if Tsiang confirms that Chi considering such action, object to any such course in strongest terms. Tsiang must understand (*a*) the merits of Indo membership in UN must not become involved in unrelated questions of interest to Chi Gov; (*b*) such Chi action wld be strongly and generally condemned throughout UN; [4] (*c*) resulting embarrassment to US wld cause immediate review US attitude toward Chi Gov. Unless Tsiang can provide categoric assurances Austin shld inform him that immediate representations will be made in Taipei and that Tsiang shld take into account pending receipt further instructions that Chi veto on Indo application is totally unacceptable to US and wld cause serious complications.

WEBB

[1] Repeated to Djakarta as 276 and to The Hague as 333.

[2] Not printed; it reported that the Chinese Representative Tsiang had indicated that he would veto the Indonesian application for United Nations membership unless the Indonesians promised to abstain on all motions to seat the Chinese Communists. (357.AA/9–1950)

[3] Warren R. Austin, United States Permanent Representative at the United Nations.

[4] At this point in the source text the following phrase had been deleted before transmission: "and wld make it impossible for US to continue support of Chi Govt position on delicate and difficult representation problem."

756D.00/9–2550 : Telegram

The Ambassador in Indonesia (Cochran) to the Acting Secretary of State

SECRET PRIORITY DJAKARTA, September 25, 1950—4 p. m.

418. Received forenoon twenty fifth by President Sukarno his request. He was most appreciative US intervention with Nationalist China to prevent latter vetoing Indonesian application UN. He agreed with me he had been correct to refrain from making declaration in favor admission Communist China into UN (Embtel 284 [1]). He

[1] Not printed.

brought up again, however, argument which he said Nehru was strongly pressing, namely, of admitting Communist China at once into UN since it is obviously *de facto* authority. I reminded him overwhelming vote in UN had opposed such admission.

Sukarno then asked whether US was "betting on a dead horse" in Nationalist China. I replied that to back Communist China at this minute would certainly be to bet on wild horse that might harm you. I stressed our position as being that of not wanting question of Chinese Communist admission to UN mixed with Korean problem. I said US had been supported in UN thereon. I said Chinese question could be settled later. I reminded him of efforts both President and Secretary of State have recently made to assure Chinese people we do not want them drawn into war.

Sukarno asked what I thought would be outcome of Chinese question. I said diversity of opinion on this even in American circles. I said we did not think, however, that communism was very deep in China and believe that there is reasonable possibility freedom-loving Nationalists might overthrow thin layer of communism imposed upon them. Furthermore, there was always possibility communism in China is not bona fide Moscow communism and that Tito's example might some day be followed. I said we would be foolish, however, to stake too much on this possibility. I said better watch China carefully until Korean matter settled with restoration peace and security. By that time we may be in better position to judge true character present Chinese leaders, acceptance of their regime by Chinese people, and their attitude toward free world.

Sukarno was worried over Chinese infiltration into Sumatra and West Borneo which he had seen on recent trip. Said British Borneo also penetrated by Chinese Communists from Malaya some even landing with jeeps. Indonesian authorities West Borneo concerned since these infiltrants moving into their area from British territory. Sukarno said 80 percent Chinese in West Borneo flew Indonesian flag on occasion his visit and none Communist flag.

Sukarno asked re Melby Mission. I told him this due thirtieth and was seeing Roem at noon re plans for its reception. Sukarno emphasized need for means to defend Indonesia stressing lack of patrol boats. I told him his people should be prepared to state their precise needs when Mission arrives.

Re Chinese I said I would do my best to support Indonesian request for defensive equipment particularly seacraft, well as receipt of additional 2 million dollars of equipment allocated for police. I advised Sukarno have his people exercise caution after entry UN. I reminded him of extent which sovereignty of Republic is due to UN effort and of strong majority therein against Communism. I said Indonesia

should be modestly silent unless and until able take strong position with such majority.

Sukarno said step most urgently needed to strengthen Indonesia in [*is?*] settlement Irian question. He said USA by one sentence in favor Indonesian position on NNG would obtain lasting friendship and gratitude of this nation. He asked if such statement could possibly be made. I reminded him US representative had active part in drafting paragraph of RTC agreement on NNG and that US still represented on UNCI. I said we had strictly adhered to RTC agreement idea, and strongly hoped that two parties would work out problem through amicable discussions. I said Indonesians and Dutch representatives were still to get together at Hague next month for negotiations and it would be wrong for US make any statement in anticipation of outcome. Furthermore, Sukarno must realize both Netherlanders and Australians who are vitally interested in NNG question, are our allies and fighting by our side in Korea.

Sukarno made one last plea that we endeavor see his side and help him even "behind closed doors" if a public statement was impossible. He said Stikker and Van Maarsevaan are adamant on question for purely political and prestige reasons. He said not only ex-High Commissioner Hirschfeld[2] but practically every Netherlander having business interests in and associations with Indonesia prefer see question resolved in favor RI government. He said Catholic Bishop of Indonesia favors NNG being part of Republic. He hopes agreement may be worked out but admitted both sides are so deeply entrenched, this will be exceedingly difficult. I said I would see if I could think of anything to help later if their negotiations seemed on point of failing. Sukarno said meeting at Hague next month would almost amount to a second RTC.

Sukarno said his government has taken up with Fockema Andreae, who arrived from Holland with Roem question of settling question ex-KNIL Ambonese soldiers now in various army camps in Java. His government wants F. Andreae take these either to Netherlands or to Surinam. F. Andreae has not yet agreed thereto. Sukarno said impossible his government agree to their return to Ambon in present circumstances. Did not see what UNCI could do to settle Ambon question unless it could convince Ambonese to surrender to recognized central government. Said RI government has constantly endeavored approach Ambonese peaceably but are always rebuffed. Said military action would be taken very reluctantly.

Sukarno opposed idea suggested some circles that better order could be maintained if Netherlands troop withdrawals delayed. He said

[2] A. T. Lamping, former Netherlands Ambassador to India, had replaced Hirschfeld as High Commissioner to Indonesia in July.

Indonesian army now actively fighting various bandit groups and he sure it could restore order. Said had photographic proof that some such gangs included Dutch soldiers.

I told Sukarno happy to see progress his country has made in nine months and good economic outlook therefor. I feared, however, that world would get bad impression of Indonesia if his political leaders did not shortly quit their maneuvering and get to work. I stressed this is a serious time for whole world and Indonesia can lose much of its gains unless strong central government takes authoritative measures shortly. I said weakness must result from government depending upon consolidation of numerous small undisciplined parties. Sukarno was much annoyed with his own party PNI and said he intended take vigorous measures shortly to get sound leaders to play proper role. I said all Indonesians should take pride in their achievement of sovereignty and support strong central government without political bickering or personal ambitions at this stage young nation's life. I told him I would like to see such intelligent leader as Sjahrir take proper responsibility in Government and not sit back and let this young man play politics [*sic*]. Sukarno said this had always been Sjahrir's tactic. Sukarno thought Natsir would win initial vote of confidence. He asked me see Natsir much as possible and work closely with him and Roem.

COCHRAN

756D.5 MAP/9–3050 : Telegram

The Ambassador in Indonesia (Cochran) to the Acting Secretary of State

CONFIDENTIAL NIACT DJAKARTA, September 30, 1950—5 p. m.

442. After receipt cablegram from Melby mission indicating character information which would be required, held Embassy staff meetings participated in by service attachés. Embassy proceeded prepare answers on certain points while attachés assembled data in their possession on other points. With view to acquainting Indonesians with type of data which might be required, and for purpose having much of this ready in time for use by mission, I handed FonMin Roem personally on Monday September 25 following informal memo:

"US military assistance survey mission headed by Melby and Major General Erskine due arrive on or about September 30. Their task examine Indonesian requirements, within US availabilities, for equipment for internal and external defense purposes. Survey mission will undoubtedly need certain information re present Indonesian military establishment, order to evaluate intelligibly such requests as it might receive for material in addition that already being furnished to Indonesian civil police.

In particular, US Embassy understands survey mission would appreciate information on following:

A. Specific requests for amounts and types of military equipment;
B. Priority of different categories of material requested;
C. Need for such equipment relation to:

1. Size, character, and location presently existing Indonesian army, navy and air forces and armed police forces;
2. Plans for future organization and strength of above named forces;
3. Specific purposes such forces;
4. Military equipment now available Indonesia to carry out objectives (or procurable from other sources).

For proper execution its task, Mission will doubtless desire detailed information as possible under above headings.

Mission will also need exposition of problems bearing upon Indonesian internal and external defense. Re point C3, specific data would be useful on character and strength of elements hostile to Indonesian state, such as armed bands, smuggling rings, rebellious forces (such as Ambon), etc. It appreciated these are more immediate problems, but on long-range basis attention would also be paid, in relation military equipment requests, to future plans for external defense inherent Indonesia's position SEA.

Subsidiary item would be ability of Indonesian Government defray local costs storage, maintenance and issue of material received. A corollary of supply of such equipment would be Indonesia's needs for technical and training assistance in maintenance and use of equipment. Specific information on this point would also be useful."

I told Roem that I was sure his people could not give specific data on all points, and that some officials might desire refrain from making known certain suggested information. I told him I preferred, however, let him know frankly what questions were likely to be asked since this would avoid embarrassment and complication in long run. He expressed appreciation of my approach. It was agreed that neither Embassy nor attachés nor advance guard of Melby mission should have contact with Indonesian military authorities until policy decision reached by Indonesian Government and Embassy informed thereof.

Friday noon, 29th, called on Darmasetiawan FonOff. I told him had worked with advance guard of Melby mission and should have indication soonest from Indonesian Government on reception and arrangements for mission. I said I had already sought another brief postponement of arrival since I saw arrangements could not possibly be made in time for proper reception and program as originally envisaged. I said I did not feel like requesting any further postponement and we should definitely count on mission arriving Djakarta Tuesday night October 3. Darmasetiawan promised take up this and several other point of unfinished business with Roem with hope latter could

give me answers at meeting which Darmasetiawan suggested I have with Roem 12 noon today.

When I called on Roem today he said had just prepared a memo in answer to mine. His typist shortly brought in following memo dated September 30:

"The Government of the Republic of Indonesia is prepared to receive the US military assistance survey mission headed by Mr. John F. Melby and Major General Erskine, for an informal visit.

The Government of the Republic of Indonesia will avail itself gratefully of the opportunity to acquire arms and equipment which could be provided within US availabilities on the base of a normal transaction, the price to be paid and the conditions of payment to be agreed upon.

The Government of the Republic of Indonesia is prepared to open discussions on that base.

The material already being furnished to the Indonesian civil police has fully been dealt with through the chief of the state police of the Republic of Indonesia. This is a separate matter than the discussions mentioned above."

I asked Roem if the word "informal" in first paragraph referred only to fact military members of Melby mission would be in civilian clothing. I said when original idea of mission arose then PriMin Hatta had agreed to reception provided civilian clothing worn. Roem said that was what was meant by "informal" in his memo. I told him members of mission would be coming here in official capacities and I would expect them to be received by himself as FonMin and by appropriate defense officials. He assured me this would be done.

When I asked if my understanding was correct that his government desired to receive future military arms and equipment only on purchase and not on grant, he answered affirmatively. He said this would be consistent with Indonesian foreign policy and would avoid domestic political difficulties. He said his government desired to be both independent and strong and he thought his people should be schooled in paying for what they need and in making their own way. I told him US had been happy to help give Indonesia a start, and was ready to help further if necessary, but that if his government felt it is in position to pay for needed military equipment and so desired I would recommend to my government that mission proceed Djakarta as planned and conduct negotiations in light of above quoted memo. I asked Roem specifically and pointedly as to whether the visit of the mission was desired by the Indonesian Government and whether it would be welcome. He assured me affirmatively on both points.

I then went over the tentative program which Captain Jordan, advance representative of Melby mission, had worked up with Embassy since his arrival. This included calls on Vice PriMin, FonMin and DefMin by Melby, Erskine and myself and calls upon President

and PriMin if these two officials might so desire. Plan also envisaged trips to Surabaya naval base by one section of mission and to Bandung by those interested in land and air warfare and to Sukabumi for inspection police school, as well as visits to installations in and near Djakarta. Roem promised work on this immediately with interested military officials and thereafter indicate with whom Embassy representatives and Jordan should make contract for definitive arrangements. Roem said he would give me pertinent information soonest and certainly not later than noon Monday, when he lunches with me.

I recommend mission come as scheduled. I can give no assurance as to what attitude of Indonesian Government will be on providing data ordinarily required by Melby mission. Unless otherwise instructed shall proceed with arrangements as originally planned.

Sent Department 442; repeated Manila 26; Department pass Manila.

COCHRAN

611.56D/9–3050 : Telegram

The Ambassador in Indonesia (Cochran) to the Acting Secretary of State

SECRET NIACT DJAKARTA, September 30, 1950—6 p. m.

443. Called on Foreign Minister Roem noon thirtieth my request. Congratulated him on Indonesia's entrance UN.[1] He had made statement earlier in day on Indonesian intent meet UN obligations, in connection with ceremony raising UN flag in front Foreign Office.

In answer my question, Roem confirmed ANETA press report he will visit Lake Success during present session GA. He said Palar had recommended this and he thought it would be courteous and well for him as Foreign Minister to make appearance at this session which has welcomed Indonesia so warmly. I agreed, but added he should also take opportunity visit Washington. Roem promised do so. He said if Cabinet makes required decision in favor his trip, he will leave sometime next week for US. He would have to be back at Hague by November 1 since he plans participate in second Conference Union Ministers which is planned to open about that time.

I urged Roem get Sumitro together with us shortly so we can consummate STEM aid agreement before Roem goes. I said goods were already being shipped and expert advisers already here in anticipation of agreement, but I did not think we should proceed further toward getting goods and advisers or formulating projects until agreement is actually negotiated. He promised talk with Sumitro immediately toward foregoing end.

[1] Indonesia had been elected unanimously to the United Nations on September 28.

I also referred to personal letter I had written him re Indonesian Service Corporation (Embtel 426 [2]), and told him I wanted to keep ExImBank credit business clean.

My relations with Roem are as close and cordial as ever. I have, however, taken advantage his assumption Foreign Office, and especially after seeing memo on military assistance quoted Embtel 442, and after learning of his contemplated visit to US, to let him know that we expect early and favorable action on several pieces of outstanding business. Now that RI is in UN, it must realize necessity for some clear-cut decisions, and I should like for it to begin by indicating full appreciation of necessity for playing game squarely with US, specifically on ExIm credit, STEM and military aid. I am sympathetic as ever with problems our moderate Indonesian Government friends face but if they are not forced take some positive decisions and strong action soon, it will be too late. Am glad Roem going to Washington where this point can be made clear.

I recommend all plans for aid to Indonesia be held in *status quo* until satisfaction achieved on each of three lines above-mentioned.

COCHRAN

[2] Not printed; it transmitted the text of a letter from Cochran to Roem in which, *inter alia*, the Ambassador had inquired about the role of the Indonesian Service Corporation and the Zero Corporation of Indonesia, both of which seemed to be headed by Matthew Fox, in the allocation of Export-Import Bank credits. (411.56D/9–2750)

357.AA/10–250: Telegram

The Acting United States Representative on the United Nations Commission for Indonesia (Doolittle) to the Acting Secretary of State

SECRET PRIORITY DJAKARTA, October 2, 1950—4 p. m.

453. Gocus 902. Events have now outrun UNCI efforts peaceful solution Ambon problem. Regrettably either Indonesian Government has knowingly mislead commission or military have taken action on own initiative. Chronology and information from Dutch sources only in spite our efforts obtain official Indonesian story are: September 25 UNCI letter to Roem,[1] 26th Indonesian cabinet meeting favored direct action, 27th Cabinet reversed decision and sent Lemeina via Macassar (Gocus 901 [2]), 28th radio Ambon reported Indonesian plane machine gunned Amboina, 29th–30th attack begun and APRI battalions landed on both sides narrow neck north Ambon at Tolehu and Hitu Lama, October 1, 2 further battalions landed. Meanwhile Ambonese ex-

[1] Transmitted to the Department of State in telegram 422 (Gocus 898), September 26, not printed; this letter asked that the UNCI be allowed to proceed to Ambon and contact the persons in control there with the idea of persuading them to enter negotiations with the Republic of Indonesia looking to the settlement of the Ambon situation. (357.AA/9–2650)

[2] Not printed.

soldiers on Ceram Island reported to have surrounded APRI forces Amahai.

September 29th and 30th Indonesian officials denied all knowledge attack. UNCI unable last ten days obtain interview Prime Minister Natsir (Gocus 896 [3]). Sultan also invisible.

UNCI today received following letter from Roem dated September 30 which we consider flat rejection offer and hands off warning.

[Here follows the letter expressing thanks to the UNCI for the offer of good offices but indicating that it can not be accepted, principally because it may give encouragement to the rebellious parties by seeming to bring their case to an international level.]

We are again today insisting on interview Prime Minister Roem at which will demand statement facts. Answer will be sent after definite information and if possible learning Dutch reaction here and in Holland. So far no reports from Assembly camps here re Ambonese ex-KNIL.

Department pass The Hague. DOOLITTLE

[3] Not printed; it reported on UNCI and Military Executive Board visits to 13 camps where Ambonese and other ex-KNIL soldiers were being held. (357.AA/9–2450)

756D.00/10–250

The Acting Executive Secretary in the Office of the Secretary of Defense (Kreps) to the Secretary of State

SECRET WASHINGTON, 2 October 1950.

DEAR MR. SECRETARY: With reference to the letter of 28 August 1950, from Assistant Secretary of State Rusk to Major General James H. Burns, regarding United States strategic interests in the disposition of Western New Guinea, there is forwarded herewith, on the request of the Secretary of Defense, the following views which the Joint Chiefs of Staff have furnished the Secretary of Defense on this question.

"The Joint Chiefs of Staff perceive no major United States strategic interests at this time in the disposition of Netherlands New Guinea so long as it remains in the hands of a nation friendly to the United States.

As stated in the memorandum to you from Assistant Secretary of State Rusk, the Acting Chairman, Netherlands Joint Staff Mission, did forward a memorandum to the Joint Chiefs of Staff under date of 19 July 1950 in which it was stated, among other things, that the Netherlands:

> '*a.* Is prepared to cooperate closely in the military field in the Netherlands New Guinea area with the United States of America, Australia and New Zealand.
>
> '*b.* Is prepared to take into consideration the granting of facilities to the United States for the establishment of military bases and other military installations.' (presumably in Netherlands New Guinea).'"

Sincerely yours,

K. R. KREPS
Colonel, USAF

357.AA/10–550 : Telegram

The Acting Secretary of State to the Embassy in India[1]

SECRET WASHINGTON, October 5, 1950—8 p. m.

512. Neth Amb[2] called on Asst Secy FE[3] evening Oct 4 to ask, on his Govt's instruction, that US Govt make urgent effort thru its Rep on UNCI to cause that body intervene immed to "stop hostilities between Indo Rep and South Moluccan Rep." Amb said RI mil now landing Ambon in force approx nine thousand; that Ambon troops number about two thousand; that in his view Ambon wld fight to the finish; that fighting wld continue for sometime and wld be characterized by great brutality. Neth Amb said he believed Indo Rep civil authorities wld welcome strong action UNCI as he thought such action wld strengthen them vis-à-vis Indo mil who Amb believed were architects present operation. Amb emphasized great sympathy for Ambon in Holland, and pointed out that during course Hague negots Neth had believed that federal system in Indo wld provide local autonomy for Ambon and that in some part this belief contributed to Neth acceptance of HRTC.

In response to questions Neth Amb said his Govt believed UNCI shld ask for cease fire which he believed wld be accepted by both Indo Rep and Ambon: that in their present predicament Ambon wld probably settle for less than complete autonomous status but desired "considerable degree local autonomy."

Asst Secy FE told Neth Amb Dept had asked US Rep UNCI to intervene effectively as he cld immed upon receipt original request by Neth Emb Sept 30 but that efforts "US Rep so far unavailing"; that Dept fully realized serious character Ambon development.

On Sept 30, Dept instructed Doolittle, US Rep UNCI as follows:

"Code Room pls insert here full text of Deptel 342, Sept 30 to Djakarta, Control No. 9500."[4]

Doolittle's reply of Oct 3 stated that Comm agreed such request wld do no good at present.[5] Amb Cochran advised as fols:

"Code Room pls insert here full text of Djakarta's tel 455, Oct 2, to Dept, Control No. 255."[6]

[1] Repeated to Brussels as 449, Canberra as 82, Djakarta as 364, Karachi as 183, London as 1789, and The Hague as 399.

[2] J. Herman van Royen had become Netherlands Ambassador to the United States on September 19.

[3] Dean Rusk.

[4] Not printed; it reported the request of the Netherlands Embassy on September 30 and asked Doolittle to "immed recommend cease fire" if the reports of an attack on Ambon were true. Ambassador Cochran was instructed to back up the UNCI efforts "by strong representation . . . to Indo Govt." (357.AA/9–3050)

[5] Telegram 457 (Gocus 903), October 3, from Djakarta, not printed (357.AA/10–350).

[6] Not printed; it reported, *inter alia*, that Roem had told Cochran that Leimena's second peace mission to Ambon had been repulsed and that he had cabled the Indonesian Government on October 2 "recommending military action against Ambon." Cochran had reiterated his offer to help in any possible way, but Roem said he did not see anything that the Ambassador could do. (357.AA/10–250)

In view of oft-rptd expressions regret he not consulted concerning Asian affairs, Dept believes Nehru shld be interested in Ambon developments. If you agree, Dept believes you shld give Nehru background foregoing without revealing Dutch requests to US, emphasizing his great influence on Indo leadership, expressing hope that India, so distinguished for its humanitarian concerns, shares US desire that this violent episode be brought to speedy and peaceful conclusion. You shld point out that protracted violence on Ambon may have serious effects on Indo stability and will give at least color to claims of enemies of Indo and other new Asian states that they cannot run their own affairs. Dept does not believe you shld ask Nehru to take any particular course in the circumstances; rather that you shld express hope that he can exert his influence in any way he thinks desirable.[7]

AmEmbassy, London shld give FonOff background on Ambon developments and ask FonOff if it believes it can bring influence to bear on this situation.[8]

AmEmbassy, Karachi authorized, in its discretion, to make approach to FonOff along lines of above instruction to New Delhi.

AmEmbassy, Djakarta, in its discretion, shld make such reps as it believes wld be useful, emphasizing, if it is deemed desirable, humanitarian aspects of situation developing in Ambon as well as obligations Indo has assumed under UN Charter.

WEBB

[7] In telegram 864, October 9, from New Delhi, not printed, Ambassador Henderson reported that he had discussed the Ambon situation with the Indian Foreign Office which indicated that there was nothing it could do although regretting the Indonesian resort to force. (357.AA/10–950)

[8] In telegram 2078, October 9, from London, not printed, Ambassador Douglas indicated that he had discussed Ambon with Foreign Office officials who felt Bevin would hesitate to approach Nehru. The main basis for his hesitation "was feeling UK had already used up all its store of good-will with Nehru in attempting influence him with respect to Korea and any further requests for his good offices would serve only to irritate him. . . ." (756D.00/10–950)

357.AA/10–950 : Telegram

The Acting United States Representative on the United Nations Commission for Indonesia (Doolittle) to the Secretary of State

SECRET PRIORITY DJAKARTA, October 9, 1950—4 p. m.

480. Gocus 906. As chairman of week, I called on Dr. Roem at 12:30 today to press for answer to UNCI's letter October 6 (Gocus 905 [1]) appealing for cease-fire. Roem informed me that letter would be delivered to us, probably in course of tomorrow. I asked him if he could give me idea of contents, to which he replied that Indonesian Government did not feel able accept UNCI's offer as Indonesian Parliament was seized of matter and was very incensed over Prime

[1] Not printed.

Minister Drees' telegram to Prime Minister Natsir.[2] I told Roem that Drees' telegram had nothing to do with UNCI's decisions in matter; neither had Commission been influenced by other Dutch authorities or self-styled representative of "South Moluccas Republic" in Hague who had also addressed telegrams to us; that Commission could give him categorical assurance that any action which it took would not imply recognition of South Moluccas as legitimate governmental body. I stated I could ony regret that Indonesian Government had not seen fit to utilize Commission which was presently stationed here at request of parties to Hague RTC and asked him to suggest what further steps we might take to be of assistance; that we had hoped when Indonesia was admitted into UN that it might consider that persuasion was better than coercion; that UNCI had refrained from exercising its right under HRTC of suggesting a plebescite in any territory where it believed expression of opinion was necessary in hope that this matter would be settled without recourse to arms.

Dr. Roem, in response to earlier question as to progress operations on which Defense Ministry has been silent, with exception of one short and non-committal communiqué, told me operation was going well, that they hoped to finish it within few days and that when UNCI would be called upon to assist in repatriation Ambonese soldiers now in camps in Java and Indonesian Government would proceed with its plans for autonomy of region. He suggested I have talk with Dr. Leimena, who had recently visited South Moluccas, including Amboina, and that he would, at my request, endeavor arrange meeting with him today.

As foreseen, situation remains unsatisfactory and our future course of action is not clear. One such possible course would be to report back to SC that our efforts have failed and request instructions. This, I believe, undesirable for reasons obvious to Department. In my personal opinion, this situation is heritage of Commission's several months inaction which have lost its influence which is now difficult to regain.

In spite Roem's presumable optimism, there is information to effect operation not going well on Amboina. APRI's troops have not only not advanced, but have been driven back again slightly. However, other contenders also in bad situation, without food and without ammunition. Therefore, they may be forced surrender in near future, but also once again have proven they are best fighters in these islands.

[2] On October 3 Drees had sent a telegram to Natsir, stating that he was deeply shocked by the military action against Ambon. Natsir's reply on October 5 related the history of the Ambon situation since April and stated that it was an internal problem which the Government of Indonesia had regrettably to resolve by force. A summary of Natsir's telegram was transmitted in telegram 464, October 5, from Djakarta, not printed (357.AA/10–550); no copy of Drees' telegram has been found in Department of State files.

Strangely enough, our observers report no undue agitation in camps to date. Most of them are now unarmed and they may have decided discretion is better than valor without means of showing it. As long, however, as active military operations are still going on, Commission would be unable get to Amboina, but it will propose immediately that firing has ceased that it proceed therefor on-spot observation and to ascertain needs of population who were reputed to be not only short of food, but to be lacking in medical supplies.

Department pass The Hague.

DOOLITTLE

756D.5 MAP/10–1050 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

CONFIDENTIAL PRIORITY DJAKARTA, October 10, 1950—2 p. m.

484. Received by RI Prime [*Foreign*] Minister Roem 11 a. m. October 9 my request. I told him Melby and Erskine [1] should be informed of any decision Indo Government had taken following our meetings with their military authorities and experts on Friday last re military aid.

Roem said Indo officials concerned therewith discussed problem among themselves thoroughly over weekend and confirmed position taken by their military representatives on Friday, namely that they did not desire work through MDAP, although they realized need for equipment which they hoped purchase in US. He saw no purpose in further technical bilateral discussions.

Roem took pains explain this meant no unfriendly attitude toward US. He sincerely hoped it would not be interpreted as either unfriendly or lacking in appreciation of our helpful offer. He said his government felt that to obtain arms from US in accordance with terms of agreement such as that which Hatta and I negotiated August 15 on police equipment would not be in harmony with foreign policy of independence and freedom of action as subsequently enunciated by Natsir Government. Indo authorities convinced that their acceptance of MDA relationship would be interpreted at once by Commie countries as Indo having taken sides. Furthermore Roem said domestic political difficulties would ensue just at time when Natsir Government is facing serious debate and possibly critical vote of confidence.

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[1] John Fremont Melby, Chairman of the Joint State–Defense Military Defense Assistance Program Survey Mission, and Maj. Gen. G. B. Erskine, United States Marine Corps.

I told Roem I would inform the mission members as to position his government. I asked if I was correct in thinking that, if we pressed his government for a formal decision now on MDA participation, answer would be not of kind we would wish if Indos really seeking our help. He said this correct. He said if answers genuinely receptive to our approach were given now it would seriously endanger life of Natsir Government. He said it would be difficult reverse later any decision announced now against accepting American aid under MDAP. He emphasized that if his government now permitted mission inspect Surabaya naval base and various installations for Army and Air Force, Commie press here and abroad would criticize this as breach of Indo independent policy and Chinese Commie Ambassador would be quick to follow US precedent and demand inspection rights. We agreed better call off negotiations now and explore further informally in more propitious or more urgent circumstances.

I told Roem it would be appropriate for him to give Melby and Erskine direct same explanation he had given me. An appointment was arranged for this purpose for 10 a. m. Tuesday tenth. I said I would recommend mission leave Djakarta two days later. Roem has invited Melby, Erskine and me dine with him Tuesday night. I said we would make any appropriate farewell calls on Sultan or other officials as Roem may indicate.

I definitely made reservation with Roem that I could not guarantee I could get delivery of military equipment to Indo at some later time if need and request therefor arose unless Indo Government willing work through MDAP. I said our supplies needed badly by ourselves and nations cooperating with US militarily in UN, in Korea, Europe and elsewhere. I said priority system was such that it might be impossible for Indos go on American market and procure any items independently of MDA. I questioned Roem as to whether his government wished to proceed with request for supplemental items which Sukanto has already drawn up to utilize balance of approximately 2 million dollars out of 5 million dollars originally earmarked for police equipment. I said this already covered by Hatta agreement which still valid. Roem promised give me definite answer thereon.

Roem said he was convinced our two nations working in same direction and inspired by same ideals. He thought Indo could render most service toward achieving those ideals through following independent policy and becoming strong. He reminded me that principal leaders in present government are men I have known and worked with and should be convinced are not sympathetic to Communism. He said they wanted US and Western Europe get Indo Products and thought we could keep them out of hands Commies by our own devices. He said let Indo de-

velop its own national leadership and take responsibility solve its problems, always with feeling they could turn to us as friend with common ideals. I said I was convinced of safe political philosophy of moderate leaders in present government but was not sure they were sufficiently sensitive to growing danger of Communism in Indo. I feared they might wait so long before taking action that it might be too late. I thought action they must take will require good equipment.

I was not at all sure political leadership of Nehru on international matters and particularly China and Korea was sound. I hoped Indos would depend upon their own political sagacity and realize US and other UN members have in their Korean policy done great service to free nations of world and must complete that service through unifying Korea. I said this meant crossing thirty-eighth parallel and eliminating any regrouping and reviving of North Korean Commie threat. I said UN already indicated readiness to help repair damage done to Korea by Commie policy and to insure establishment of free and sovereign Korean state. I said that through sacrifices US and other UN members are making in Korea they have checked threat of Commies moving southward through Indo China, Thailand and perhaps on to Indo and that this fact should be appreciated by free Asiatic nations in formulating their own foreign policies.

Conversations with President Sukarno and Minister Djuanda have contributed to my conviction that Simatupang and other military leaders want our help, realize need therefor and are not opposed on technical grounds to giving us all required data and letting mission see everything but political situation and Natsir Government policy simply make this impossible for present.

I have shown this message to Melby and Erskine who are agreeable to its despatch.[2]

COCHRAN

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[2] In telegram 494, October 11, from Djakarta, not printed, Melby filed his own report on his stay in Djakarta, stating *inter alia:*

"There is little I can add to what Cochran has already reported concerning negative results our visit here. Insofar as Erskine and I are entitled to any judgment after such a brief stay we believe Cochran has taken an entirely correct attitude toward the Survey Mission and, furthermore, that he has most ably done everything that any one human being could do. It is apparent that our visit here was premature for a military arrangement such as we proposed and that anything further can be expected only when a more mature political basis and atmosphere have been developed. We did not find any evidence of a Communist predisposition though danger of its growth should not be overlooked." (756D.5–MAP/10–1150)

A copy of the official report on Indonesia of the Survey Mission (FMACC D–33/10), dated November 1, 1950, is in file 756D.5 MAP/11–150.

856D.19/10–1250 : Telegram

The Secretary of State to the Embassy in Indonesia

TOP SECRET WASHINGTON, October 12, 1950—11 a. m.

391. US concerned necessity preventing so far as possible disruption supply strategic material to US and its Allies in time of war or crisis. Dept now studying certain strategically important fon industrial operations with view determining extent to which provision has been made secure those industries against possible sabotage or subversive activities.

Object study is: (1) ascertain if possible presence and strength Sov agents, Commie parties and Commie-dominated labor unions in area industry surveyed, (2) determine whether effective industrial security procedures are in force minimize vulnerability production and shipment strategic materials to sabotage or subversive activities.

Security study re Indo tin now envisaged.

With respect certain installations elsewhere, prelim procedure has been to approach Govt concerned as fols:

1. Have any security surveys tin industry been made by Indo Govt or private concern? If yes, are copies reports thereon available?
2. Are such surveys contemplated foreseeable future by Indo Govt or by other persons or groups.
3. In event surveys this type not conducted or contemplated, what wld be Indo reaction fol:

(*a*) Are Indos willing and in position perform such survey, and wld they make findings and recommendations available US?

(*b*) Wld Govt, if unwilling or unable carry out such survey unassisted be willing accept cooperation US Govt and assistance US experts.

In your discretion, you may approach Indos re questions *a* and *b* above. If you do so, you may wish point out survey not limited tin, nor to Indo but as matter general concern US for for sources supply. You may also wish suggest Indo Govt has interest in maintaining shipments tin at time greatest demand and high prices. Event you believe it unwise approach Govt on this matter at this time, Dept wld appreciate estimate what replies wld be.

Event Indos unwilling cooperate, Dept can proceed with research study based on materials now available Washington which might be checked . . . in Indo.

ACHESON

357.AA/10–1450 : Telegram

The Secretary of State to the United States Mission at the United Nations[1]

SECRET WASHINGTON, October 14, 1950—2 p. m.

400. Re SC consideration Ambonese question.[2] As indicated in Dept tel 392 to Djakarta repeated to USUN,[3] we are endeavoring to induce Indoes take action along certain lines and thus make debate in SC unnecessary. We understand SC meetings scheduled 16 October and probably 18 October to deal with other matters. On other hand, since UNCI communication contains express suggestion by subsidiary body of SC for SC consideration and deals with situation where fighting is in progress we doubt that US Rep as current Pres of SC will be in position to refrain from placing it on provisional agenda for meeting in near future unless UNCI able inform Council new development make SC consideration unnecessary.

If SC discussion comes up our objectives shld be (1) minimum debate, (2) reaffirmation UNCI position in offering Good Offices and asking parties to cease hostilities and settle question by peaceful means. This could preferably be accomplished by statement of Pres interpreting the sense of Council that (*a*) UNCI's offer of Good Offices to Indo Govt deserves latter's most serious consideration in order to stop bloodshed, (*b*) SC concurs with UNCI's action, (*c*) Council is confident Indos, having been recently accepted in UN, and owing in large degree their existence as sovereign independent state to past efforts SC will give favorable consideration to utilizing services Comm Abonese affair. Sovereign State RI includes area of Ambon difficulty.

Dept believes it would be undesirable if res calling upon Indos accept Good Offices is submitted to the Council which wld make full debate unavoidable. We do not see how Council debate can have truly constructive effects on situation in Ambon. We are concerned that when Indos and Neth Reps invited to Council table, they will engage in exchange which might have serious effects on Indo-Neth relations. While we believe Ambon problem is partially outgrowth

[1] Repeated for information to Djakarta as 408 for Cochran and Doolittle, The Hague as 434, London as 1935, New Delhi as 566, and Brussels as 486.

[2] On October 11 the UNCI had sent a telegram to the United Nations, tracing the course of the Ambon situation and its efforts to act as mediator. In the last two paragraphs of the cable the UNCI reported that it had exhausted all its means to achieve a peaceful solution and was referring the question back to the Security Council with the suggestion that the Council reinforce the authority of the UNCI by calling on Indonesia to utilize the UNCI for a peaceful solution of the problem. (Telegram 676, October 12, from Djakarta, not printed 257.AA/10–1250)

[3] Not printed: it asked Cochran to impress on the Indonesians the desirability of accepting UNCI good offices lest a full discussion of the Ambon situation be detrimental to Indonesian prestige and raise the question of the fulfillment of the Round Table Agreements. (357.AA/10–1250)

of HRTC agreements, and properly within UNCI scope, we wld prefer avoiding a debate on question of jurisdiction.

There is further consideration that Sovs will undoubtedly utilize SC discussion to play role champion Asian nationalism against "imperialist west" of which they wld claim UNCI a "tool". Further Sovs likely utilize this opening to castigate HRTC agreement, Neth union, etc., as settlement accepted by Indos under duress, thus attacking the whole foundation of HRTC. Sovs most likely veto any res asking Indos accept Good Offices Comm. Therefore, Dept anxious that, if Council action necessary, it take form of statement of Pres along lines outlined above.

ACHESON

357.AA/10–1550 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET NIACT DJAKARTA, October 15, 1950—5 p. m.

522. For Lacy from Cochran. Roem went Bandung shortly after interview reported my 519,[1] October 14; returning 16th. Have talked with no RI officials since receipt Deptels 404, 408 and 409.[2]

Appreciate Department's understanding of situation and assure it that I will not fail to take discreet advantage of any last minute opening toward getting conciliatory move on part Indonesian Government but so doubtful of either opportunity or favorable result that I feel Department should not count on such eventuality. More inclined to think UNCI action will speed up subjugation insurrectionists along lines to which government finally resorted after weeks of unsuccessful efforts to negotiate.

Precipitate action of UNCI not only destructive any faith Indonesians therein but also giving rise to placing blame on US since Indonesians understand our key position and also that Doolittle most senior and forceful of three UNCI members was chairman when decision taken. Assistant to Colonel Simatupang has, for instance, already expressed to CAS perplexity that Indonesia's great friends, the Americans, could strike such a blow against them. Also tendency observed to tie this in with alleged unhappiness US side over outcome Melby mission.

[1] Not printed; in it Cochran reported that Roem was "much disturbed" over the referring of the Ambon question to the Security Council. He stressed that in any debate Indonesia would be obliged to recite the activities of Netherlands civil and military officials at Bandung, Makassar, and Ambon which would only embitter relations between the two states and again stated that his Government found it "absolutely impossible" to let the UNCI intervene. (357.AA/10–1450)

[2] Telegram 404 asked for the circumstances that led the UNCI to refer the Ambon question to the Security Council; telegram 408 is the same as telegram 400, *supra*; in telegram 409 the Department of State agreed that further approaches to the Indonesian Government were useless but wanted to be informed immediately if any conciliatory moves were made. (357.AA/10–1350 and 756D.00/10–1450)

Doolittle's attitude of being publicly critical of Indonesians and now of "getting tough" with them may have approbation of some of less responsible and more tycoon-minded of my Service Attachés, MilObs and US old-time business community, but in my opinion his rash, irresponsible leadership on UNCI has resulted in what may prove most ill-advised step in Indonesian history since second police action. Consequently I hope Department and USRep SC will exert every effort keep Ambon question from SC discussion and get Doolittle out of Indonesia soonest.

COCHRAN

Editorial Note

On October 16 the United States and Indonesia signed an Economic Cooperation Agreement at Djakarta, which was recognized as binding by Indonesia pending parliamentary action. For the text of a press release concerning the agreement, see the Department of State *Bulletin*, October 30, 1950, page 702.

357.AA/10–1850 : Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY NIACT WASHINGTON, October 18, 1950—7 p. m.

430. For Amb Cochran. As you know, the Dept has been bending every effort to get the Ambonese affair settled out of court. We are not, of course, in a position to block consideration of the question by the Council. It wld also be contrary long standing US policy for our Rep to attempt to prevent discussion on technical grounds. In the normal course of events, the matter will come up for discussion shortly. We thus have to concentrate our efforts toward getting the Indos themselves to help find some way to make Council consideration unnecessary.

We have already exerted very considerable pressure on the Dutch and have paraded before them all of the disadvantages they can expect to encounter if this matter is debated in the Council. They have already taken these disadvantages into consideration and appear to have pretty much discounted them in advance.[1]

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[1] The Department of State had called Ambassador van Royen in on October 16 and informed him that if the Ambon question reached the Security Council the results would: "(1) Damage Dutch-Indon Union; (2) Wld lead to inconclusive but bitter recriminations between Indos and Dutch; (3) Might result serious loss to Dutch econ interest in Indo; (4) Wld give Russians chance attack HRTC agreements and to weaken Natsir Govt." Van Royen had said he would pass these views on to The Hague, but doubted whether they would be sufficient to deter his Government. (telegram 421, October 17, to Djakarta, not printed, 357.AA/10–1750)

If, however, the Dutch were to decide to stop pressing for Council discussion of the Ambonese situation, we wld still be left with the fact that UNCI has referred the matter to the Council for its consideration. In the final analysis, it will be necessary for UNCI to find a basis on which it can advise the Council it no longer believes Council discussion is necessary.

We believe that the only way in which UNCI can honestly advise the Council that Council consideration is unnecessary is for it to base such advice on a move on the part of the Indos.

We are aware of the considerations which you have reported which operate against a conciliatory gesture on the part of the Indos toward UNCI's offer to assist in a settlement and we agree with you that the possibilities of the Indos accepting such an offer are negligible. We believe, therefore, that the best chances of getting a conciliatory gesture out of the Indos may arise from their being willing to make such a gesture in the direction of the Ambonese themselves.

If mil operations against the Ambonese are going as well as Roem reports to you they are going, then it seems to us the Indos cld, without loss of any face or prestige, offer the Ambonese certain terms such as we have suggested earlier that UNCI might come up with. (Deptel 382, Oct 10 [2])

There is no doubt in our minds that if this matter goes to the Council, the major arguments of the Indos and of the Sovs will necessarily show a marked parallelism. Undoubtedly both will direct their fire toward the Dutch, toward the RTC agreement, and likely also they will touch on the Council's "jurisdiction". Results of this wld strengthen Commie cause in Indonesia and harm Western interests.

We are therefore convinced that the best interests of the US require an avoidance of a public display in the Council of Indo-Sov agreement on such issues, provided, of course, this can be avoided by proper means. Also, as you know, we are convinced that no constructive result can come from Council debate on Ambon question.

We wld rather run the risk involved in your making a strong, private *démarche* to the Indo Govt, asking that they make a conciliatory gesture toward the Ambonese, than be faced with the public display of parallelism with the Sovs mentioned above. We are, therefore, convinced that you shld go to Roem and tell him privately that if he can now get his govt to offer honorable and substantially

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[2] Not printed. These proposals were:

"(*a*) Territory of so-called 'Rep of South Moluccas' must be made to form an integral part of RI;

"(*b*) Effective anmesty for South Moluccas;

"(*c*) Territory involved shld be granted broadest autonomy within RI consonant with RI constitution and with maintenance of security and polit stability in area . . .;

"(*d*) Proposals shld be drafted to guarantee minority rights and freedom from reprisal and terrorization for South Moluccas." (357.AA/10–1050)

conciliatory terms to the Ambonese, that we on our part will undertake not only to urge the Dutch again to stop pressing for Council consideration, but that we will, in addition, assuming the offer warrants it, instruct our Rep on UNCI to ask UNCI to advise the Council that consideration of the matter by the Council is no longer necessary. Dept has full confidence your ability to persuade Indos to make the necessary move in this case.

Sent Djakarta. Repeated The Hague 460, Brussels 505, London 1998, Canberra 97, and USUN, New York 407.

ACHESON

357.AA/10–2050 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET NIACT DJAKARTA, October 20, 1950—11 p. m.

548. Called Roem's home 7:30 night 20th his request. He said his government found it impossible make suggested conciliatory move toward Ambonese (see Embtel 544 [1]) at this critical time when Parliamentary debate is drawing to close and government likely face first vote of confidence next week. Government felt suggested move would be interpreted as weakness on its part and might swing balance to opposition with resultant fall of government.

In lengthy discussion Roem reiterated his fears that if Ambon question comes to discussion in SC Russians will make such capital of opportunity that Indonesians will be obliged blame Netherlands for series of mistakes which have made military action against Ambon inevitable and will imperil life of union if debated in SC. Roem believes in the union and possibilities of cooperation thereunder more sincerely than any man I know.

It was decided Roem would see Lamping Saturday morning; again point out to him dangers of SC discussion of Ambon; and learn whether Netherlands Government has indicated willingness, as result Roem's earlier approach to Lamping and representation to Netherlands Government made through Deputy Indonesian High Commissioner Hague, to assist in obviating Ambon debate in SC. If Roem fails to learn that Netherlands Government has taken favorable action on his initial representations he will now [*then?*] ask Lamping to join him in approach to UNCI with view to convincing latter of unhelpfulness of SC debate in present circumstances and of desirability of so informing SC in supplementary telegraphic report.

[1] Not printed; in it Cochran reported that he had seen Roem at 8:30 a. m. and presented the proposals outlined in telegram 430, *supra*. Roem had promised to consult his Government, advocating the policy which Cochran had recommended, and advise the Ambassador of the results. (357.AA/10–2050)

Roem has instructed Republic of Indonesia contact committee with UNCI inform latter of Indonesian acceptance of UNCI invitation to discuss with them problems of demobilization and repatriation of remaining ex-KNIL troops (largely Ambonese). Roem will have UNCI members lunch with him Saturday and endeavor convince them of Republic of Indonesia's desire to cooperate and of unwisdom of pursuing SC debate Ambon. He will get Lamping in touch with UNCI if he may succeed in enlisting Lamping's assistance. Roem will inform me results talks with Lamping and UNCI.

Indonesian reinforcements have been built up on Ambon and will go in action 22nd under plan to complete project by end month. No arguments UNCI or I might present could prevent that. I do not wish to be the one to topple Natsir government on this issue. This is most moderate and pro-western parliamentary government that can possibly be set up and endure in present situation. Less blood is likely to be shed by it on Ambon than would surely flow in Indonesia if either leftist or military government took over. I appreciate Department's confidence imposed in me and recognize guiding principles enunciated Deptel 430. I will continue endeavor influence Republic of Indonesian Government, helpfully, but am afraid solution may have to come from either Netherlands Government, SC or UNCI unbending if catastrophe is to be avoided.

COCHRAN

357.AA/10–2050: Telegram

The Ambassador in the Netherlands (Chapin) to the Secretary of State

SECRET THE HAGUE, October 20, 1950—6 p. m.

586. Re Embtel 581 October 19 repeated 48 Djakarta.[1] As Embassy reported heretofore when discussing NNG dispute Netherlands FonOff made evident anxiety issue not arise SC fearful would open gates full scale clash which accomplish little but heighten tension between Netherlands and Indonesians. At that time Indonesians not attempted invasion selfstyled "independent" Ambon but rumors same had begun.

Embassy also reported one rankling factor after transfer sovereignty has been passivity UNCI which Netherlands point view looked other way when Indonesians clearly made no genuine effort respect

[1] Not printed; in it Chapin reported that Boon had said "only reason Dutch want positive SC action [on Ambon] is preserve prestige UNCI which Netherlands Government still thinks serves useful function." Boon did not want Ambon on the agenda, as that would lead to recriminations and Soviet intrigue, but thought a statement by the President or some official action was necessary. (357.AA/10–1950)

right self-determination. Number officers commented inaction UNCI so much contrast its previous activity which resulted independent RUSI. This attitude so prevalent some officers still regard current UNCI efforts some incredulity. Now UNCI has seen fit act; this rather oddly created relatively small amount press interest here. Obviously SC nonsupport UNCI would be direct contrast SC support given UNCI when it championed worldwide popular cause Indonesians rather than unpopular Netherlands policy Indonesia. Essence Indonesians today rejecting UNCI mediation claiming it "internal" matter thereby almost duplicating Netherlands defense during its "police actions" Indonesia. Great difference is of course before sovereignty UNCI striving for independent state Indonesia whereas today UNCI only wishes Ambon fighting stopped. Netherland FonOff agrees Ambon Part RI and cannot stand alone but immediate problem stop bloodshed which all seem agreed will if not already done so degenerate into Asiatic terrorism.

This brings us reason put forth Ambassador Cochran intel 513 October 13[2] why Ambon issue should not be debated SC. These reasons also concurred by many Netherlands interests, chiefly business circles and such realists Hirschfeld who convinced such developments head-on collision over NNG or full-scale SC debate over such issues as Ambon will not solve problems involved rather debate would further inflame Indonesian extremist so as jeopardize seriously if not actually bring about jettisoning Netherlands investments Indonesia. This "facts of life" attitude heavily subscribed particularly Amsterdam and by number leading Socialists. FonOff tends continue be more firm yet it too does not wish have full-scale SC debate. This realism makes much sense particularly case Ambon where SC hearing would probably contribute little if anything solution problem. However, Embassy wonders where do we stop?

If Ambon shelved purpose salvaging shaky Natsir Government NNG issue next on timetable and all foregoing applies equally "realistically", then similar concessions would be made re NNG so as prevent again less extreme RI administration taking over. What is next? It might be RI "purchase" or nationalization certain limited foreign (i.e. Dutch) interests RI. This may begin with KPM and end with virtually all Dutch investments. No one knows, but seems evident if present Indonesian trend continues those investments will be there for asking. No mention being made here fact not impossible RI could go Communist.

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[2] Not printed; in it Cochran stated that debate by the Security Council "would open up veritable Pandora's box" that might prejudice agreement on New Guinea, open the way for "undesirable extension Indian influence" in Indonesia, and allow recriminations that would result quickly in the "dissolution of union and loss all Dutch major interests in Indonesia." (357.AA/10–1350)

As to Roem's threat expose Netherlands misdeeds Bandung, Makassar, and Ambon if SC holds debate that sort blackmail seemingly endless and seems be familiar refrain whenever Indonesians unable get own way when Netherlands involved.

While Embassy admittedly unfamiliar with exact procedure how SC hearing Ambon would be handled it wonders if it could be guided such manner as have its immediate goal issuing cease-fire order without digressing field enlarging UNCI authority bringing question Australia's membership et cetera (see Djakarta's 513). This guidance however, vital issue because if discussion launches field leading mutual recriminations affording Soviets golden opportunity assume role Indonesian protector principal result be alienation Indonesians and harm all parties concerned.

Would seem to Embassy therefore if discussion be limited time has come support SC hearing order effect (1) cease-fire order (2) encourage RI understand it, too, has certain international obligations, (3) demonstrate clearly UNO will support its agencies in field and have facts.

If discussion can not be so restricted Embassy reluctantly concludes under present circumstances about all we can do is urge SC chairman issue strong statement calling Indonesia and Ambonese cease-fire. Such statement would follow UNCI request its earlier request for SC hearing be withdrawn because of "changed situation".

Department pass Djakarta. Sent Department 586; repeated information Djakarta 49.

CHAPIN

756D.00/10–2250 : Telegram

The Secretary of State to the Embassy in the Netherlands

CONFIDENTIAL PRIORITY WASHINGTON, October 22, 1950—9 p. m.

480. For Ambassador from Scott.[1] I took up with Van Royen last night idea developed and generally approved in Dept yesterday which involves the Queen's issuing appeal to Sukarno regarding Ambonese question.[2]

We understand from Cochran that Indos may be willing to issue a declaration on subject of Ambon's autonomy provided it cld be issued in response to a Neth request. Using this as springboard, I told Van Royen we had wondered whether it might be possible to broaden the scope of any Neth request so as to include most or all of major factors now at issue between Indos and Ambonese. This in turn had led us to

[1] Joseph W. Scott, officer in charge of Swiss and Benelux affairs.

[2] Ambassador Cochran had been informed of this proposal on October 21 and instructed to try to obtain assurances from Roem that such an appeal would be well received. (357.AA/10–2150)

wonder whether a dramatic appeal from the Queen as head of Union might prove helpful in present serious circumstances.

Van Royen replied he was quite certain his Govt wld turn down any such suggestion unless there was reason to believe it would be better received by Indos than was Drees' recent appeal. I asked him specifically what sort of assurances he would need as basis for making recommendation to his Govt. He said that if Roem could assure us it was his honest and firm opinion an appeal from Queen wld be well received and wld be helpful in stopping bloodshed, he wld ask his Govt to request Queen to make it. He added however he could not recommend appeal if it were simply to be used as another device to forestall SC consideration of Ambon and to be forgotten as soon as it had served this purpose.

Despite all these caveats, we have asked Cochran to try to get necessary assurances from Roem if he believes there is any real possibility they may be forthcoming. If he gets them, we will ask Van Royen to recommend appeal to his Govt in strongest terms. We believe idea has merit and might actually be more helpful in Ambon situation than anything else presently on horizon.

Wish your reaction to idea soonest by cable but prefer you not approach Dutch colleagues on matter until we have some response from Roem. If FonOff approaches you, believe you might offer personal opinion that humanitarian appeal cld appropriately come from Queen at this juncture not only because of her general responsibilities as spiritual head of Union, but also because unique opportunities for helpfulness presented by special relationship long existing between Dutch and Ambonese shld be exploited as fully as possible. [Scott.] [3]

ACHESON

[3] In telegram 594, October 23, from The Hague, not printed, Chapin replied that despite some reservations he agreed that this idea had merit (756D.00/10–2350). However, Cochran reported on the same day that Roem could not give the necessary assurances (telegram 557, October 23, from Djakarta, not printed, 790b.00/10–2350). This message was sent to Chapin immediately and Scott telephoned van Royen, suggesting that "under the circumstances there seemed to . . . be no further purpose in pushing the suggestion." The Ambassador agreed. (memorandum of conversation, October 23, not printed, 756D.00/10–2350)

123 Cochran, H. Merle: Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

SECRET PRIORITY DJAKARTA, October 26, 1950—4 p. m.

574. Made farewell call on President Sukarno 10:30 October 26. Told him I would be called upon to explain various matters upon visit to Department including (1) Indonesian policy of neutrality, (2) failure to negotiate with Melby mission in spite Indonesian need for equipment and military training, (3) Ambon quesition, (4) prosecution of murderers of American citizens.

With respect to (1) Sukarno used expression as he has on some previous occasions that I should know Indonesian Government's neutrality is one of form while their sentiment is on our side.

President reiterated need for military aid but hoped we could provide assistance and training behind a screen which would not provoke Communist antagonism and allegations that Indonesia's policy of neutrality is sham.

Sukarno told me he planned visit President Quirino in Philippines during December accompanied by Roem. He said he knew this would arouse much criticism on part Mao Tse Tung and other Communists but he desired have closer relations with Philippine Government and would do so in spite of criticism.

With respect to Ambon, President thought UNCI resolution had been mistake and that Lamping had been unhelpful in his handling of situation. Said his government must be strong enough to put down insurrectionists and achieve law and order. He thought clean-cut victory in Parliament yesterday should give government courage to carry out necessary measures for improvement situation.

President said Chinese Communists becoming quite aggressive in Indonesia. Reports reached him that important sums of gold were being brought in from China to finance widespread propaganda and related activities. President said he hoped in USIS efforts we would stress positively American institutions and way of life and not resort to such publications as one his Minister of Information had recently brought to his attention, "the Communists come to China". He said his government is itself taking steps to prohibit entrance Chinese propaganda films and literature and prefers no international propaganda struggle take place Indonesia. President said Indonesian intelligence system weak. I agreed mentioning need for improvement and pointed out unpunished murderers of American citizens. See Embtel 573 re Doyle–Kennedy murders.[1]

I expressed appreciation Sukarno's message to UN on fifth anniversary. He said anxious to work with UN and hoped Roem might be able attend General Assembly, but did not want him to go US if disagreeable debate on Ambon in progress in SC. Furthermore, stressed importance having Roem in Djakarta these days to help with many emergencies.

President stressed importance of solution NNG question in favor Indonesia and have [*gave?*] arguments with which Department is familiar.

[1] Not printed; it reported that Ambassador Cochran had received further evidence of the complicity of TNI officers in the murders of Raymond Kennedy and Robert Doyle, American correspondents, on April 27 (256D.113 Kennedy, Raymond/10–2650).

President favored STEM program being carried out by small group technicians. Opposed UNO idea of CCC for forestry work, but sought their aid in transmigration projects.

COCHRAN

330/11–250 : Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, November 2, 1950—7 p. m.

470. Re SC consideration Ambon. We note that only three members of the Council responded to your statement regarding the UNCI reports on Ambon at Monday's [2] meeting of the Council and that, while they all reserved their positions pending study of the comite's second report, none of the three appeared particularly eager to embark on a full scale discussion of the matter at this time.

As matters stand, our immed objectives have thus been accomplished; the reports have not been ignored on the record and, at the same time, both the Indos and the Dutch have had an opportunity to see officially how the Council itself sizes the matter up at this juncture.

If the Yugo Rep as Pres or if other members of the Council shld ask you what if any further action the US wishes the Council to take in the present situation, we believe you shld point out that in stating our own views on the matter in the Council we had at the same time sought an expression of views from other members and that the other members have not expressed a desire to have the Council debate the issue. Unless another Member publicly requests SC consideration or unless the situation on the spot changes, we do not contemplate taking further action in the Council.

ACHESON

[1] Repeated to Djakarta as 476 and to The Hague as 532.

[2] For the text of Austin's statement on October 30, see United Nations, *Official Records of the Security Council, Fifth Year*, pp. 29–31.

611.56D/11–750

The Secretary of Defense (Marshall) to the Secretary of State

TOP SECRET WASHINGTON, 7 November 1950.

DEAR MR. SECRETARY: With respect to a letter of August 1950, from the Under Secretary of State, regarding access to Indonesian petroleum supplies in the event of U.S.–USSR hostilities, the Joint Chiefs of Staff have presented the following views:

"1. In connection with the first paragraph of the letter from the Under Secretary of State, the Joint Chiefs of Staff desire to point out

that, regardless of whether or not Middle East oil is denied to the United States, present plans envisage the use of Indonesian petroleum supplies in the event of war. The matter of whether or not the USSR could deny the Middle East oil fields to the United States in the event of a U.S.–USSR war is dependent upon many factors kept under continuing study by the Joint Chiefs of Staff.

2. The Joint Chiefs of Staff concur with the Under Secretary of State's assumption that a hostile Indonesia would present a most serious problem, not only because of its loss as a source of petroleum but also for the reasons indicated in the following paragraph.

3. If Indonesia is hostile, in the event of a war between U.S. and USSR, important quantities of rubber and tin from Indonesia will be lost. Further, the security of Sarawak, North Borneo and Malaya which are sources of supply of critical raw materials such as rubber and tin may be threatened; the security of our lines of communication in the South Pacific–Indian Ocean area will become exceedingly tenuous; and our antisubmarine problem in that area will be increased because of the availability to the enemy of safe anchorages and refueling and resupply points throughout an extremely large area.

4. The Joint Chiefs of Staff have found no indication that Indonesia will become hostile and feel that the commitment of forces to areas considered more essential to victory, or which are known to be or probably will be hostile, precludes the possibility of diverting forces to Indonesia. They therefore propose to make no change with respect to Indonesia either in plans presently approved or in preparation.

5. The Joint Chiefs of Staff recommend that political, economic, and psychological actions which encourage the benevolent neutrality of Indonesia, in the event of a U.S.–USSR war, be continued by the appropriate governmental agencies."

The Department of Defense trusts that the above views will be helpful in developing U.S. policy with respect to Indonesia.

Faithfully yours,

G. C. MARSHALL

756D.5/11–950: Telegram

The Chargé in Indonesia (Beam) to the Secretary of State

TOP SECRET PRIORITY DJAKARTA, November 9, 1950—3 p. m.

635. In discussing minor question at his request this morning, I availed myself opportunity take up with Vice Premier Jogja Sultan matter outlined Deptel 391, October 12. I explained that while we hoped tensions Far East would not grow we considered it possible should crisis arise Communists would endeavor to strike at US through Indonesia. I referred tin, rubber, petroleum enterprises and dock facilities against which local Communists might attempt sabotage. I stressed our joint interest in protecting these properties, ours from standpoint need such materials and Indonesian interest from standpoint continuing receipt largely dollar payment for materials in question and protecting most valuable productive enterprises. I said while we had no desire interfere internal affairs we would be willing make

pertinent interesting material available in industry such as tin and also be in position offer unobtrusive specalist assistance.

Sultan said was glad I brought question up and he wished communicate to me most secret basis his military and security plans for the future. Fifteen battalions now fairly seasoned troops had been employed Ambon operation, five in taking city itself. Resistance completely broken and APRI now engaged mopping up between city and south also on Ceram where Soumokil has fled with some two or three hundred green and red caps. Main body APRI troops to be shortly withdrawn for security operations principal islands. Sultan said security situation most serious and government was contemplating aggressive action on scale equal or greater than Madiun. Communists Medan, west Borneo getting arms and working with all kinds dissident groups Java whom Sultan described as red, green (Darul Islam) and black (including Dutch adventurer). Early December government will take action against bands around Merapi, will then clean up east Java and concentrate as soon as possible on west Java. Scale of future operations indicated in suggestion Sultan making to Foreign Office that foreign diplomats would be required request military escort on road Bandung. After Java government forces will then turn their attention east Sumatra possibly mouth January.

Thereafter, in February would clean up Rioauw archipelago and Banka and Billiton. Sultan said contemplated complete shakeup civil, military and police administrations latter area. Would assign five patrol boats police adjacent waters but these far from adequate and Sultan said need was desperate for more fast patrol vessels. I said I would communicate his statement this effect to Washington as plain fact without being in position to make request for assistance. Summing up Sultan said quietest place main islands was south Sumatra, although Communists now attempting infiltrate there.

While promises in matters of this kind have sometimes surpassed performance, it looks as if government this time may mean business. Sultan indicated action would be taken against militant Communists including those in SOBSI and among Chinese especially against persons with unauthorized arms. I thanked Sultan for his confidence and with reference installations we had first discussed I said we might get in touch with him again concerning way they might be affected by future developments. He declined commit himself now re offer US assistance and I believe we must let this idea simmer for awhile at this end. With respect present safeguards he simply said government conscious importance this matter; Sultan said government as yet has taken no stand on Chinese intervention Korea and was awaiting information and recommendations from Roem.

Sultan confident and in good humor and in conclusion mentioned Amboness demonstrators Djakarta transported by Dutch Army and

Garuda Airways trucks. Said apparently some Dutchmen will never learn.

Believe Embassy should quietly discourage trips US citizens to interior next few months. Possible effect above developments on question delay withdrawal Dutch troops will also be watched.

BEAM

357.AA/11–2250: Telegram

The Secretary of State to the United States Delegation on the United Nations Commission for Indonesia[1]

SECRET WASHINGTON, November 22, 1950—8 p. m.

534. Usgoc 489. Neth Minister called Nov 20 presented *Aide-Mémoire* setting forth views his government on dissolution UNCI.[2] Neth strongly opposed to liquidating or curtailing activity UNCI at this time view of *a*) Comm's role in demobilization KNIL, *b*) lack of agreement on NNG and assistance UNCI might still lend parties this regard, *c*) possible interpretation such dissolution as an acquiescence in negation by RI of right of self determination. Neth Minister asked whether there had been any crystallization of our view this matter and was informed we had not reached a decision.

Dept tentatively believes that Comm shld be dissolved and that earliest logical date wld be 27 Dec, one year fol transfer of sovereignty. Dept realizes it unlikely repatriation of ex-KNIL will have been completed this time or disposition NNG decided upon. Nonetheless we understand bilateral Neth-Indo machinery for repatriation ex-KNIL sufficient and capable of work without help of Comm. Further, view of Australian attitude, Dept doubts Indo cld agree Comm participation substance NNG dispute. Also there some reason believe Australians may even consider themselves disqualified this connection. However, at time Comm makes report it cld appropriately take note of negotiations and if need be suggest continuation of same through Union machinery or other possible means.

Dept suggests you discuss this problem informally Comm members and ascertain their views. Wld appreciate ur comments role of Comm next few weeks and method of dissolution thereof.[3]

ACHESON

[1] This telegram was repeated to The Hague for information as 627.

[2] A copy of the *aide-mémoire* and the memorandum of Minister de Beus' conversation with Durward V. Sandifer, Deputy Assistant Secretary of State for United Nations Affairs, and Joseph W. Scott, Officer in Charge of Swiss and Benelux Affairs, are in file 357.AA/11–2050.

[3] In telegram 699 (Gocus 926), November 27, from Djakarta, not printed, Beam reported that he and the Australian member of the UNCI "strongly believe UNCI should be dissolved at least before December 27. . . ." (357.AA/11–2750) During December the United States attempted to convince the Dutch, Belgians, and Australians that the UNCI should be dissolved but by the end of 1950 had not succeeded in these efforts. Documentation on this subject is in file 357.AA/11–2750.

357.AA/12–850 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

CONFIDENTIAL PRIORITY DJAKARTA, December 8, 1950—6 p. m.

764. Visited President Sukarno forenoon eighth my request. He particularly interested in story Roem's visit US and warm welcome extended, including reception by President and Secretary of State.[1] Sukarno asked US attitude on NNG. I reminded him we participated in UNCI when latter assisted draft provisions RTC agreement with respect NNG. US steadfastly maintained position two parties to dispute should negotiate solution amicably. I told him of conversation with Roem and NNG (reported by me from Brussels November 30[2]). I said today's press reports indicated agreement under consideration somewhat along lines envisaged by Roem, involving *de jure* transfer sovereignty end 1950, and various separate agreements to be consummated thereafter with respect transferring administrative and other functions gradually.

President had received no word directly from Roem as to present status negotiations. He said arrangement such as Roem described would be acceptable to him. He would not agree, however, to joint control or trusteeships for NNG. He stressed importance which Indonesian people attach sovereignty transfer. He asked if US could take active part in behalf Indonesians. I again repeated we adhered firmly to position taken at The Hague and hoped two parties would soon settle differences through friendly negotiations, without drawing others into controversy. I said if agreement now concluded along lines envisaged by Roem, I would not hesitate recommend my government express its satisfaction that such amicable arrangement had been achieved. I pointed out that Australia had risked destroying its usefulness on UNCI by practically becoming a party to NNG dispute. I thought Sukarno would see propriety of US refraining from any statement favoring either side while negotiations in progress, particularly when good friends of US are involved on what might be called three sides, namely Netherlands, Australia and Indonesia. I particularly expressed hope solution would be reached without Indonesia resorting to such measures as boycott and sabotage.

We discussed Indonesian internal situation. President assured me that with return Indonesian troops from Ambon, effort would be concentrated on eliminating armed bands and marauders and on establishing security for life and property.

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[1] Foreign Minister Roem and six other Indonesian officials were in Washington on November 15 and 16 following a visit to the United Nations. Roem met with President Truman on the 15th and with Secretary Acheson on the 16th. No record of either of these meetings has been found in the Department of State files, but a background paper prepared for Secretary Acheson by Rusk, dated November 15, not printed, is in file 756D.00/11–1550.

[2] No record of Cochran's report has been found in the Department of State files.

Sukarno raised question Korea and sought my views thereon. I admitted situation grave but reminded him US history showed we always emerged satisfactorily in end. I did not yet know results Washington conference with British [3] but reports so far of mutual determination and cooperation were highly encouraging. I told Sukarno we had definite knowledge of heavy Chinese troops movements towards Korea border many weeks before MacArthur's last push toward border, so that allegations of this had precipitated Chinese offensive action were false. He admitted Communist explanations of Chinese "volunteers" completely absurd. When I mentioned our suspicion Chinese had Soviet inspiration and support, Sukarno quickly replied this was no "suspicion" but "fact". Sukarno said Chinese Communists Indonesia becoming increasingly [impudent?]. Said government endeavoring obtain proofs of use gold from Shanghai and from Chinese Ambassador Djakarta for financing trouble-making Surabaya and elsewhere. Still not permitting opening of Chinese Consulates.

I told Sukarno it was well Roem had taken group of associates to Lake Success to participate in UN activities and learn issues on which Indonesia as new member state must indicate position. I said move of 13 Arab and Asiastic states, including Indonesia, in petitioning Communist Chinese for halting at 38th parallel evidence desire to be of assistance. I was worried however by fact Indonesia joined three other Asian countries in abstaining from vote in which 51 UN members favored discussing six-power resolution on withdrawal Chinese from Korea, with five Soviet member states opposing. Sukarno assured me that one great desire of Indonesian Government is to help prevent Third World War. I made clear to him that, however noble this motive may be, there is certainly ground for misunderstanding thereof by fellow members of UN when a newly-admitted member of the body, particularly a member owing its sovereignty so importantly to UN action, fails to support resolution in defense of principles upon which UN founded. I had not endeavored at any time draw Indonesian Government publicly into taking position, but now that membership in UN entails voting on contentious issues, Indonesia would have to realize that philosophy of its government and orientation of its foreign policies will be judged importantly by their voting at UN. I did not mean to criticize, since I have full understanding of difficult stage through which Indonesia still moving and of disaster that might come from getting involved when desperately unprepared.

On other hand, I stressed US had not hesitated taking lead within UN toward stopping brutal aggression in an area far removed from our shores. I said we could still withdraw to our own land and defend

[3] Documentation on President Truman's talks with British Prime Minister Attlee, December 6–8 at Washington, is scheduled for publication in volume III.

ourselves against any enemy if we were motivated solely by self-protection, and not dedicated and devoted to principle of defending free peoples against aggression. We had risked and are still risking our best fighting forces against tremendous odds, supported by contributions from fellow UN members which are little more than token in most instances. I pointed out that some countries more closely exposed than Indonesia to danger from Communist China, such as Thailand, have not hesitated to indicate how they stand and contribute to cause of defense. I said Indonesia should realize Chinese move into Korea is part of overall Soviet plan to control Asia and that resolute defense on continent of Asia is vital if Indonesia itself is to be spared. I said Indonesia must be awake to and admit danger of Communist movement southward and formulate its policies accordingly.[4]

Sukarno again insisted position Indonesian Government is taking is that which they conscientiously feel will best contribute to preventing Third World War. He said I should know Prime Minister Natsir hates anything that "smells slightest of communism." I said that while I had entire faith in attitude of moderate Indonesian Government toward communism, many peoples might not be convinced Indonesian Government unalterably opposed to communism if it hesitates even to vote against specific aggression so obviously stemming from communism.

I told Sukarno how Roem had raised question of military assistance with Secretary of State in my presence, how we had studied best possible means of meeting Indonesian requirements and sensibilities. I revealed information which I had given Roem on my return to Europe for his guidance in dispatching military purchasing mission to US. I pointed out, however, increasingly heavy demands upon US production for our own needs and those of our Allies participating in Korean struggle, and consequent difficulty in making equipment available outside MDAP program to non-participant. I hoped, however, that his government would find acceptable some sort of arrangement only slightly modifying that which I had consummated with Hatta on civil police equipment.

Sukarno is suffering from sinus trouble. He said that at much inconvenience to President Quirino, he has cancelled his trip to Philippines scheduled for December 10. No future date is set and postponement is indefinite. He was not sure whether Cabinet would give out statement alteration of plan due to President's illness. He wanted me to know it came primarily from realization gravity world situation

[4] In telegram 596 (Usgoc 491), December 9, to Djakarta, not printed, Cochran was advised that the Department of State fully supported his position on the Indonesian attitude toward Korea. Cochran was to "impress on Indos necessity free world united in its determination resist aggression and maintain principles UN Charter and that best evidence this unity and determination can be expressed in overwhelming vote in GA." (357.AA/12–950)

and feeling his duty is to be in his own country. Sukarno thanked me warmly for my visit and expressed his satisfaction I had returned Indonesia at this time.

He urged I keep closely in touch with him and give him benefit of any information and advice possible in the circumstances.

Met at airport this afternoon Djuanda and Pringgo Digdo returning from Hague Conference. Arrange for Djuanda meet with Griffin and me Saturday morning. Pringgo is to bring me to date on Hague developments soonest.

COCHRAN

756C.00/12–2950: Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

TOP SECRET NIACT DJAKARTA, December 29, 1950—5 p. m.

857. Pringgo Digdo, Chief of President's Cabinet, came my home 1 p. m., December 29, his request. He told me he had, at President's instruction, addressed letter to PriMin Natsir including two points (1) in Sukarno's opinion Netherlands-Indonesian union should be dissolved following deadlock in Hague NNG negotiations, (2) Sukarno could not serve as President of a sovereign state belonging to a union in which one state occupied other's territory illegally.

Pringgo said Natsir had talked with Sukarno night 28th re this letter but had been unable shake Sukarno's determination to carry out threat of resigning if union is not dissolved. Pringgo himself had argued with President to no avail. He said absolutely hopeless for anyone to try to change President's mind on subject of NNG to which he has given so much attention and on which he has spoken so firmly.

I asked Pringgo if he thought Natsir Government would act to dissolve union. He replied that if this government did not, its successor would. Pringgo thought successor government would be one headed by PNI and include Leftist parties.

Pringgo said further that President had not intimated to government, but had let Pringgo know that if he cannot obtain dissolution of union through government, he will communicate directly with Parliament, seeking action by that body toward desired end. Pringgo said union had become increasingly unpopular through chain of events in '50 and quite probably Parliament would act in favor dissolving union if and when question reaches that body. Pringgo added that even some of original supporters of union have weakened in their faith therein, as result Netherlands mistakes on such matters as Westerling, Makassar, Ambon, and NNG. Some of them would still like to preserve union, at least until Netherlands may be given further opportunity to yield on NNG. There are, of course, many who sincerely hope union can be perpetuated. Some of least ardently

want to get most they can out of it, that is, use threatened dissolution as bargaining weapon in acquiring NNG and perhaps other advantages. Pringgo did not answer my question as to how dissolution of union would solve NNG question to Indonesians' satisfaction.

Pringgo said President, well as members of Cabinet, have been happy at position taken by most Netherlands residents of Indonesia on latter's side with respect NNG problem. He insisted government is taking even more vigorous measures than most of us know to keep down incidents at this critical time and to protect lives and property of Netherlanders, well as other foreigners.

President is receiving Chiefs of Mission and Cabinet members forenoon January 1st. I asked Pringgo if he thought I should see President separately. He said I should within day or two after January 1st and that he would seek the appointment. I told him I would not however intercede between President and his government.

COCHRAN

756C.00/12–2950

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Secretary of State[1]

SECRET [WASHINGTON,] December 29, 1950.

Subject: Netherlands New Guinea

Discussion

The Round Table Conference agreements between the Netherlands and Indonesia provided that the future status of Netherlands New Guinea be determined through negotiations between the Netherlands and Indonesia within a year from December 27, 1949, the date upon which the Netherlands transferred sovereignty to Indonesia. Negotiations between the Dutch and the Indonesians on this problem have culminated in an impasse at a recent conference in The Hague.

During the conference the Indonesians proposed that the Dutch transfer sovereignty over Netherlands New Guinea to Indonesia during the year 1951 and upon the completion of a series of agreements designed to protect a special Dutch position in social, economic and cultural fields. In rejecting the Indonesian offer the Dutch made a counter-offer proposing that sovereignty over Netherlands New Guinea be transferred to the Netherlands Indonesian Union; that if this were unacceptable the United Nations Committee on Indonesia be called upon to assist the parties in reaching a solution; or that, should the Indonesians not desire to use UNCI, a new commission be established, with perhaps India representing Indonesia, Belgium representing the Netherlands, and the two so selected to name the third nation member.

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[1] The memorandum was initialed by Secretary Acheson.

The Indonesians have rejected the Dutch proposal to transfer sovereignty to the Netherlands Indonesian Union and have indicated to us that, in view of UNCI's membership, which includes Australia and Belgium, they will not consider its use in connection with the New Guinea problem. The Indonesian reaction to the Dutch suggestion establishing a new commission is unclear.[2]

Australia, the Netherlands and Indonesia are all concerned in the disposition of Netherlands New Guinea. Their positions are as follows:

Australia

Australia has insisted that it has a vital national interest in any settlement of the future political status of Netherlands New Guinea. The eastern half of the island of New Guinea is held by Australia under trusteeship and in the case of Papua, as a non-self-governing territory. Australia considers that all of New Guinea forms a part of the Australian inner defense system and believes that this contention was proved to be correct by the events of the last war. Because it regards Indonesia as politically unstable and incapable of providing proper security for Neitherlands New Guinea, Australia has been adamantly opposed to Indonesian control being extended to New Guinea in any form whatsoever. The Australian Government has rejected in advance any solution of the question of Netherlands New Guinea which permits the Indonesians even a share in the administration of the territory. Because of its strong feeling that vital Australian security interests are involved in this matter, Australia has gone so far as to threaten to use force if necessary to prevent Indonesia from gaining control of the territory. The Counselor of our Embassy at Canberra,[3] who is now in the United States, believes that there is a better than even chance that Australia would carry out this threat.

In April of this year, the Department informed the Australian Government that, while adhering to the RTC formula for settling the question of the future status of Netherlands New Guinea, we favored continued Dutch control of the territory, preferably in the form of a trusteeship, and had so informed the Netherlands. Since that time we have given no further indication of our attitude toward the substance of this question. Any alteration in our position would result in serious repercussions in Australia affecting adversely our relations with that country.

The Netherlands

Until quite recently, the Dutch Government has shown firmness in its opposition to a transfer of sovereignty over Netherlands New Guinea to Indonesia. The last word we have had from the Dutch in

[2] More detailed documentation on the New Guinea conference at The Hague, December 4–18 and 23–27, is in file 756C.00.

[3] Andrew B. Foster.

writing on this was presented to us last May 4 in a note[4] in which they said, "The Netherlands Cabinet, having once more thoroughly examined this problem, has reached the conclusion that Western New Guinea should remain under Netherlands authority". More recently, our Embassy at The Hague was informed that the Dutch Government considered that neither it nor any foreseeable Dutch Government which might replace it could pass sovereignty over Netherlands New Guinea to Indonesia because of the impossibility of obtaining the requisite two-thirds majority in the States General. In the last week or so, however, there appears to have been some weakening within the ranks of the Labor (Socialist) Party with respect to the Government's position. The Embassy at The Hague has reported during the last day or so that although the Socialist Prime Minister, Mr. Drees, still refuses to make further concessions to Indonesia, the Socialist Party itself appears to be badly split between those who urge a conciliatory attitude and those who follow the Prime Minister. It may be that the failure to reach a satisfactory agreement with the Indonesians at the conference which has just ended will precipitate a cabinet crisis at The Hague. At this writing, our Embassy there is not ready to attempt to evaluate this possibility until there are further indications of public reaction to the failure of the conference.

In addition to the elements in the Socialist Party referred to above as being in favor of a compromise on the New Guinea issue, there are a number of Dutch business interests which definitely favor The Hague's giving in on this issue in the hope of preserving the present satisfactory status of their investments in Indonesia itself.

Until recently, it was assumed that a transfer of sovereignty over New Guinea to the Indonesians would require a majority of two-thirds of the Netherlands Parliament to enact the necessary legislation. There now appears to be some doubt as to the constitutional requirements on this issue, it being held by some that the legislation could be passed by a simple majority.

Over against the factors mentioned above which can be expected to operate in favor of the Dutch Cabinet's ultimately accommodating itself to Indonesian demands for sovereignty over Netherlands New Guinea, there remain important arguments in favor of their maintaining their present position. Prominent among these are external considerations, principally the attitudes of the United States, Australia and the United Kingdom. It is thus very doubtful that the Netherlands Government will seriously modify its position on New Guinea until it has an opportunity to study the considered views of these three Governments in light of the present circumstances. Specifically, it is probable that the Netherlands Cabinet will await word from

[4] Not printed, but see footnote 1 to the memorandum of the same date, p. 1017.

us in response to Dr. Stikker's request to the Secretary regarding the views of the Joint Chiefs of Staff on the strategic considerations involved before basically altering the present Dutch determination to maintain responsibility for Western New Guinea.

Indonesia

The Indonesians have been persistent, since they became independent on December 27, 1949, in demanding sovereignty over Netherlands New Guinea. This attitude on the part of the Indonesians has been encouraged by statements of Indonesian Government officials, particularly President Sukarno. Indonesian opinion has developed to the point that there is a real threat of a boycott of Dutch interests in Indonesia, in the event that Indonesian demands of sovereignty over Netherlands New Guinea remain unfulfilled. While such a boycott is being opposed by the Natsir Government, there is some doubt that its influence will be effective in stopping such a move. A boycott of Dutch interests will, of course, harm Indonesia's production and may well lead to increasing instability within Indonesia, of which no doubt the Communists will take advantage. The position of Dutch nationals in Indonesia, if a boycott develops, will be most difficult. Moreover, the anti-Dutch feeling might extend to all Westerners. In its communiqué issued at the termination of the recent Hague Conference, the Indonesian Delegation stated its position with regard to Netherlands New Guinea as follows:

"A. The Republic of Indonesia maintains its claim on Western Irian as constituting part of the territory of Indonesia.

B. The *status quo* in Western Irian, which would, according to the R.T.C. agreement, only continue with the consent of Indonesia will continue as from this day without the said consent of the Republic of Indonesia."

The Natsir Government may fall because of its failure to obtain sovereignty over Netherlands New Guinea. This government is about as good a government as we can expect in Indonesia and, if it falls, its replacement may be expected to be less well disposed to the United States and the West. The Indonesians believe that Netherlands New Guinea was used as a base to support the recent revolt in Ambon and that the control of Western New Guinea by the Netherlands may lead to further attacks against Indonesian authority. We expect a virulent form of irredentism in time to dominate Indonesian politics if the Indonesian demand for Western New Guinea is not fulfilled. We believe that if Indonesia were permanently denied sovereignty over Netherlands New Guinea, it would become anti-Dutch and eventually anti-Western. Such a development would make it most difficult to ensure the benevolent neutrality of Indonesia in the event of a US–USSR war although it is recognized that other factors would also

have an important bearing on this question (see recommendation in Secretary Marshall's letter of November 7 to the Secretary).

Trusteeship Under the United Nations

The population of Netherlands New Guinea is not ready for independence at this time. It has no ethnical ties with Indonesia, Australia or the Netherlands. Thus, from the point of view of the objectives of the United Nations with respect to non-self-governing peoples, a trusteeship within the United Nations trusteeship system would appear appropriate and may be acceptable to the majority of the Members of the United Nations. Trusteeship under the United Nations, however, with Indonesia as the administering authority, would be unacceptable to the Australians; a trusteeship with the Dutch as administering authority would be unacceptable to the Indonesians, as would the United Nations as the administering authority. Neither Indonesia nor the Netherlands would be willing to see Australia become the administering authority under a trusteeship.

U.S. Strategic Considerations

The Department was informed on October 2, 1950, that the Joint Chiefs of Staff perceive no major U.S. strategic interest at this time in the disposition of Netherlands New Guinea so long as it remains in the hands of a nation friendly to the United States.

On December 21, the Department addressed a letter to General Burns (Attachment A [5]) outlining the views of the Indonesians, the Australians and the Dutch in some detail and asking the current views of the Department of Defense in our strategic interest in Western New Guinea. A letter of November 7 (Attachment B) from the Secretary of Defense gives the Joint Chiefs' views on Indonesia as of that date.

U.S. Policy

During the RTC meeting last year we informed the Dutch that we favored their proposal for a UN Trusteeship with the Dutch as administering authority. We informed the Dutch in March of this year that our views had not changed. We informed the Australians in April that we favored Dutch control of Netherlands New Guinea. Since that time we have refrained from expressing any substantive views on this question and have reiterated the view that the problem was one for settlement between the parties concerned as provided by the RTC.

Early this week we decided that the Department would not ask the parties to adjourn their negotiations to a later date as we felt that we could not assume the responsibility for encouraging the Natsir Government to adopt a course of action which might lead to its downfall with

[5] None of the attachments listed here was attached to the source text. A copy of the letter to Major General Burns, not printed, is in file 756C.00/12–2150.

all the unpleasant consequences entailed in the collapse of the moderate government of Indonesia.

Recommendations

1. That we maintain our present position of impartiality regarding the substance of the issue unless and until some new factor can be shown to tip the balance, and that, as Ambassador Cochran recommends, we make no statements nor offer any advice at this juncture on the New Guinea problem. (See Attachment C.[6])

2. That, if it can be done without jeopardizing the present Dutch and Indonesian Governments, we advise both parties at an appropriate time and in an effective manner that (*a*) we expect them to continue their efforts to find a solution by pacific means of their own choice in accordance with their obligations under the UN Charter and (*b*) we do not regard the failure to reach a mutually acceptable solution of the New Guinea problem as a justification for boycotts or violence.

3. That as soon as we have received a reply from the Joint Chiefs of Staff to our letter of December 21, 1950, we address ourselves to the substance of the issue again in the light of circumstances then prevailing.[7]

[6] Probably a reference to telegram 853, December 28, from Djakarta, not printed, in which Cochran reported on a conference with Prime Minister Natsir concerning the outcome of the New Guinea conference. (656.56D/12–2850)

[7] On January 4, 1951, Major General Burns replied that the estimate given by the Joint Chiefs of Staff in the letter to Secretary Acheson on October 2, 1950 (p. 1074), after giving full consideration to the recent developments, remained unchanged. (756C.00/1–451)

756C.00/12–2950 : Telegram

The Secretary of State to the Embassy in Indonesia[1]

TOP SECRET PRIORITY NIACT WASHINGTON, December 30, 1950—3 p. m.

662. Urtel 857, Dec 29. We are uncertain whether position taken by Sukarno in letter of which Pringgodigdo informed you is simply effort obtain US support or whether it represents views Sukarno believes he must put forth to preserve his prestige in view his oft repeated statements re NNG. Inasmuch as we believe ur recommendations contained final para urtel 853, Dec 28, 9 p m[2] are sound, we do not think we can offer Indos advice this juncture.

However, we think that, should Sukarno recommend dissolution Dutch-Indo Union in public manner, such action will have effect of solidifying Dutch parliamentary and public opposition against accommodation Indonesia on NNG question. In particular, we suspect

[1] Repeated to The Hague for information as 775.

[2] Not printed, but see memorandum *supra*, and footnote 6 thereto.

that public recommendation by Sukarno on dissolution might tend to heal what appears to be split in Dutch Labor (Socialist) party. In effect it most difficult to see how dissolution Union would solve NNG question to Indos' satisfaction.

We of course desire continuation Union which we believe has been and will continue to be of benefit to both Indonesia and Netherlands. We would not dispute that Dutch may have made series of mistakes in matters such as Westerling, Makassar and Ambon. On the other hand, we have been greatly encouraged that there have not been many more difficulties of this type under the exceedingly troublesome conditions inevitable in the establishment of full Indonesian sovereignty. That Dutch and Indos have traversed this dangerous period without even more friction is evidence of high utility of Union concept.

You may in ur discretion use views contained in two preceding paras in any manner you deem appropriate. Dept hopes that Roem, whose views are reported as much less extreme than Sukarno's (re The Hague tel to Dept 934, rptd Djakarta 91 [3]) will act as moderating influence on President after FonMin returns Djakarta.

ACHESON

[3] Not printed; it reported Roem's views at the end of the conference that restraint and discipline were needed by the Indonesians and that some weeks of nonaction were strategically desirable. Roem felt that the Dutch people were not interested in the retention of New Guinea and would bring pressure to bear on their leaders. (756C.00/12–2850)

756C.00/12–3150 : Telegram

The Ambassador in Indonesia (Cochran) to the Secretary of State

TOP SECRET NIACT DJAKARTA, December 31, 1950—6 p. m.

865. Secretary to Prime Minister Natsir came my home night the twenty-ninth. Said before Prime Minister's departure for Bandung that afternoon he had instructed secretary tell me he thought it might be helpful if I saw Surkarno, but he left it to my judgment. I gave no definite answer but have preferred not seek appointment except as planned final paragraph Embtel 857.

Cabinet scheduled meet 9 morning thirtieth but postponed until 2 p. m. awaiting Natsir's return. President Sukarno attended that part of session wherein NNG was discussed. Consensus of opinion seemed to be that since Hague negotiations had failed to achieve one point pledged in Natsir's political platform government should resign unless it can come forward with proposed solution and then risk vote non-confidence by Parliament thereon. It was agreed no firm decision should be taken pending return Ministers Roem and Leimena with remainder Indonesian delegation from NNG conference. They scheduled arrive 2 p. m. January 1. Cabinet meeting will be held immediately thereafter.

Addressing gathering on occasion birthday Prophet Mohammad, President Sukarno night thirtieth said he had to disappoint his audience because he was not able to make his long-awaited speech on New Guinea. Said he had much desire to give his opinion on this question but he was President with parliamentary Cabinet and this Cabinet has to account for its activities to Parliament. He added however "as soon as Cabinet has received Minister Roem's report and Cabinet has decided its standpoint I will raise my voice over New Guinea."

Am told in strictest secrecy that Cabinet meeting thirtieth practically decided on denouncing Netherlands-Indonesian union, with it remaining only to formalize such decision after Roem has been heard. Masjumi Party leaders preferred to formulate this definite decision for submission to Parliament rather than to resign without doing anything and leaving way open for leftist government and outbreak boycott, sabotage and perhaps even more serious violence. But as counterpart to this decision which will be communicated to President after Cabinet's meeting with Roem, or will be learned directly by him if he attends, Cabinet will establish firm policy toward keeping law and order and avoiding such excesses as boycott, sabotage, strikes, etc., and will insist that President support such policy in speech which he is to make on night first, and in his future acts.

Cabinet's legal expert bases propriety of denunciation of union upon fact that Indonesian constitution includes west New Guinea within sovereign Indonesia; that in remaining in NNG Netherlands union partner violates territory Indonesian partner, so latter has right abrogate union. Cabinet members have already seen growing demand in press for end of union and it is fairly certain that many of their respective party leaders with whom they are conferring today will agree that present deadlock constitutes not only justification but also opportunity for breaking union that Netherlands have permitted to develop unhappily principally through maladroit handling of military and political issues this past year. Ministers realize they are taking serious chance in such decision. They know they would be badly hurt if Netherlands should in return withdraw communications, capital, etc., from Indonesia. Ministers believe, however, that Netherlands' business interests are sympathetic to their position. They would rather take risk of Netherlands reprisal and condemnation by foreign opinion and international groups than simply give back their mandate to President and leave way open to leftism and violence. Ministers are advised by their legal expert that union can be denounced without destroying agreements under RTC that do not pertain directly to matter of union. Majority of them definitely want to continue economic and related agreements provided for in RTC, and think Netherlands will come to same decision. They realize that Indonesia will not acquire NNG by policy of denouncing union. They will not send forces to try

to capture NNG. They will be reconciled to leaving NNG matter in dispute, after union denounced, with hope that with passage of time, certainly not more than few years, Indonesia will have become consolidated internally and will have established such diplomatic relations with Netherlands and Australia that recognition of Indonesia's claim to NNG will be forthcoming.

I was asked by my high-placed informant what reaction of UN and US would be to Indonesian denunciation of union. I said I had no instructions or authority to speak for either. I said, however, that we naturally desired to see international undertakings respected and difficulties worked out by bilateral rather than unilateral decisions. I knew that my people would deeply regret scrapping of entire RTC agreement. My friend thought this would not come. In answer to my question whether intervention immediately by UNCI or foreign representatives, including myself, could stop move toward denouncing union, he replied that it definitely could not. I have been of this opinion for some time. I hope I may be able, however, helpfully to counsel law and order, and perhaps to contribute to better understanding between President and his Cabinet. Ministers feel Sukarno has learned lesson as to dangers to his own policies and his own country of some of his statements and will work more harmoniously with his government in future. I am informed Vice President Hatta was present at Cabinet meeting and did not raise his voice once against trend of debate, apparently reconciled to this as best way out.

Please handle foregoing most cautiously. Incidentally Netherlands' edition of ANETA on thirty-first carried UP story dated Washington thirtieth speculating whether US would now intervene on NNG question and reporting that I had asked Department pressure Van Royen to get Netherlands yield to Indonesia on NNG.

COCHRAN

JAPAN

EFFORTS OF THE UNITED STATES IN BEHALF OF A PEACE TREATY AND SECURITY AGREEMENT WITH JAPAN; OCCUPATION AND CONTROL OF JAPAN[1]

694.001/1–1050

Memorandum of Conversation, by the Ambassador at Large (Jessup)[2]

TOP SECRET — TOKYO, January 9, 1950.

Mr. Sebald[3] and I called on General MacArthur[4] at his office in the Dai Ichi Building at 6:00 p. m. yesterday afternoon and had a two hours' conversation with him. I told him that, if he had no objection, I should like to have a talk with him on a purely personal basis. I reminded him that the Secretary was always careful to take up matters officially only through the regular channels and that I was not authorized to consult General MacArthur officially on the general problems of Asia and the Far East but would welcome the opportunity on a reciprocally personal basis to get his views on a variety of questions. The General said that he would be glad to talk on this personal and informal basis, it being understood that his command did not extend outside of Japan and the islands and definitely did not include China and Formosa. He went on to say that it had been a terrific mistake in his opinion to separate the commands at the close of the war when the areas were divided between his command and Navy authority. It would have been much sounder had a unified command remained for the whole Far Eastern-Pacific area.

[Here follows a discussion of General MacArthur's views on Japan before World War II, the Chinese civil war, and postwar Russian policy in Asia.]

I then said that following the lines which he had sketched I personally felt that one of the ways in which we could meet the communist

[1] Continued from *Foreign Relations*, 1949, volume VII, Part 2. The present compilation includes certain documents regarding a potential Pacific Pact; for additional documents pertinent to that subject, see pp. 1 ff.

[2] From December 14, 1949, to March 15, 1950, Ambassador at Large Philip C. Jessup conducted a 14-nation fact-finding tour of the Far East. Text of his public report is printed in Department of State *Bulletin*, April 24, 1950, p. 627. Documentation on his talks in Tokyo with Japanese and American officials during the period January 5–10 is filed under number 611.94/1–550.

[3] William J. Sebald, Acting United States Political Adviser for Japan and Chief, Diplomatic Section, GHQ, SCAP.

[4] General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers in Japan and U.S. Commander in Chief, Far East.

menace in Asia was by the conclusion of the Japanese Peace Treaty, which would prove that we were not imperialist but were ready to satisfy the legitimate desires of the people. General MacArthur immediately stated his emphatic and enthusiastic agreement with this proposition. He said that it was he who had signed the surrender instrument [5] on the *Missouri* and that he knew the terms and meaning of that document. While the Japanese had made promises, they had fulfilled those promises to the letter; we had also made promises and we were committed absolutely to giving them their freedom now that they had accomplished the essential purposes laid down in the surrender documents and Potsdam Agreement.[6] Nothing could so dramatize in the eyes of the world our intentions as the conclusion of the Peace Treaty. If we proceeded to a peace conference all of the attention of the East would be focused on this issue and so would the attention of the press of the world. This was one way in which we could accomplish the enormously important result of getting the initiative back from the Russians. He felt personally that it would be much the best plan to hold the peace conference in Tokyo. He said that the historic practice of arranging a peace treaty in the capital of the defeated power was not merely a show by the victor but as in this case had the essential purpose of getting the acquiescence of the defeated country in the terms of the peace. If the Peace Treaty were dictated in Washington remote from Asia, the Japanese would feel that any provisions of the treaty that they did not like had been imposed upon them from far away and they would resent and continue to oppose the implementation of these provisions. On the other hand, if the agreement were reached in Tokyo they would feel that they had a part in it and would accept the terms. Toyko represents an essentially neutral ground being as close to the Soviet Union as to the United States. This led him to a consideration of the future status of Japan and the possibilities of its long-term neutralization. He said the Russians were just as much convinced that we had nefarious ulterior purposes as we knew they had. Many people in the United States and elsewhere also thought that we intended to build up Japan as a weapon to use against the Russians. The Japanese on the one hand realize and we should realize that in any war regardless of what happened their islands would be destroyed. Modern war no longer was a suitable means of settling international questions because of the total character of the involvement and destruction. Japan

[5] For text of the instrument of surrender, signed aboard U.S.S. *Missouri* in Tokyo Bay on September 2, 1945, see Department of State Executive Agreement Series No. 493, or 59 Stat. (pt. 2) 1733.

[6] For text of the Potsdam Declaration of July 26, 1945, issued by the Heads of Government of the United States, China, and Great Britain, see *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1474. The Head of Government of the Soviet Union adhered to the Proclamation on August 8.

could, however, be a neutral spot to the advantage of the United States and of the Soviet Union as well. We should be able to convince the Russians that here at least their interests and ours were parallel. He felt sure that if a man like Jacob Malik [7] represented the Soviet Union in such discussions that he would appreciate this view and could be convinced. He believed this was true of other Russians as well. He saw no reason why the Russians should not agree to the security provisions which we desire for the Peace Treaty. In any case he thought we should proceed actively to negotiate the treaty if necessary ending up with a treaty to which the Soviet Union and China would not be parties. I then mentioned the recent expression of the views of the Joint Chiefs of Staff with which he was familiar and said that Mr. Sebald had with him certain recent documents received from the State Department with which I was not sure the General was familiar but which Mr. Sebald would be glad to read to him if he wished. General MacArthur replied first that the Joint Chiefs did not at all understand the problem here. He said that General Bradley [8] had never been in this part of the world and had all his experience and made his reputation in the European Theatre and looked forward to being the Comamnder in the European Theatre in case there were another war. General Vandenberg [9] had been a cadet at the Academy when MacArthur was Superintendent and stood at the bottom of his class. He would not have graduated except for MacArthur's intervention. He was an extremely able air operations officer but had absolutely no general, broad knowledge of problems outside of his particular jurisdiction. Admiral Forrest Sherman [10] is the one man in the group who knows the Pacific and the Far East and who is a man of the very first quality in all fields. He would be distinguished as a statesman or in any other capacity just as he is as a Naval officer. General MacArthur feels sure the decision of the Joint Chiefs could not represent his thinking. General Collins [11] has seen some service in Guadalcanal and had some familiarity with problems here but did not know them thoroughly. General MacArthur made it quite clear that he considered that Bradley was expressing the view of Secretary Johnson [12] and hinted rather broadly that this was a civilian rather than a military point of view which was expressed by the Joint Chiefs. Mr. Sebald then inquired whether the General had actually seen the

[7] Yakov A. Malik, Soviet Deputy Foreign Minister and Soviet Permanent Representative to the United Nations.
[8] Gen. Omar N. Bradley, Chairman of the Joint Chiefs of Staff.
[9] Gen. Hoyt S. Vandenberg, Chief of Staff of the United States Air Force.
[10] Chief of Naval Operations.
[11] Gen. J. Lawton Collins, Chief of Staff of the United States Army.
[12] Secretary of Defense Louis A. Johnson.

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statement [13] which the Joint Chiefs had made about our security requirements under a Japanese Peace Treaty. When the General said that he had not seen these but was familiar with the conclusion, Mr. Sebald read them to him. In regard to the first four points, the General interposed comments to the effect that these were correct and could be secured. He said the Japanese would have no objection and he did not think the Russians would object. Particularly with regard to the Ryukyus including Okinawa, he said the Russians could be countered by their claims to the Kurils and Saghalin and would be unable to object to our proposals. (He had previously stated his estimate of our needs here in terms of bases including the naval base at Yokosuka and three air bases—General Stratemeyer had mentioned to me five. In connection with each one of the air bases, the General said we would need merely a battalion of ground troops and an anti-aircraft battalion at each base and that at the naval base we would station the Commanding General with one regiment. This would represent a total complement with the Air Force of about 30,000 men.)[14] In regard to the JCS view about the participation of the Soviet Union and China and their conclusion that under present circumstances this could not be obtained and therefore the negotiation of a peace treaty was premature, the General stated quite explicitly his view that this was not a decision which should be left to the JCS, but that in any event, the JCS expected to be overruled. He repeated what he had said about their lack of familiarity with the problems and mentioned that his views had never been solicited. He said the JCS certainly did not express the views of SCAP. He went on to refer to the recent recommendation of the JCS for a mis-

[13] Apparently a reference to a memorandum of December 22, 1949, from the JCS to Mr. Johnson. Text forms the enclosure to a letter from Mr. Johnson to Secretary of State Dean Acheson, December 23, *Foreign Relations*, 1949, vol. VII, Part 2, p. 922. On December 27, the JCS memorandum was circulated as NSC 60.

[14] In a letter of December 9, 1949, to W. Walton Butterworth, Assistant Secretary of State for Far Eastern Affairs, Mr. Sebald had reported on his conversation that day with General MacArthur. He had stated in part:

"With respect to the security provisions of the treaty draft, General MacArthur said that he gave his views to Mr. Voorhees along the following lines: It is essential that Japan have security. He is first and foremost in favor of neutralization by all the Powers concerned, somewhat along the lines of the Monroe Doctrine. If, however, it is felt that a neutralization compact does not accord real security for Japan, then he would propose the granting of a limited number of bases in Japan to the United States, with a total force not exceeding, say, 35,000 men. The bases which he specifically recommended are Yokosuka (as a naval base), and three air bases located, respectively, in the north, center, and south. Even this grant on the part of Japan, however, must be voluntary and subject to cancellation upon notice by the Japanese. Troops maintained in Japan should be entirely self-supporting and would have no right of interference with the prerogatives of the Japanese Government. In any event, the granting of bases should be for a limited period." (740.0011 PW (Peace)/12–2349)

Tracy S. Voorhees was Under Secretary of the Army and deputy to the Secretary of Defense for policy matters affecting occupied areas.

sion to Formosa to look into the situation and make reports.[15] He said that he had been advised in advance concerning this recommendation by the Chief of Staff and had made all of his arrangements. He regarded the matter as so important that he could not delegate such a mission to anyone else and he had intended to go personally and make the examination and then would have discussed it with his own staff. This recommendation had been overruled. If the JCS could be overruled on that point, there was no reason why they could not be overruled on the question of the negotiation of the Peace Treaty. Again being careful to indicate that he was speaking personally and did not propose to mix into matters which were not his affair, the General said that he thought the Secretary should take the matter up with the President and ask for definite authority to proceed with the negotiation of the Treaty, the terms and procedures to be left to his discretion. He remarked that he had tried to get the Secretary to make a trip to Japan when he had first taken office, but unfortunately it had not been possible to arrange this. He felt that, if the Secretary could have come at that time, it would have been enormously helpful. It was evident to me that he felt that he and the Secretary viewed matters in very much the same way and that the difficulty existed between SCAP and the Department of Defense. Tying in this discussion with his previous remarks, I told him that the Far Eastern Consultants had included the conclusion of the Japanese Peace Treaty among the urgent items and that we had emphasized the need for dramatic steps which would capture the imagination. General MacArthur expressed full agreement with this and repeated his view that the negotiation of the Peace Treaty would be the most significant step which could be taken. The Russians are making considerable progress in their propaganda that it is the United States which is holding up the Treaty. We ought to press the negotiation and make it perfectly plain that it is the Russians and not we who would be holding up the Treaty. To illustrate this point, he recalled the banquet scene in "A Yankee at the Court of King Arthur" when the Yankee had described how he had told one of his choice stories without evoking a single smile. After he had told it for the 50th time, he noted that one man way down at the end of the table had smiled and the last time he told it that night, for the 500th time, he had them rolling under the table with laughter. The General said that this was the technique we should use in telling the people over and over again that we wanted a peace treaty with Japan and the Russians were blocking it. In regard to future developments concerning negotiation of the Treaty, I said that I had no information but that I personally felt sure that the matter should not be considered dead. I noted that the statement of the Joint Chiefs transmitted by the

[15] See *Foreign Relations*, 1949, vol. IX, p. 461.

Secretary of Defense to the Secretary of State had made it impossible for the Department to communicate to the British Commonwealth countries our views about the Treaty prior to their Ceylon Conference. I said it seemed to me likely that the British Commonwealth countries would discuss this matter and probably make some report to us concerning their views. The General thought the British were extremely anxious to have the Treaty in order to promote their commercial interests and thought it would be a great mistake to allow them to seem to have the initiative and to be prodding us into the negotiation of the Treaty rather than have us to take the lead. He indicated that if the State Department pressed ahead for a peace conference they would have the support of SCAP although he did not intimate that he wished to be called upon to express his views. In fact, as we concluded the conversation, he repeated that he expressed his opinion very freely and informally because they had been asked for; he did not wish to intrude his views and certainly did not wish to suggest that he felt he had any right to make decisions. He said when decisions were made by the Secretary of State they became the decisions of the United States and he would loyally carry them out. He stressed particularly his hope that what he had said to me in this personal and informal way would be guarded against the possibility of use to draw him into any controversies in Washington. He referred indirectly to his previous unfortunate experiences along this line. I assured him that I understood his position and would fully respect his wishes in the matter. (I think it is clear that none of the statements which he made should be allowed to get any wide circulation which might result in any leak to the press.)

PHILIP C. JESSUP

694.001/1–1050

The Ambassador at Large (Jessup) to the Secretary of State

TOP SECRET [TOKYO,] January 10, 1950.

PERSONAL

DEAR DEAN: This is a brief personal note to you to mention the most interesting point which has come up in the course of the three conversations I have had with General MacArthur. I have sent full memoranda of the conversations personally to Walt Butterworth.[1]

Sebald and I spent about two hours with the General Sunday evening and discussed on a purely informal and personal basis some of the general problems of the Far East and particularly the question of the negotiation of the Japanese Peace Treaty. We both prefaced and

[1] Mr. Jessup enclosed memoranda of his conversations held with General MacArthur January 5, 8, and 10 with his letter of January 10 to Mr. Butterworth. (694.001/1–1050) None printed, except the memorandum, *supra*.

added to our remarks by stressing the fact that on neither side were we speaking officially but purely on the basis of a personal exchange of views. General MacArthur is quite outraged by the views of the Joint Chiefs of Staff in regard to the postponement of arrangements for negotiating the Japanese Peace Treaty. He spoke very strongly on this subject and feels that the view does not really reflect a military judgment but that General Bradley is merely speaking for Secretary Johnson. Again with appropriate caveats about his desire to avoid intruding or giving any implication of attempting to dictate or influence policy decisions, he said that he hoped that you would take the matter up with the President and have the Joint Chiefs overruled. As you know, he feels very strongly that we should go ahead with the negotiation of the Treaty. I fully agree with him. In this connection, he stressed a point which the Consultants also had in mind; namely, that the negotiation of the Peace Treaty would be one of the dramatic steps by which we could recapture from the Russians the initiative in terms of general Asiatic thinking. The General noted in this connection that the Joint Chiefs had been overruled on Formosa and he saw no reason why they should not be overruled on this question of the Peace Treaty. Of course on the Formosan issue he agreed with the Joint Chiefs.

On several different occasions, he stressed the excellent cooperation which he had received from the State Department and indicated that his difficulties had been due almost entirely to the Department of Defense. I think I am quite aware of the problems existing along this line in Washington, but I wonder whether on a matter so important as the negotiation of the Japanese Peace Treaty it would not be possible for the President to take the matter into his own hands and request General MacArthur to report directly to him his views on this question. In terms of American thinking, SCAP's support on this would be of great importance and it would seem too bad if it were necessary to have his views remain secret. Naturally, it is of prime importance that what the General said to me in confidence should not leak out, but I hope you will consider whether without disclosing the General's comments some way could be found to solicit an open expression of his views. I would stress again that I would venture to suggest such a procedure only in a matter of very great importance. I think the negotiation of the Peace Treaty is such a matter.[2]

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[2] In a memorandum of February 10 to William J. McWilliams, Director of the Executive Secretariat, Lucius D. Battle, Special Assistant to the Secretary, stated: "I have been holding the attached letter from Ambassador Jessup for some time. When the Secretary read it, he told me he saw no reason for circulating this to anyone. I assume that he felt it did not even require a reply.

"If you think it advisable, we might discuss the subject with one or two people who are working on the Japanese peace treaty. It would not even necessarily have to be phrased as a suggestion from Mr. Jessup. At any rate, the Secretary wanted this played very close." (694.001/1–1050) No additional documentation regarding Mr. Jessup's proposal has been found in State Department files.

The trip so far is really very satisfactory, and I hope it will prove as a whole to be worthwhile.

Very sincerely yours, PHILIP C. JESSUP

694.00/1–1450 : Telegram

The Ambassador in Ceylon (Satterthwaite) to the Secretary of State

SECRET COLOMBO, January 14, 1950—11 a. m.

35. Mytel 31, January 13.[1] Following is text message from Bevin [2] for Secretary as handed me by Barkley [3] last evening.

(*Verbatim Text.*) "I said that as the Ambassador was doubtless aware Mr. Acheson had expressed to me [4] some concern lest Asian members of the Commonwealth might be found in opposition to US and UK if a Japanese Peace Conference was held with considered views of US Government on main principles to be incorporated in a peace treaty with Japan before this conference took place, and in the event we had been considerably handicapped by our ignorance of the US attitude. In light of discussions in the conference it had been agreed that the members of the Commonwealth should coordinate their views on the substance of the Japanese Peace Treaty through a working party which would develop in London and consist of High Commissioners supported by experts. Mr. Acheson would be able keep in touch with me and I would, of course, keep him informed of the progress of our deliberations. These discussions would be confined to members of the Commonwealth and would be designed to work out an agreed policy and to avoid any risk of a split within the Commonwealth."

Comment: Although Bevin himself stated that message was for Secretary's eyes only and emphasized importance of avoiding any leak, present text is classified secret and has apparently been transmitted various British Missions. Perhaps only interesting point left out was Bevin's remark that Washington had indeed been suggested as place working party should meet (mytel 29 January 12)[1] but that it would hardly do for a Commonwealth committee have its headquarters there.

SATTERTHWAITE

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[1] Not printed.

[2] Ernest Bevin, Secretary of State for Foreign Affairs of the United Kingdom, was in Colombo for the Commonwealth Conference of Foreign Ministers held January 9–14, 1950.

[3] Possibly Roderick Edward Barclay, Private Secretary to Mr. Bevin.

[4] Apparently by means described in Mr. Acheson's memorandum of his conversation held in Washington December 24, 1949, with the Ambassador of the United Kingdom to the United States, Sir Oliver Franks. Text is printed in *Foreign Relations*, 1949, vol. VII, Part 2, p. 924.

694.001/1–1850

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Butterworth)[1] to the Secretary of State

TOP SECRET [WASHINGTON,] January 18, 1950.

Subject: Japanese Peace Settlement

Attached for your consideration are the following memoranda:

Tab A. Outline for Meeting with you on Japanese peace settlement.
Tab B. Course of Action with Respect to Japanese Peace Settlement.[2]
Tab C. Procedure for Reaching Agreement within U.S. Government Concerning Japanese Peace Settlement.[3]
Tab D. Analysis of JCS decision that a peace treaty is premature.[4]
Tab E. Memorandum from Mr. Perkins to Mr. Butterworth on Soviet Exclusion from Japanese Treaty.[5]

Mr. Fisher[6] is submitting to you separately his opinion on the legal aspects of the problems involved.[7]

[Tab A]

OUTLINE FOR MEETING WITH THE SECRETARY ON JAPANESE PEACE SETLEMENT

PROBLEM

To determine:

A course of action for the U.S. Government with respect to a Japanese peace settlement; and
A procedure by which agreement within the U.S. Government to such a course of action can be reached.

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[1] Tabs A through D were drafted by John B. Howard, Special Assistant to the Secretary.

[2] Earlier versions of Tabs A and B dated January 9, not printed, are enclosed with Mr. Howard's memorandum of January 10 to Mr. Butterworth, also not printed. (694.001/1–1050)

[3] Not printed.

[4] Only the notes to this paper are printed.

[5] In this memorandum of December 30, not printed, George W. Perkins, Assistant Secretary of State for European Affairs, had argued in part that conclusion of a Japanese peace treaty from which the Soviet Union might be excluded would not of itself provoke Soviet action vis-à-vis Japan or the Far East generally. Important decisions of Soviet foreign policy would continue to be based on the Kremlin's estimate of its own and its adversaries' strengths and weaknesses, and it would be the power-political implications of such a treaty that would be of interest to it. EUR did not believe that there were elements in United States relations with the Soviet Union which, if the United States considered a treaty desirable on political grounds, should compel it to refrain from proceeding with such a treaty.

[6] Adrian S. Fisher, Legal Adviser.

[7] See p. 1124.

POSSIBLE ACTION

I. Conclusion of an "Agreement on the Restoration of Normal Political and Economic Relations with Japan" while continuing unchanged the occupation arrangements with respect to security matters.

Advantages:

1. Would minimize political and military risks involved in proceeding without USSR and China, while at same time establishing more stable political relationships with respect to Japan.

2. Friendly Allies in Far East would not be forced openly to choose sides between U.S. and USSR on military issue.

3. Japanese Government would be less vulnerable (than under II) to Communist propaganda that it had sold out Japanese people to Western imperialism.

4. Substantially satisfies primary concerns of JCS concerning effects of separate peace treaty on U.S. security.

Disadvantages:

1. The co-existence of legal state of war and of normal political and economic relations with Japan and rather substantial nature of change in Allied occupation controls would be seized upon by USSR and Chinese Communists in charges that agreement is subterfuge and that United States and other signatory powers had violated their wartime agreements with USSR and China.

2. Japan's desire for total termination of occupation would be disappointed.

II. Conclusion of a Peace Treaty which authorizes the maintenance of U.S. or Western-Allied bases in Japan.

Advantages:

1. Would be more clean-cut than Course I.

2. Because of strong Japanese desire for peace treaty and likely acceptance of U.S. forces as best available solution of Japan's security problem, would take advantage of unique opportunity which may not again recur to secure exclusive long-term U.S. or Western Allied bases in Japan.

3. Would completely satisfy Japan's desire for a peace treaty.

4. Would from legal standpoint, if UN approval is obtained, provide broadest international basis for U.S. security forces in Japan.

Disadvantages:

1. Would commit U.S. to long-term pattern of political relationships based on Japan's consent to U.S. bases and nakedly military U.S. posture in Japan.

2. Would result in break with USSR and Chinese Communists over issue of U.S. bases in Japan.

3. Would confront friendly Far East Allies with necessity for open choice of sides in East-West conflict on a military issue.

4. USSR and Chinese Communists would make greatest possible difficulties for Japanese Government, which would be subjected to all-out propaganda campaign of having sold out Japanese people to Western imperialism.

5. Complete termination of SCAP controls might increase Soviet and Chinese Communist capabilities of increasing their influence over Japan.

6. If UN consideration is sought, might well deepen issue dividing U.S. and USSR with possible harm to United Nations itself.

[Tab B]

JANUARY 17, 1950.

COURSES OF ACTION WITH RESPECT TO JAPANESE PEACE SETTLEMENT

This memorandum analyzes two courses of action with respect to a Japanese peace treaty. Neither course is wholly desirable. Each involves in varying degrees difficulties with the Soviet Union and Communist China which flow from the present state of U.S.-Soviet/Chinese relations. But either course is believed preferable to other courses which have been considered, including a stand-by SCAP arrangement [8] or a continuation of the *status quo*.

The present situation is viewed as one in which the occupation in its present form has passed its peak, the Japanese and most if not all of the friendly Allied Powers favor the conclusion of an early peace treaty if security can be maintained, the Soviet Union and Communist China together have substantial capabilities of influencing Japan's future behavior, and it is of primary political importance that the United States be in a position of favoring and attempting to obtain a satisfactory peace treaty. At the same time it is assumed that the United States is determined (*a*) to maintain its forces in Japan for the purpose of helping to maintain security in that area and thereby protect the security of the United States and (*b*) to conduct its relations with Japan and the Far East in such a way as to promote the pro-Western orientation of Japan and of the non-communist nations in the Far East, and therefore that the Soviet Union and Communist China will probably not concur in the course of action adopted.

[8] Refers to an approach which prescribed discontinuance on a broad scale of the exercise of detailed SCAP controls over the Japanese Government but retention of formal SCAP powers as a basis for maintaining United States forces in Japan and allowing the United States to intervene in Japanese affairs in time of crisis. This approach was discussed, but not recommended, in the memoranda mentioned in footnote 2, p. 1117. See also footnote 15, p. 1128.

I

CONCLUSION OF AN "AGREEMENT ON THE RESTORATION OF NORMAL POLITICAL AND ECONOMIC RELATIONS WITH JAPAN" WHILE CONTINUING UNCHANGED THE OCCUPATION ARRANGEMENTS WITH RESPECT TO SECURITY MATTERS

The agreement would restore to Japan the full exercise of its sovereign powers in the political and economic fields. It would contain substantially the same political and economic provisions as would a peace treaty embracing the entire scope of problems arising from the war. Following the entry into force of the agreement the signatory nations would exchange diplomatic representatives with Japan in the usual fashion.

At the same time the agreement would not deal with security matters (including occupation forces and Japanese demilitarization). It would likewise not deal for security reasons with territorial questions including the disposition of Formosa, the Ryukyus (Southern Sakhalin and the Kuriles. The agreement would expressly provide that it does not affect in any way the powers of SCAP under the Instrument of Surrender with respect to "security matters", which would not be defined in the agreement.

Following conclusion of the agreement the United States would issue to SCAP an agreed directive which would take cognizance of the fact that with the conclusion of the agreement the Potsdam terms and the FEC [9] decisions relating to non-security matters had been fulfilled and which would direct that SCAP's powers be thereafter restricted to matters of security. Existing FEC decisions relating to security, which are fairly clear cut in their application to the occupation forces and to Japanese demilitarization, would continue to be carried out. The activities of the Far Eastern Commission and of the Allied Council for Japan [10] would also be restricted in practice to the field of security.

From a legal standpoint the agreement would purport to continue unchanged in the security field the wartime Allied agreements (the Potsdam Proclamation and the Instrument of Surrender) which constitute the international legal basis for SCAP's powers and for the Allied occupation forces in Japan. It would not bring about a state of peace in the traditional sense and the state of war would legally continue.

[9] The Far Eastern Commission. It was established by, and its functions were set forth in, the Communiqué of the Moscow Conference, issued December 27, 1945, by the representatives of the United Kingdom, United States, and the Soviet Union. Text is printed in Department of State *Bulletin*, December 30, 1945, p. 1027. For the activities of the FEC, see Department of State, *The Far Eastern Commission: A Study in International Cooperation, 1945 to 1952* (Washington: Government Printing Office, 1953).

[10] Also established and structured by the Communiqué cited in the previous footnote.

Procedure

The first step would be to negotiate as much as possible of the agreement with friendly FEC countries through diplomatic channels. Such a step is necessary in any event to obtain adequate assurance of agreement with our friendly Allies on content and procedure before going further. The establishment of a Commonwealth working group reported by Bevin would facilitate this step. Japan's views might also be discreetly explored at a late stage in this first step.

Second, the USSR and China would be given an opportunity to agree or disagree with and express their views on the resulting draft agreement. This could be done by the United States approaching the USSR and by the United States or United Kingdom approaching China through diplomatic channels. (A less attractive alternative would be for the United States, acting as a sort of spokesman for the friendly FEC powers, to submit the draft agreement to a meeting of the CFM; [11] this course would have the advantage and disadvantage of meeting the USSR and China in a forum of the USSR's own choice.) If an agreement appeared possible any concessions would of course be cleared in advance with the friendly FEC powers. If agreement were not possible we would proceed with step three.

Third, as many countries as possible would be given an opportunity to participate in the signature of the draft agreement. This would be accomplished by calling a conference for that purpose. The USSR and China would probably be invited. (Conceivably they might not be invited if a prior CFM meeting had been held, on the ground that they had already refused to concur in such an agreement.) The conference would in any event be brief: non-FEC nations and Japan would be given an opportunity to express their views and after any modifications had been made, under a previously agreed voting procedure without veto, the ceremony of signature would take place.

Fourth, following conclusion of the agreement, the United States would issue to SCAP a directive previously agreed to by the conference powers. Taking cognizance of the fact that with the conclusion of the agreement with Japan the Potsdam terms and the FEC decisions relating to non-security matters had been fulfilled, the directive would direct that SCAP powers be thereafter restricted to matters of security. (Additional steps would be taken to put the occupation forces on a pay-as-you-go basis, to limit the purge to the minimum requirements of the existing FEC decisions and to strengthen the Japanese civil police.) The U.S. representative to the FEC would notify that body of the directive concurrently with its issuance.

[11] The agreement establishing a Council of Foreign Ministers (of China, France, the United Kingdom, the United States, and the Soviet Union) is contained in the Protocol of August 1, 1945, and the Communiqué of August 2, 1945, both signed in Berlin by the Heads of Government of the United Kingdom, the United States, and the Soviet Union. Text is printed in *Foreign Relations*, 1945, The Conference of Berlin (The Potsdam Conference), vol. II, pp. 1478–1479 and 1500–1501.

Fifth, when the agreement entered into force, the United States would appoint an Ambassador to Japan who would have normal ambassadorial status. SCAP, however, would continue in Japan as the ranking international representative but with functions limited to the field of security.

Justification

The U.S. position by which the above type of agreement would be justified is in brief as follows:

Responsibility for the maintenance of security with respect to Japan is currently being exercised by the powers responsible for Japan's defeat through the stationing of Allied troops in Japan under SCAP. This arrangement arose out of the war and out of Allied wartime agreements. The United Nations Charter [12] envisaged that the powers which defeated Japan would continue to bear the responsibility for security with respect to Japan until such time as the United Nations would have achieved the moral strength and armed services necessary to enable it to assume this responsibility. Similarly, the Potsdam Proclamation envisaged a more permanent security arrangement to which this security responsibility could be transferred when the occupation would be terminated. Thus the Potsdam statement of the long-term objectives of the occupation included the following terms:

"There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

"Until such a new order is established and until there is convincing proof that Japan's war-making power is destroyed, points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth."

The USSR has by its aggressive policy and intransigent attitude inside and outside of the United Nations prevented the development of a more permanent security arrangement which could be substituted for the present arrangement. Under present circumstances the withdrawal of Allied occupation forces would leave in a disarmed and defenseless Japan a vacuum into which Communist forces would not hesitate to move, with the consequent growth in Japan either of a totalitarian militaristic regime of the right or a Communist instrument of "Slav imperialism". Under these circumstances the long-term security objectives of the Potsdam Proclamation cannot be achieved,

[12] For text of the Charter of the United Nations, opened for signature at San Francisco June 26, 1945, see Department of State Treaty Series (TS) No. 993, or 59 Stat. (pt. 2) 1031.

nor can the special responsibilities of the nations which defeated Japan be discharged, by the withdrawal of the occupation forces.

At the same time the Japanese people have worked diligently and faithfully to discharge their surrender commitments and the Allied purposes enunciated at Potsdam have been fulfilled in many essential respects. Thus, the physical war potential of Japan has been destroyed; the Japanese people have established in their country guarantees for the protection of the fundamental human rights; and a Japanese Government has been established in accordance with the freely expressed will of the people. Moreover, the Japanese people have adopted a Constitution in which they have forever renounced war as a sovereign right of the nation and have declared that the maintenance of land, sea, and air forces will never be authorized. The reason that Allied Forces still occupy Japan is itself by no means due to the fault of the Japanese since the inception of the occupation, but rather to events and circumstances which Japan's past aggressions helped to set in motion but which are now beyond Japan's capacity to influence or control.

The United States is, and for some time has been, persuaded that the Japanese people are entitled to have their country restored to a more normal state of international relations. In 1947 the United States proposed a conference to consider a peace treaty with Japan with such continuing controls as might be adequate to secure the conditions essential to peace.[13] This proposal and this invitation of the United States were not acted upon. During the past year the United States has unsuccessfully attempted to reach agreement through the FEC that Japan should be permitted to have consular and trade representatives in the various Allied countries in order to promote the restoration of normal economic relationships between Japan and other countries.

The United States now proposes, as a basis for as widespread agreement as possible, the conclusion of an agreement to restore Japan to normal political and economic relationships with other countries. Such an agreement will enable Japan to re-enter the community of nations, to devote her full energies to the achievement of further political and economic progress and stability, and to become eligible for admission to the United Nations. These benefits should not be further denied the Japanese people because of Soviet obstruction of an adequate and more permanent security arrangement. Through the conclusion of such an agreement the Japanese people will achieve the benefits of normal international relations which they deserve while the Allied powers will be given further opportunity for the development of an effective and more permanent security arrangement which

[13] For pertinent documentation on efforts of the United States in behalf of a peace treaty with Japan, see *Foreign Relations*, 1947, vol. VI, pp. 446 ff.

will be adequate to secure these benefits for the Japanese people and for the United Nations.

Advantages and Disadvantages.

Relations with the USSR and China—The above course of action would minimize the political and military risks involved in proceeding without the USSR and China, while at the same time affirmatively coping with those factors which make desirable the restoration of Japan to a state of peace and the establishment of more stable political relationships with respect to Japan for the coming difficult period in the Far East. The course of action would avoid, or at least the United States would appear to be making a sincere effort to avoid, an open break with the USSR over the issue of long-term U.S. bases and forces in Japan. The co-existence of a technical state of war and of normal political and economic relations and the rather substantial nature of the change in the Allied occupation control would of course be seized upon by the USSR and the Chinese Communists in their charges that the agreement is a subterfuge and that the United States and other signatory powers had in fact violated their wartime agreements with the USSR and China.

Relations with Japan—Japan's desire for a total termination of the occupation would be disappointed. On the other hand the restoration of normal political and economic relations might be realistically accepted as the maximum possible consistent with Japanese security. Disappointment over failure to achieve a complete state of peace might be more than offset by realization of the fact, which would increase in importance in the long run, that (in comparison with a complete state of peace and a separate U.S.-Japanese long-term base agreement) the Japanese Government would be less vulnerable to Communist propaganda that the Government has been in any way responsible by its own action for the continued presence of U.S. forces in Japan and had sold out the Japanese people to Western imperialism.

Relations with Friendly Far East Powers—Our friendly Allies in the Far East, particularly countries such as India, would not be confronted with the necessity at the present time of openly siding with the United States in the cold war between East and West on a military issue in which the United States would be seeking long-term bases in Japan for purposes which the USSR and the Chinese Communists would allege were aggressive and imperialistic. It is preferable that the pro-Western orientation of the Far Eastern peoples be brought about more gradually along economic and political lines. When conditions more propitious to the establishment of a Pacific security arrangement have been developed, the occupation of Japan could be finally terminated and Japan could be admitted as a member to such an arrangement with corresponding responsibilities and obligations. Although the continued presence of U.S. forces in Japan may not be

welcomed by certain of the Far East nations, nevertheless, the termination of the occupation controls over Japan in political and economic affairs would open the door to Japan's independence in these fields and it is possible that in time those Far Eastern peoples not already convinced of the importance to their own security of U.S. forces in Japan would become so as they witness expansionist tendencies of "Slav imperialism".

Relations with the U.S. Military—The above course of action copes reasonably well with the factors believed to be of primary concern to the JCS (See Tab D: note 2 attached to Analysis of JCS Memorandum). The agreement would purport to continue unchanged the legal basis for the retention of Allied occupation forces in Japan. No new agreement affecting security to which the USSR and China would not be parties would be concluded. Thus there would be less risk that Soviet harassment of Japan and U.S. protective action might make the United States appear to be the initiator of hostile military action against the USSR, thereby increasing the security risks of the United States in Japan. This course of action would also avoid the necessity for incorporating, because of uncertainties as to developments in the Far East, maximum military demands in a treaty authorizing U.S. bases.

U.S. Public and Congress—It is believed that the above course of action would satisfy the desires of the American people and the Congress for the preservation of U.S. strength in the Pacific and for the establishment of more normal relationships with respect to Japan which would permit greater Japanese political and economic self-dependence consistent with security.

Termination of the Occupation—The retention of Allied occupation forces in Japan for purposes strictly limited to security must also be considered in the light of possible changes in the Far East which may make possible, in the long run, a change in the U.S. military posture in the Pacific without loss of security. The occupation might be wholly terminated in a number of ways: (*a*) by unanimous consent, although this appears unlikely; (*b*) by agreement between Japan and the United States or Western Allied Powers to the retention of long-term U.S. or Western Allied bases in Japan; although the opportunity for obtaining Japanese consent to such an arrangement would appear to be much more favorable now than subsequently after Japan had already received many of the benefits of a state of peace, at the same time it is possible that friendly Far Eastern peoples including the Japanese may with time become more convinced of the necessity for having Allied bases in Japan; (*c*) by development of Article 43 forces of the United Nations, although this possibility appears somewhat remote at present; (*d*) by a UN guarantee of the demilitarization and neutralization of Japan, although the

United States does not regard this favorably under present conditions and would not be obligated to accept any such determination by the General Assembly; (*e*) by UN action regularizing the presence of Allied occupation forces in Japan, although the Soviet Union would not be obligated to accept any such determination by the General Assembly; or (*f*) by the development of a Pacific regional arrangement for security purposes in accordance with Article 51 or Article 53 of the UN Charter. Such a regional arrangement, which could be coupled with the reactivation of Japanese armed forces if this appears desirable in conjunction with Japan's admission as a member of the arrangement, appears to be a most likely possibility and one toward which the United States should with caution and proper timing bend its efforts.

[Here follows a detailed exposition of alternative "II".]

Conclusion.

It is believed that course of action I would, on balance, promote U.S. interests in accordance with our Asian policy better than course of action II.[14]

Course II is more clean-cut than course I. It would, however, commit the United States to a long-term pattern of political relationships based on Japan's consent to U.S. bases and, in Far Eastern eyes, a nakedly military U.S. posture in Japan. It is believed that Soviet reaction to such a situation formalized along pro-U.S. lines would be to adopt the tactic of making the greatest possible difficulties, economic and otherwise, for the Japanese Government, which it would accuse of having sold out the Japanese people to Western military imperialism.

Course I leaves the United States in a more flexible position. It leaves open the possibility of developing a more permanent security arrangement with respect to Japan at a future time under more propitious circumstances and attitudes which it should be our business to help bring about. The retention of U.S. forces in Japan as forces of the occupation, although by no means a happy necessity, has its roots in the past war and the unique U.S. contribution to the restoration of peace and security in the Pacific, and is less imperialistic-looking than course I [*II?*]. If Australia could be persuaded to continue its occupation forces in Japan, the psychological effect in the Far East would be further improved. The Soviet reaction would probably be to continue their drive to get occupation forces out of

[14] Course of action was discussed at a meeting held January 18. Present were the Secretary, Deputy Under Secretary Dean Rusk, Mr. Butterworth, Mr. Howard, and possibly other officials. The proposal was rejected. Mr. Howard touched on the meeting in three memoranda: March 9, to Mr. Butterworth; March 24, to Ambassador Jessup; and March 31, to Charles Bohlen, Minister at Paris, pp. 1138, 1150, and 1157, respectively.

Japan, with Soviet fire directed more against the United States than against Japan.

[Tab D]—Note 1

It is not clear what the JCS had in mind in making their statement that, in arriving at their conclusion, they have taken note of the fact that a treaty consistent with the terms of surrender "could not at this time assure the denial of Japan's ultimate exploitation by the USSR or assure her orientation toward the western powers". They may have had in mind one or more of the following points:

1. Since the Potsdam Proclamation requires the removal of U.S. forces when the objectives of the Proclamation have been achieved, the JCS may have concluded that with the signing of the peace treaty U.S. forces would have to be removed from Japan if the surrender terms were not to be violated. Such an interpretation of the Proclamation would not take account of (*a*) the fact that authority for the continued presence of U.S. forces in Japan in the post-treaty period could be derived from Japan's consenting a separate simultaneous agreement, or (*b*) the fact that there is nothing in the Proclamation that precludes the signing of a peace treaty in advance of the accomplishment of the objectives of the Proclamation and the withdrawal of occupation forces.

2. The JCS may have assumed that under the surrender terms joint action is required in the signature of a peace treaty and that to proceed without the USSR, because it would not agree to the continuation of U.S. forces in Japan, would be a violation of the obligation of joint action and therefore would involve unacceptable security risks. The Department of State does not agree with this conclusion and has concluded that a separate treaty could be legal and if properly brought about would not give the Soviets a solid legal basis for charging violation of U.S. obligations.

3. The JCS may have reasoned that with the signing of a peace treaty SCAP's command relationship with the Japanese Government would terminate, whereas the continuation of this relationship is essential to U.S. security interests. This would indicate a skepticism concerning the adequacy of normal political relationships to assure Japan's behavior in accordance with U.S. security interests.

All of the above factors are by their nature unchanging and therefore suggest the impossibility of having a peace treaty in the foreseeable future consistent with U.S. security.

[Tab D]—Note 2

Check list of factors which have troubled the JCS and Department of Defense officials concerning the possible effects of a peace treaty upon U.S. security:

1. Uncertainties in the Far East in the face of a growing Soviet-Communist menace, as a consequence of which the U.S. military does not want any change in the situation that might increase U.S. security risks.

2. The lack of a guarantee of continued pro-Western orientation of the Japanese once the SCAP command relationship over the Japanese Government is broken.

3. The lack of a guarantee against increased Soviet influence in a Japan free to determine its own foreign political and trade relationships and the related possibility of Soviet-Communist out-bidding of the United States for bases on Japan or other security advantages.

4. The loss of the presently predominant U.S. position with respect to Japan which permits the United States largely to dictate Japanese behavior.

5. Legal and political difficulties in proceeding with a peace settlement to which the USSR and Communist China are not parties.

6. The dissolution of SCAP and the Far Eastern Group in the Office of the Under Secretary of the Army and transfer of responsibility from the Defense Department to the Department of State.

7. The possibly adverse effect upon the Allied High Commission in Western Germany through the premature whetting of the desire of the Western Germans for a peace treaty.

8. The lack of compelling positive reasons for an early peace treaty and the feeling that the Japanese are not ready politically for post-treaty freedom.[15]

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[15] In a memorandum of his conversation held December 8, 1949, with Mr. Goldthwaite Dorr, Consultant to Under Secretary Voorhees, Mr. Howard had stated:

"In a lengthy conversation, Mr. Dorr expounded the non-legal thinking which underlay his legal views as expressed in recent conversations. The most significant of these in relation to the thinking of Mr. Dorr and Mr. Voorhees on the merits of a stand-by SCAP proposal in preference to a peace treaty, were the following.

"Mr. Dorr indicated that he did not believe Japan was ready for a peace treaty. He believed that the objectives of the Potsdam Declaration had by no means been fulfilled and that informal advice and direction of the SCAP Staff to the Japanese Government might be beneficial for some years to come in developing the type of Japanese Government which the United States would favor.

"Although Mr. Dorr shared to some extent the fears that a separate peace treaty might provoke Soviet action inimical to U.S. security, which Mr. Voorhees has advanced as a primary reason for the stand-by SCAP proposal, nevertheless Mr. Dorr indicated that he differed with Mr. Voorhees on this point in that he did not believe that the primary justification for the stand-by SCAP arrangement should grow out of the cold war between the United States and the Soviet Union. He regarded as the main justification for the stand-by SCAP arrangement the fact that Japan is not yet sufficiently stable economically, either internally or in relation to other countries, and that to free Japan from our control prematurely before it has become an accepted and integral part of a Far East economic international system might lead to consequences not desirable from the U.S. standpoint.

"He said that he regarded the proposal for a peace treaty without the Soviet Union and Communist China as a purely negative approach growing out of the cold war whereas the stand-by SCAP arrangement would permit the achievement of something constructive and would give the United States greater flexibility of action. Indeed he suggested that if U.S.-Soviet relations were not as they are, then a stand-by SCAP arrangement looking toward the gradual fading out of occupation controls and the gradual re-emergence of Japan as a member of the community of nations would be the 'normal' process.

"When I pressed him on the possible timing and method of termination of the stand-by SCAP proposal his answers, although not clear cut, indicated the possibilities of never having a peace treaty as may be the case with Western Germany, of continuing the stand-by SCAP arrangement for perhaps some five years, and of an amelioration in U.S.-Soviet relations which might at some time in the future render unnecessary the retention of U.S. bases and forces in Japan." (740.0011 PW(Peace)/12–849)

In contrast to the above points the following factors relating to security have impressed Defense Department officials as favoring an early peace treaty:

1. The strong Japanese desire for a peace treaty.
2. The fact that the occupation has probably passed its peak and will continue to run down hill.
3. The fact that the conclusion of a peace treaty will hasten the time when the rearming of Japan will be politically feasible.

694.001/1–1850 [1]

Memorandum by the Legal Adviser (Fisher) to the Secretary of State

TOP SECRET [WASHINGTON,] January 19, 1950.

Subject: Courses of action with respect to Japanese peace settlement

The present memorandum is directed toward the basic legal question raised by Mr. Butterworth's memorandum to you on this subject dated yesterday.

For the United States to follow either course I or course II, as set forth in Mr. Butterworth's memorandum, without the agreement of China and the USSR would involve substantial departures from the occupation arrangements which have been set up under such international agreements as the Potsdam Proclamation, the Instrument of Surrender, and the Moscow Agreement of 1945.[2] Such departures would evoke charges by China and the Soviet Union that the United States and its partners were engaging in serious violations of those international agreements. From the legal point of view, any separate peace treaty or agreement to restore normal political and economic relations with Japan, concluded without the agreement of China and the USSR, would have to be justified on the ground of changed circumstances, or, on what seems to me to be a stronger position, that the occupation objectives of the Potsdam Proclamation having been substantially satisfied, all countries party to the surrender are obligated to take steps to terminate the occupation. A more detailed exposition of the latter approach is attached.[3] Either of these claims made unilaterally by one Power or by a group of interested Powers can only be partially effective in countering charges of violation of international agreements such as the charges which could be anticipated from the Chinese Communists and the Soviet Government.

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[1] This paper is filed with Mr. Butterworth's memorandum to the Secretary of January 18, p. 1117.

[2] Refers to the Communiqué of the Moscow Conference of 1945.

[3] Not printed. Entitled "Legal Situation Resulting from Treaty of Peace with Japan by U.S. and Friendly Allies Involving U.S. Bases in Japan, to Which the U.S.S.R. Is Not a Party," this attachment was originally dated December 8, 1949.

In any case where the United States intends to follow a course of action on either of these theories, it is important from the legal point of view that the course be pursued under the umbrella of the strongest possible international sanction. Since consideration of the legal questions by the International Court of Justice or similar tribunal is out of the question, clearly a resolution of the United Nations General Assembly as the most objective forum available and the forum having the broadest representation would provide the soundest basis from the legal point of view on which to proceed with the Japanese peace settlement if the USSR and China will not take part.

Such a procedure, with a view to obtaining the sanction of the United Nations General Assembly, would lay the best foundation for further action, whether that action is to conclude a full treaty of peace with Japan without the participation of China and the USSR, or to make an agreement for the restoration of normal political and economic relations with Japan without the participation of China and the USSR. In choosing between the path of the peace treaty and that of the political and economic agreement, it should be borne in mind that the conclusion of a treaty of peace would make a clean break with the existing occupation arrangements. To go forward with the Japanese peace settlement by making a political and economic agreement with Japan would entail a devious and obscure course of action beset with embarrassing anomalies. For example, such a political and economic agreement as envisaged in course I of Mr. Butterworth's memorandum would not terminate the existing state of war between the signatories and Japan. Under such circumstances, the exchange of ambassadors between the United States and Japan would be a curious feature of the relationships between the two countries. While the difficulties of such a situation might be overcome one by one on a *de facto* basis by the United States, it may be that other countries, in particular the United Kingdom, would not find it possible to engage in normal political and economic relations with Japan while a state of war continued.

The deliberate blurring of the line between war and peace contemplated by course I might have the advantage of enabling certain Far Eastern countries to appear to minimize the choice which they are making, but it might also lay the United States open to the charge of disingenuousness. An agreement of the sort contemplated in course I would purport to leave undisturbed the occupation arrangements with respect to security controls over Japan; the agreement would contain a specific provision to that effect. The intention would be that the Western Allies should continue to maintain forces and bases in Japan, that SCAP, the Allied Council for Japan, and the FEC would continue to exercise the occupation-period functions in the security field. It would be argued by the Allied Powers making the agreement that

the authority for these continued security controls lay in the occupation arrangements and not in the agreement for the restoration of normal political and economic relations with Japan. It would, on the other hand, be argued with considerable force by China and the Soviet Union that the new agreement (boycotted by these two Powers) so fundamentally changed the occupation "regime of control" as to destroy the multi-Power inter-Allied basis for continuing the occupation regime in the security field, thereby violating such agreements as the Moscow Agreement of 1945. In answering such a charge the United States, if it adopted course I, would lose much of the strength of its position that it was carrying out its commitment, made in the Potsdam Proclamation and accepted in the Instrument of Surrender, to terminate the occupation when the objectives of the Potsdam Proclamation have been met.

ADRIAN S. FISHER

694.001/1–2450

Memorandum by the Deputy Under Secretary of State (Rusk)

TOP SECRET [WASHINGTON,] January 24, 1950.

MEMORANDUM FOR THE FILE

At the close of the meeting of the National Security Council on December 29, 1949, the President said that he wished to make some remarks on the subject of the Japanese Peace Treaty. He recalled that, at the time of the Potsdam Conference,[1] the United States, Great Britain and China had drawn up and proposed surrender terms to Japan. These terms were presented through Sweden. In preparing the U.S. position, the United States Chiefs of Staff and the Secretaries of State, War and Navy participated. The Japanese accepted the surrender terms. The President then issued a directive on the occupation forces and got the UK and China to concur. The USSR did not participate in this action, since it was not then at war with Japan. The President then said, a few days after the first atomic bomb was dropped on Japan, Russia declared war on Japan and concurred in the surrender terms already offered to Japan.

The President said that the U.S. position in Japan was a partnership affair with the UK and China and that the peace settlement must be a matter which is satisfactory to the United States and the UK. It may be that we shall want to attempt to negotiate such a settlement with the Russians, but he had no doubt that the United States and the United Kingdom could negotiate a peace treaty with Japan whether the USSR participated or not.

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[1] July 17–25, 1945.

694.001/1–2450

The Acting United States Political Adviser for Japan (Sebald) to the Department of State

SECRET [TOKYO,] January 24, 1950.

SUMMARY OF DISCUSSIONS REGARDING JAPANESE PEACE TREATY AT COMMONWEALTH CONFERENCE HELD AT COLOMBO, JANUARY 1950

Sir Alvary Gascoigne, Head of the United Kingdom Liaison Mission in Japan, called upon me today and allowed me to read a brief summary of the principal results of the discussions regarding the Japanese Peace Treaty at the Commonwealth Conference recently held at Colombo. Sir Alvary said that while he was not authorized to show me the document (which comprised six short paragraphs), he thought it would be of interest to me. The gist of the document is as follows:

1. There were no major disagreements among the several delegates and the general consensus appeared to be that the Commonwealths are in favor of a broad, liberal approach to the Japanese treaty.
2. Adequate provision should be made in the treaty to ensure that Japan does not revert to militarism or to a reactionary type of government.
3. Although no one contended that a post-treaty commission exercising control powers should be established, in one case a recommendation was made that such a commision should be formed for a number of years with inspection authority to ensure that the terms of the treaty are carried out.
4. No one present appeared to be adverse to negotiating and signing the Treaty of Peace without Soviet Russia and Communist China.
5. The several Commonwealths should closely coordinate and cooperate on the substantive provisions of the treaty, and then with the United States in order that common policies may be maintained between the Commonwealths and the United States.
6. Mr. Bevin made it clear that the United States has no intention of using Japan as a springboard for attack upon Soviet Russia; the United States, however, is primarily interested in forestalling an attack upon Japan by Soviet Russia.[1]

Additionally, Sir Alvary showed me a telegram which indicated that a Commonwealth "working committee", comprising High Commissioners from each Commonwealth and staffs, would be instituted in London for the purpose of studying and formulating a substantive draft of the Japanese peace treaty. He stated that in his opinion, however, this committee could not perform much useful work until such time as the United States' proposed draft treaty becomes available.

[1] A document entitled "United Kingdom Paper on the Japanese Peace Treaty Discussed at Colombo—January, 1950," not printed, includes an analysis of United States policy with regard to Japan. (694.001/1–1950)

694.001/2–650

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Butterworth)[1]

TOP SECRET

TOYKO, February 5, 1950.

Participants: General MacArthur
Mr. Butterworth
Mr. Sebald

In the course of an hour's interview followed by a luncheon conversation, General MacArthur reiterated the views he had previously expressed to Mr. Sebald on several occasions and, more recently, to Ambassador Jessup with respect to a Treaty of Peace with Japan.

Since the Joint Chiefs of Staff had just departed from Tokyo following a three-day conference with General MacArthur, I queried him particularly as to the nature of his discussions with the Joint Chiefs and the effect which their visit to Japan might have on their previously expressed opinions.

In brief, he indicated his firm conviction that his discussions with the Joint Chiefs had a helpful and constructive result; he felt sure that the Joint Chiefs would considerably modify their previous opinion, but they should be given a little time so as not to lose face in the process of reversal.[2]

It is of interest that in this connection, General MacArthur referred to the opinion of the Joint Chiefs of last July [3] about which, he said, he had not been consulted and said that General Bradley under questioning admitted it had been only "lightly considered".

Among the things which General MacArthur vouchsafed he had stated to the Joint Chiefs, two points are of particular interest: one, his insistence to the Joint Chiefs that they had exceeded their terms of reference and expressed opinions which had nothing to do with the military aspects of the problem on which their advice had been

[1] Mr. Butterworth enclosed this memorandum with a letter of February 6, not printed, to Livingston Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs. On February 7 Mr. Butterworth, by then in Manila, summarized this conversation in telegram 409, marked "Eyes only for the Secretary," not printed. (694.001/2–750)

[2] In his memorandum of the Secretary's morning meeting held February 14, William J. McWilliams, Director of the Executive Secretariat, stated in part: "Mr. Webb said he was present when the JCS reported to the President [in Washington] on Saturday [February 11]. He said they gave General MacArthur's views on the peace treaty and on bases which were as we know them. The JCS do not agree with MacArthur on that issue since they feel the Russians could make the same claim to bases that we make." (Executive Secretariat Files)

In a letter to General MacArthur dated February 27, Mr. Voorhees stated in part: "Since his return, General Bradley has told me orally that the Chiefs were still strongly of the opinion that it is premature to make a treaty at this time, and that they had so orally advised the President." (MacArthur Memorial Library and Archives, Record Group 5)

[3] The JCS report of June 9, 1949, "Strategic Evaluation of United States Security Needs in Japan," was circulated on June 15 as NSC 49. For text, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 773.

sought; secondly, he had emphasized the importance of not proposing to the Japanese drastic requirements regarding bases, and in this connection had cited the relationship between Egypt and the United Kingdom since 1882. He informed the Joint Chiefs that in his view a maximum five-year period was sufficient for base rights, renewal to take place thereafter by mutual agreement. He expressed the greatest confidence that the Japanese would be more than willing to undertake subsequent renewal; if anything, he said, the United States would in the end prove to be the first to seek disengagement from the agreement. I questioned him about whether the Joint Chiefs entertained the view, as Mr. Voorhees had more than once implied, that bases in Japan were to be used in the future for forward air operations against Russia in time of war. General MacArthur said decidedly not, that the bases in Japan now and for the future are and would be for defensive purposes only, and that the Joint Chiefs had no other concept in mind.

General MacArthur reiterated that he believed that the attitude of the Joint Chiefs would undergo decided modification, but it was to be expected that Mr. Voorhees would fanatically oppose any treaty in the immediate future. He felt that Mr. Voorhees entertained such exaggerated views about this matter that he would doubtless resign rather than be party to a peace treaty. He took this occasion to refer disparagingly to Mr. Voorhees, and said that he understood that Mr. Voorhees now had a fantastic scheme for Asiatic Trade which no doubt he conceived he would head.[4]

General MacArthur emphasized, as he had in previous conversations with Mr. Sebald and Ambassador Jessup, the importance in his view of the United States Government proceeding without delay to call a Peace Conference, thus recapturing the initiative in the Orient and, in this connection, he went out of his way to reiterate that the situation in Japan itself could not stand still; that the Japanese would not permit themselves to be controlled by an Occupation indefinitely.

In addition, he said that in his opinion the rest of Asia looked upon the Occupation as an imperialistic venture, a belief which was largely sponsored by Soviet propaganda. He felt that the United States must make good on its promise to end the Occupation to prove to Asia our lack of imperialistic ambition here.

It was obvious from General MacArthur's account of his discussions with the Joint Chiefs that he still entertained the view that the neutralization of Japan would be of advantage to Soviet Russia as well as to the United States, and therefore should be acceptable to both countries. General MacArthur seemed moved to hold this concept of

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[4] This reference may possibly be to the NSC 61 proposals. For a citation to NSC 61 documents, see footnote 2 to the memorandum by W. W. Diehl, Financial Attaché of the Mission in Tokyo, to Mr. Sebald, June 20, p. 1223.

Soviet interest in a neutral Japan because of his view that the Soviet positions in this part of the world are of a defensive character. Also he conceives that so profound is the anti-Russian feeling in Japan that an association between Japan and Russia would not prove on balance advantageous to Russia. Queried about these assumptions and about Soviet Russia's desire to control the power potential of Japan, General MacArthur, without disavowing his previously expressed view, made it clear that if Soviet Russia (and Communist China) did not join in a Peace Treaty, he felt that a Treaty should nevertheless be conluded with the other concerned nations.

W. WALTON BUTTERWORTH

Executive Secretariat Files: Lot 61D167

Memorandum by the Deputy Under Secretary of State (Rusk) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET [WASHINGTON,] February 6, 1950.

Subject: Implementation of NSC 13/3 [1] (covering period July 1 through December 31, 1949).

Pursuant to NSC Action No. 123, the following progress report on the implementation of NSC 13/3 "Recommendations with Respect to U.S. Policy Toward Japan" is submitted for the information of the Council.

Paragraph 1 (Timing and Procedure of a Peace Treaty)
Paragraph 2 (The Nature of the Treaty)
Paragraph 4 (The Post-Treaty Arrangements)

[Here follows a description of developments which are documented in *Foreign Relations*, 1949, volume VII, Part 2, pages 601 ff.]

The Department of State is currently analyzing the JCS memorandum [2] with a view to determining its position on the future course of this Government with respect to a treaty.

Paragraph 5 (The Ryukyu, Nanpo and Marcus Islands)

Permanent construction on Okinawa is being designed on a long-range master plan for base development, appropriations of approximately $58,000,000 having been obtained for this purpose.

A detailed directive to CINCFE is now being drawn up by the State and Army Departments, in consultation with CINCFE, looking to the full implementation of the principles set forth in this paragraph.

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[1] Dated May 6, 1949, printed in *Foreign Relations*, 1949, vol. VII, Part 2, p. 730.
[2] Of December 22, 1949, to Secretary of Defense Johnson, printed *ibid.*, p. 922.

Paragraph 6 (Naval Bases)

During July the Secretary of Defense reported as follows:

"(*a*) Yokosuka. Items of equipment suitable for a commercial shipyard have been retained and repaired; and the physical layout altered to promote use as a commercial shipyard.

(*b*) Okinawa. No construction ashore is planned due to unsuitability as a year-around naval base. The fleet anchorage is usable in good weather for self-supporting fleet units."

Paragraph 7 (The Japanese Police Establishment)

On December 16, SCAP reported that the Japanese police force was at full authorized strength of 125,000 men, of whom 100,000 are undergoing intensive in-service training. As of that date the 30,000 national rural police were completely armed with U.S. revolvers and approximately 40,000 of the 95,000 municipal police were similarly armed. It is understood that the remaining 55,000 municipal police will shortly be equipped with revolvers.

No report has been received as to the precise nature of the measures SCAP may be taking to expand the centrally-directed police organization.

Paragraph 8 (Supreme Commander for the Allied Powers)
Paragraph 11 (Relations with the Japanese Government)

On December 16, SCAP cabled as follows:

"Since 1 January 1949, GARIOA Department of the Army civilian personnel in Japan (GHQ and Eighth Army) have been reduced from 3,660 to 3,205 on 1 July and to 2,747 on 1 January 1950: a total of 913 reduction or 25 percent of 1 January strength.

Net reduction resulting from elimination prefectural civil affairs teams is 1,968 military and 164 Department of the Army civilians for a total 2,132, or 77 percent of 1st January, 1949, strength.

Prefectural civil affairs teams were discontinued 30 November 1949."

SCAP then proceeded to list in his cable various recent steps that had been taken to turn over responsibility to the Japanese Government in the fields of import trade, the direction of foreign exchange funds, the control of commodity allocations, communications, transportation, customs, immigration, etc.

Paragraph 13 (The Purge)

General MacArthur has expressed the view that any action to change existing directives and ordinances with respect to the purge would require FEC approval, in view of the fact that FEC policies on the purge were developed in broad outline in the light of actions previously consummated in Japan. In order that all U.S. directives with respect to the purge might be brought into consonance with NSC 13/3, the JCS have rescinded those paragraphs of the basic

initial post-surrender directive for the occupation and control of Japan which treat of the purge. This rescission has left FEC policy decisions the sole directives to SCAP in force in connection with the purge. The Japanese Government is now reviewing purge actions previously taken on over 31,000 persons.[3]

Paragraph 14 (Occupation Costs)

Allied occupation forces fund requirements on the Japanese national budget, computed at official military conversion rates prevalent during the respective years, have been JFY 46*—$2,323.3 million; JFY 47—$1,409.0 million; JFY 48—$932.5 million; JFY 49—$287.0 million. Figures for JFY 50 are not available but are understood to be slightly less than for the preceding year.

Paragraph 15 (Economic Recovery)

Specific measures taken to encourage economic recovery in Japan have included the implementation of the nine-point economic stabilization program,[4] notably, the passage by the Diet of a balanced budget, the elimination of export subsidies and the reduction of domestic subsidies, the creation of a counterpart fund to assure most effective use of U.S. aid, the tightening of credit policies. Other measures to encourage economic recovery have been the reopening of the stock exchange, the improvement of the raw materials allocation system, the return of trade to private channels, and the expenditure of U.S. appropriated funds for Japan's economic recovery. The U.S. is continuing its endeavors to obtain most-favored nation treatment for Japan and contemplates the establishment within the near future of Japanese agencies abroad for trade expansion.[5] During December,

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[3] On October 13, 1950, SCAP announced the release of 10,090 persons from the purge designation, including a number of prominent officials and more than 3,000 former noncareer military personnel (mostly technicians). SCAP based its action on the findings of a Japanese Government appeals board, which stated that the purge designations of these individuals had been in error.

On November 10, SCAP, again on recommendation of the Japanese Government, released from the purge somewhere between 3,200 and 3,250 former junior officers. In this case the Government had emphasized in part that the men in question had all entered the Army after December 8, 1941.

As of early January 1951, 190,000 Japanese were still on the purge list. (This footnote summarizes in part the following: Memorandum by U. Alexis Johnson, Deputy Director of the Office of Northeast Asian Affairs, to Maxwell M. Hamilton, United States Representative on the Far Eastern Commission, November 30, 1950 (690.00–FEC/11–3050); memorandum by James E. Webb, Under Secretary of State, to James S. Lay, Jr., Executive Secretary of the National Security Council, "Second Progress Report on NSC 13/3," January 26, 1971 (Executive Secretariat Files, Lot 61D167).)

*The Japanese fiscal year runs from April 1 to March 31. [Footnote in the source text.]

[4] For documents pertinent to the initiation of this program, see *Foreign Relations*, 1948, vol. VI, pp. 647 ff.

[5] For a summary of action on the question of Japan's participation in international relationships, see the attachment to the memorandum by John M. Allison, Director of the Office of Northeast Asian Affairs, to John Foster Dulles, Consultant to the Secretary, April 26, 1950, p. 1182.

SCAP announced a plan for strengthening the Japanese merchant marine by use of counterpart funds designed to effect an increase in tonnage of ocean-going Japanese vessels.

Paragraph 16 (Property Matters)

A number of property matters have been settled during the period under review, but SCAP considers impractical at least at this time a program for compensating UN nations for property confiscated in Japan.

Paragraph 17a (Information and Education—Censorship)

Censorship of Japanese postal and telegraphic communications, strict initially, has been gradually scaled down and has now been virtually discontinued.

Paragraph 17b (Information and Education—Radio)

The deficiency appropriation passed by Congress in October allocated sufficient funds to finance the construction of a powerful relay transmitter station on Okinawa. A private engineering firm is now surveying Okinawa for the purpose of going ahead with the construction of a station which would reach almost all of East Asia . . . .

Paragraph 17c (Information and Education—Interchange of Persons)

Under GARIOA project 452 launched in August, it is planned that 159 national leaders and specialists and 192 students will have come to the U.S. by the end of FY 1950. In August a U.S. mission was sent to Japan at General MacArthur's request for the purpose of studying and making recommendations on how to improve the exchange of students, teachers and research scholars between the United States and Japan. The recommendations have been approved in principle and early implementing action is anticipated.

Paragraph 18 (War Crimes Trials)

All war crimes trials in Japan have been terminated.

DEAN RUSK

694.001/3–950

Memorandum by the Special Assistant to the Secretary (Howard) to the Assistant Secretary of State for Far Eastern Affairs (Butterworth)

TOP SECRET [WASHINGTON,] March 9, 1950.

Subject: Japanese Peace and Security Settlement

You will recall that in our meeting with the Secretary [1] just before your departure for the Far East, we proposed consideration of an

[1] On January 18, 1950.

agreement to restore normal political and economic relations with Japan while continuing unchanged the occupation arrangement with respect to security matters until a satisfactory security arrangement could be brought about. A U.S.-Japanese base agreement was considered to have serious political drawbacks. You will also recall that Dean Rusk commented that, although it might be necessary to fall back on our proposal as a second line, it would arouse the suspicion of our Allies if it were proposed as the preferred course of action. Moreover, as the considerable opposition expressed at the meeting evidenced, the proposal does give rise to admitted difficulties which Dean Rusk thought might be as great as the difficulties of proceeding directly to achieve a satisfactory security arrangement.

Dean Rusk therefore held a follow-up meeting [2] to explore the course of going ahead with a direct attempt to solve the security problem. He suggested that consideration be given to the type of security arrangement the United States would regard as the most desirable. The security arrangement proposed in the attached memoranda was developed and presented to the Secretary.[3] The Secretary appeared to regard the proposed security arrangement favorably, and asked us to prepare a memorandum for the NSC. He subsequently mentioned the general idea to the President, who replied that he considered it hopeful.[4]

The shorter of the two attached memoranda [5] is intended for submission to the NSC for their approval as the position of the United States Government. The longer memorandum is intended simply for the information of the NSC in the form of the position of the Department of State. The Secretary has not yet seen these memoranda, which have been held up waiting your approval.

Clearances include FE (except for yourself), NA, S/P, L and UNA. The comments of EUR have been received and analyzed. The comments of GER have not yet been received. The comments of NEA have been received in part. Memoranda concerning these comments

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[2] On February 7. Exact attendance at this meeting is uncertain. A memorandum of February 1 from Mr. Howard to Mr. Rusk, not printed, included discussion of a "Pacific Pact" and formed the basis of discussion at this meeting. (794.5/2–150)

[3] On February 20; exact attendance uncertain. On February 10 Mr. Rusk had forwarded to the Secretary a revision, not printed, of the paper mentioned in the preceding footnote. (794.5/2–1050) The paper printed here is a further revision of the preferred alternative presented in it.

[4] In his memorandum of his conversation held with President Truman on February 20, Secretary Acheson stated with regard to a Japanese peace treaty: "In a general way I sketched out for the President some of the ideas presented to me at the meeting this morning, and asked whether the preparation of a NSC paper along these lines seemed sound to him. He said that he had been worrying about this matter and thought the ideas we had seemed hopeful. He approved going forward with the preparation of the paper." (694.001/2–2050)

[5] Not printed. No record that it was considered in the full NSC has been found in State Department files.

would have to be included, together with the usual S/S outline, before the attached memoranda are sent on to the Secretary.

[Attachment]

Position of the Department of State on United States Policy Toward a Japanese Peace and Security Settlement

This memorandum sets forth the position of the Department of State on United States policy toward a Japanese peace and security settlement.

It is recommended:

1. That this Government should as a matter of urgency conduct diplomatic discussions with other friendly governments for the purpose of obtaining their concurrence in going forward with the conclusion of a Japanese peace treaty and a Pacific collective security arrangement along the lines set forth below. Such a peace treaty and security arrangement would constitute additional elements in an affirmative and cooperative United States policy toward Asia, other elements of which include United States encouragement of a voluntary regional association of Far Eastern non-Communist countries for economic and cultural purposes, development of a coordinated Point IV program, and United States economic and military assistance to individual countries such as Korea, the Philippines, Indonesia and Indochina.

2. That this Government should proceed simultaneously to determine the precise nature of foreseeable United States military requirements with respect to Japan under such a security arrangement.[6]

GENERAL CONSIDERATIONS

1. *The Need for an Early Peace Settlement*

[Here follows a discussion under this heading.]

2. *The Problem of Security*

The root of the problem of proceeding with the negotiation of a peace treaty is the problem of the security of the United States and its friendly Allies in the post-treaty period. The essential objectives of the United States from both the political and the military standpoints are the denial of Japan to the USSR and the maintenance of Japan's orientation towards the Western powers (NSC 49 and 49/1).[7]

The security problem relating to Japan has two aspects. The first aspect flows from Japan's aggression which led to the war and from the fear of the victims of Japanese aggression concerning its possible resurgence in the future. The second aspect flows from the postwar

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[6] The substance of the preceding two numbered paragraphs forms the conclusion of the paper mentioned in the preceding footnote.

[7] An unsigned State Department paper of September 30, 1949 was circulated as NSC 49/1 on October 4. For text, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 870.

threat of aggression from Soviet-Communist expansion in Asia. The first aspect of the problem would normally be taken care of in a treaty of peace. The second aspect would not normally be part of a peace treaty. However, the two aspects overlap and it may be possible that a satisfactory security arrangement for one would materially assist in taking care of the other.

The problem of security against Soviet-Communist expansion also has two aspects. One aspect is defense against overt attack and invasion. The other aspect is protection against Soviet-Communist agitation, subversion and *coup d'état*. The two aspects are, however, closely related. On the one hand, a sound defense against armed attack contributes to the feeling of security among the Japanese necessary to political, economic and social stability and progress. On the other hand, rights to maintain armed forces and military bases on Japan would not contribute to Western military strength unless they rested on Japanese support founded on healthy political, economic and social conditions.

The underlying problem of a peace and security settlement with Japan is therefore to determine a course of action which will preserve or strengthen the security of the United States and its friendly Allies in the Far East through the creation of new and more stable political relationships with respect to Japan which will best assure the continued pro-Western orientation of the Japanese. It is impossible for any treaty or settlement or any course of action or inaction to assure unqualifiedly such an orientation of the Japanese. Our objective should be to determine the way which secures the greatest gains with the least risks.

Our appraisal of Soviet intentions is that the USSR would probably now favor the early conclusion of a multilateral peace treaty if it could thereby secure the evacuation of United States troops from Japan, the legalization of Soviet territorial gains, a post-treaty voice in Japan and possibly some economic gains and opportunities for propaganda in Japan, with the ultimate objective of seizing power in Japan through the Japanese Communist Party. But Soviet actions, particularly the recent demand for the trial of the Emperor as a war criminal, the Sino-Soviet treaty of alliance directed against Japan and its Allies, and the purge of the Japanese Communist Party, indicate that the USSR may have given up hope of obtaining such a settlement in the near future and has determined to participate in a Japanese settlement only on its own terms. These actions suggest that the USSR has determined to concentrate its attention on China and Southeast Asia rather than on Japan and is preparing to cope with a situation formalized along the lines of an anti-Communist bloc including a pro-Western Japan and based on United States military power. For these purposes the USSR and Communist China

have substantial capabilities which cannot be ignored and which would be tremendously increased should there be further substantial Communist successes on the Asian continent.

Under these circumstances action by the United States and its friendly Allies in proceeding with a peace and security settlement which is acceptable to them and therefore probably not acceptable to the USSR and Communist China would not materially alter Soviet actions with respect to Japan or the Soviet timetable in Southeast Asia. Indeed failure to take such action exposes the United States and its friendly Allies to the blame within Japan for the Soviet-Communist pressures directed against Japan, without the Japanese at the same time enjoying the benefits and protection of such a settlement.

This is not to say that the United States should not seek a peace treaty with Japan which is fair and reasonable even in relation to the USSR. But the United States is under no legal obligation to the USSR either to sign a peace treaty on Soviet terms or not to sign at all. Such legal pretext as the Soviets might create out of the signature of a peace treaty without their participation would not be necessary to or change those actions which they considered justified in terms of political and power relationships. Should such a pretext be absent because the United States refrained from proceeding except on Soviet terms another pretext would be created by the USSR to serve a similar purpose.

At the same time, if it becomes necessary to conclude a peace and security settlement without the USSR and Communist China, the United States should proceed with as many as possible of its friendly allies in order to spread the burden of responsibility and to minimize the adverse effects of Soviet-Communist pressures upon the Japanese. Thus, in the conclusions of the NSC on the position of the United States with respect to Asia (NSC 48/2), it is stated that the United States should appraise the desirability and means of developing collective security arrangements bearing in mind the reluctance of India to join in an anti-Communist security pact and the necessity of sharing of the burden by all participating states.

PEACE AND SECURITY SETTLEMENT

The above considerations suggests these guides to a peace and security settlement:

1. That an early peace treaty with Japan is in the interests of the United States provided concurrent measures are taken to preserve the United States military position in the Pacific.
2. That the problem of security against Soviet-Communist expansion, which would not normally be covered by a peace treaty with Japan, should be dealt with separately from the peace treaty in a security arrangement for the post-treaty period.

3. That post-treaty arrangements should promote the development of a framework of friendly allies for Japan so as to promote Japan's pro-Western orientation and its reestablishment as a stable and peaceful member of the family of nations.

4. That the United States and its friendly allies should, if there is a sufficient measure of agreement among them upon an acceptable settlement, proceed without the USSR and Communist China should this be necessary.

1. *The Peace Treaty*

A peace treaty should be concluded which is designed to restore Japan to a genuinely sovereign status with a minimum of restrictions and special disabilities. It should be of such a character as to appeal to Japanese interest and thus draw Japan into friendly relations with the non-Communist nations. The treaty should be brief as possible, but should deal clearly and specifically with all matters involved in the re-establishment of normal relations between the Allies and Japan. Pending the coming into force of the peace treaty the Japanese should be prepared for the task of maintaining internal security in Japan.

[Here follows detailed description of peace treaty desiderata.]

2. *The Collective Security Arrangement*

A collective security arrangement should be concluded consistent with the UN Charter for the purpose of maintaining peace and stability in the Pacific area and of promoting cooperative measures among the members for their collective self-defense. The membership would include, initially, the United States, Canada, the Philippines, Australia, New Zealand and Japan.

The major provisions of the arrangement would be along the following lines:

An undertaking by the parties to settle disputes by peaceful means and to refrain from the threat or use of force as provided in the UN Charter.

An undertaking by the parties to contribute to the further development of peaceful and friendly relations by the strengthening of free institutions, bringing about a better understanding, and promoting conditions of stability and well being; and to eliminate conflict in economic policies and encourage economic collaboration.

An undertaking by the parties to consult whenever their territorial integrity, political independence, or security is threatened.

Agreement that an armed attack against any member should be considered an armed attack against all the members, and that each would take such action as it deemed necessary, individually or in concert with other members, to assist the member attacked. All measures taken would immediately be reported to the Security Council and would be terminated when the Security Council had taken measures necessary to restore and maintain peace and security.

An undertaking by the parties, by means of continuous self-help and mutual aid, to cooperate in the maintenance and development of measures for their defense against armed attack. In particular the parties

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would undertake to conclude special agreements in accordance with which they would make available according to their respective capacities armed forces, assistance, and facilities, including rights of passage, necessary for carrying out the purpose of the security arrangement. (*Note*—Pursuant to this provision a special agreement fixing such rights to bases on Japan as are necessary could be concluded.)

The establishment of a council, on which each member would be represented, to consider matters concerning the implementation of the arrangement.

Provision for the admission, by unanimous agreement, of other Pacific powers as members.

Provision for review of the arrangement at the end of every five years or at any time requested by a majority of the parties.

Provision of the right to cease to be a member after twenty years upon the giving of notice of denunciation of the arrangement.

Advantages—The advantages of such a Pacific collective security arrangement concluded apart from the peace treaty are briefly as follows (fuller comments are given below):

The United States would gain allies in the Pacific area while its own commitments would not be materially different from existing United States responsibilities in the Pacific.

The arrangement would facilitate the signature by other members of a non-punitive peace treaty with Japan and help to assure them against a resurgence of Japanese aggression.

It would strengthen Japan's resistance to Soviet-Communist pressures and facilitate restoration of normal political and economic relations between Japan and other members.

India and other countries which are reluctant to join any anti-Communist association would be enabled to participate in an unobjectionable peace treaty with Japan and at the same time, since they are not proposed for membership in the security arrangement, would not be squarely confronted with the necessity of openly choosing sides in the East-West conflict on a military issue.

The proposed security arrangement would reenforce measures for the strengthening of Indochina and other non-communist South East Asian countries and provide a backstop that would assist in their protection against Soviet-Communist expansion.

3. *Procedure*

The procedure to be followed for the conclusion of the peace treaty and its security arrangement should, so far as the peace conference is concerned, aim at a course in which the break to be expected with the USSR and Communist China would probably come on procedural issues rather than substantive issues and would come in a forum which makes it clearly a break with a large group of nations and not with the United States alone. Also the procedure should rest as fully as possible on the 1947 precedent of the peace conference proposal.

A procedure along the following lines is therefore recommended.

The first step is to arrive at a United States Government position. This step would include Congressional consultation.

The second step would be to negotiate as much as possible of the peace treaty and the security arrangement with friendly FEC countries through diplomatic channels. Such a step is necessary in any event to obtain adequate assurance of agreement with our friendly Allies on content and procedure before going forward. Japan's views would also be discreetly explored at a late stage in this step.

Third, the United States would renew its invitation of 1947 for an FEC-power peace conference, designating time and place and proposing again a two-thirds voting procedure. The first task of the conference would be to determine its voting procedure. At an appropriate stage the non-FEC nations and then Japan would be invited to participate in some way. The conference would be as brief as possible with most of the time devoted to the views of non-FEC nations and Japan. After any modifications had been made the ceremony of signature would take place. As many countries as possible would be given an opportunity to participate in the signature of the peace treaty. (Modification of the above procedure may be required if the USSR proposes a peace conference before the United States is ready to issue invitations to such a conference.)

Fourth, immediately following conclusion of the peace treaty the nations to be included in the security arrangement would proceed with the final negotiation of the agreement for a security arrangement. Any special agreement fixing such bases on Japan and rights incident thereto as may be necessary could also be informally agreed upon, possibly subject only to adoption under the regional arrangement when that arrangement entered into force.

Fifth, the peace treaty and security arrangement would be submitted simultaneously to the Senate for ratification.

Finally, in order to avoid a gap in time between the entry into force of the peace treaty and the security arrangement, the ratifications necessary to bring both into force might be deposited on an agreed date. Japan's act of ratification of the security arrangement could immediately follow its act of ratification of the peace treaty, both acts having been previously authorized by the Japanese Diet.

The above procedure assumes that a representative of the Chinese Communist Government would already have been admitted to the FEC. This would be the ground for justifying the inclusion of the Communist Government in the invitation to the peace conference even though it might not yet have been recognized by the United States and possibly certain other FEC powers.

The USSR and Communist China might refuse to attend the conference because of their disagreement with the proposed forum and voting procedure. Or they might consent to attend, possibly with an indication that an FEC-power conference would be acceptable provided the big power veto were maintained (this was the position of the Nationalist Chinese Government in 1947). In either event, the conference would proceed and would adopt a two-thirds voting procedure without a veto. If the USSR and Communist China had come to the conference, they would probably walk out of the conference at this stage. If not, their continued presence could do little damage

because of prior agreement among the friendly allies on substance and because of the brief nature of the conference.

Signature by a large number of countries would give a solid international backing to the peace treaty in spite of the refusal of the USSR and Communist China to participate.

Because it is unlikely that the pre-conference negotiations with other friendly countries could be carried out without leaks occurring, this Government should at an appropriate time after the initial negotiations issue a statement concerning its proposals.

4. *Other Related Action*

Other action related to the recommended peace treaty and security arrangement includes:

United States encouragement of a voluntary regional association of Far Eastern non-Communist countries for economic and cultural purposes.[8]

United States assistance to Indochina (NSC 64).[9]

United States programs of Point IV, MDAP and other assistance to countries of the Far East not proposed for membership in the security arrangement.[8]

COMMENTS

1. The military basis of the security arrangement is principally United States sea and air power in the Pacific and the Pacific island bastions, on which the parties to the arrangement depend for their security. The arrangement formalizes existing United States responsibilities in the Pacific. The arrangement would broaden the base of sharing in these responsibilities and would provide for making as effective as possible use of the available security means for the common defense, in a manner consistent with the UN Charter. The arrangement, being designed for the Pacific area, probably would not by its terms permit the use of bases in Japan in the event war should break out in Europe, although a separate understanding might be reached with the Japanese on this point.

The defense-against-Japan aspect of the security problem, as contrasted with the defense-of-Japan aspect dealt with in the preceding paragraph above, would be dealt with as follows. The control over reactivation of Japanese armed forces would be exercised through the peace treaty mechanism of review. The mechanism of the regional arrangement would strengthen the controls normally exercised through diplomatic channels over any activities in Japan which might have adverse consequences in the security field. The majority interests of the parties in both cases should be sufficiently identical

[8] For pertinent documents, see pp. 1 ff.
[9] Of February 27, 1950, p. 744.

to permit the exercise of both types of controls in a consistent manner for a common purpose.

2. Because of the regional nature of the arrangement and its conformity with the purposes and principles of the UN Charter, Japan's role would be substantially different from that under a bilateral base agreement with the United States, which would appear to be more in the nature of an outright military alliance. Nevertheless, in entering the arrangement Japan would have to choose not to remain militarily neutral. This choice would be considerably easier than it would be under a bilateral base arrangement. Japan would be one of several members of the arrangement, contributing to peace and stability in the Pacific. It would face the possibility of eventual rearmament of a limited nature geared into the collective defense of the Pacific area. Japanese interests would not under such an arrangement appear to be subordinated to the interests of the other Allies. The security arrangement's regional framework of friendly Allies would lessen any sense of insecurity the Japanese might feel should they be cut off by the USSR and Communist China economically and politically.

Such a security arrangement offers the best assurance available of continued Japanese pro-western orientation, which in turn is a prerequisite to the effective realization of any rights to maintain forces and bases in Japan in the post-peace treaty period. Without continuing Japanese consent, the maintenance of Allied forces and bases in Japan would not only be ineffectual in promoting United States security but might have an adverse effect on our security. Thus, if sabotage and other local acts of violence against the Allied bases on Japan were not adequately prevented by domestic measures taken with the full cooperation of the Japanese people or if the Japanese people became openly hostile in their attitude, a situation would be created which would have dangerous consequences for relations between the United States and Japan, for the prestige of the United States among the peoples of the Far East and for stability generally in that area.

It is proposed therefore that, within the context of the twenty-year collective security arrangement, any special agreement with respect to bases on Japan should be for an initial five-year period with provision for automatic renewal for subsequent five year periods unless Japan or a majority of the members should withdraw their consent. It is further proposed that any such agreement, made in pursuance of the security arrangement, should be a multilateral agreement rather than a bilateral agreement between the United States and Japan, and that Australia should be persuaded to continue its forces in Japan to supplement United States forces, under the overall direction of an American commander.

3. The peace treaty should not, for political reasons, authorize the reactivation of Japanese armed forces. Nevertheless, the peace treaty should not foreclose the possibility of Japanese rearmament at some future time if this course should appear to be in our best interests or in the event Japan should become involved in armed conflict. Our objective under present conditions of the cold war is the prevention of the outbreak of war rather than measures of military defense against actual armed attack by the USSR. The premature diversion of United States aid and Japanese efforts and resources to the maintenance of a Japanese military establishment would upset the balance in the concentration of such aid, efforts and resources, on the one hand, upon the accomplishment of the foregoing objective and, on the other hand, upon the achievement of economic and social progress which in the long run will greatly influence the continued orientation of Japan towards the United States. Moreover, authorization of rearmament in the peace treaty without the expressed will of the Japanese through voluntary amendment of their constitution would appear to have been imposed upon the Japanese for the purpose of promoting the strategic military interests of the United States and would cast serious doubts among the Japanese and other peoples in the Far East as to the sincerity of United States purposes and the validity of the objectives of the occupation. Both consequences would weaken United States influence and the influence of democratic principles in Japan, both of which are necessary to offset Communist influence in Japan. Finally, a present proposal to rearm Japan would probably be viewed unfavorably by the Philippines, Australia, New Zealand and other Allied Powers that continue to fear a renascent nationalistic and aggressive Japan.

4. It is highly important that Far Eastern countries excluded from the security arrangement—particularly Indochina, Siam, Burma, Korea and Indonesia—not feel that they have been abandoned to Soviet Communism. As in the case of the exclusion of Greece and Turkey from the North Atlantic Pact, it is important that there be advance and tangible assurances of continuing United States interest in the countries excluded from the collective security arrangement. It is important that the countries of South East Asia, which are the immediate target of Soviet Communist pressures, should have their resistance to such pressures strengthened rather than weakened by the conclusion of the offshore security arrangement. These countries would have to be convinced that the security arrangement covering the Pacific area would be a backstop that would materially assist in the protection

of continental Asian areas and would in no sense be a retreat or abandonment of these areas to Soviet-Communist aggression.

In the case of Indonesia, it is believed that membership should be deferred at least so long as its internal order and strength are inadequate to enable it to make a substantial contribution to the security arrangement. Indonesia should, however, be informed of the proposed arrangement at an early stage.

It must be understood that the UK, France, and possibly the Netherlands may have objections to a collective security arrangement in the Pacific excluding them which would have to be taken into consideration. In the case of the UK, it should be pointed out that its interests and the interests of the Commonwealth are adequately represented through the membership of the three Commonwealth nations in the security arrangement; that the inclusion of the UK, France and the Netherlands in the arrangement would require in turn the inclusion of Hong Kong, the Malayan States, Indochina and Indonesia with a consequent unacceptable extension of the security commitment of the participating nations and with the consequent introduction of an unfortunate imperialistic aspect into the arrangement; and that British prestige in the Pacific should be adequately assured through the security system of the British Commonwealth of nations. In the case of France, it is believed that adequate assurance of aid to Indochina would be sufficient to justify exclusion of both Indochina and France. Similar considerations would appear to apply to Indonesia and the Netherlands.

Although the Philippines and Australia in particular would probably not relish association with Japan in the proposed regional arrangement, their vital interest in a closer security association with the United States and the importance of the defense of Japan against Soviet-Communist domination to their defense might well cause them willingly to join the arrangement after initial hesitation. Although Canada is not a "Pacific island" power its inclusion has the advantage that it is a western power like the United States yet is not a target of propaganda against imperialism.

Editorial Note

In a conversation held in London March 11, Ambassador Jessup and representatives of the British Foreign Office in part discussed attitudes of other Asian nations towards a Japanese peace treaty and the economic revival of Japan. For a record of the conversation, see page 46.

611.941/8–2450

Memorandum by the Special Assistant to the Secretary (Howard) to the Ambassador at Large (Jessup)[1]

SECRET [WASHINGTON,] March 24, 1950.

Subject: Voorhees' Suggested Approach to Japanese Treaty Problem

Yesterday, March 23, Under Secretary of the Army Voorhees called on the Secretary at his own request. At the meeting, which was attended by the Secretary, Ambassador Jessup and Messrs. Rusk, Butterworth and Howard, Mr. Voorhees outlined the approach to the Japanese treaty problem contained in a memorandum from him to the Secretary.

The Secretary replied that we had already considered a proposal of this nature and that the Secretary's preliminary reaction was that the arguments advanced for the proposal on legal grounds unduly stressed the extent to which such grounds, as contrasted with the political and power relationships between the USSR and the United States, would motivate the Soviet Union in its actions. Mr. Voorhees replied that he had discussed his proposal at length with the Joint Chiefs of Staff, he thought that they would be willing to go along with such a proposal, but he felt certain that the concern of the Joint Chiefs with respect to these legal grounds could not be changed. The Secretary indicated that he would nevertheless wish to discuss the matter with the Joint Chiefs.

Mr. Voorhees left with the Secretary a copy of his memorandum together with four tabs consisting of memoranda prepared by Messrs. Dorr and Murchison.[2] Copies of these memoranda are attached as indicated above.

[Attachment]

23 MARCH 1950.

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: A suggested approach to the Japanese Treaty problem

Last December, the Joint Chiefs of Staff stated their conclusion that a treaty with Japan is premature. This reaffirmed their opinion of June 1949 and was in accord with the existing NSC policy approved in May 1949.

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[1] This memorandum was distributed to Messrs. Rusk, Butterworth, Jessup, Fisher, and Allison, as well as to Ambassador Maxwell M. Hamilton, Chairman of and United States Representative on the FEC; Leonard C. Meeker, Acting Assistant Legal Adviser for United Nations Affairs; and Robert A. Fearey of the Bureau of Far Eastern Affairs.

[2] None printed.

At my request, the Joint Chiefs of Staff, during their trip to Japan in January,[3] reconsidered this subject after having a full personal presentation to them of General MacArthur's views. On their return they again reaffirmed their previous position.

The basic reasoning underlying this position is, I believe, that an unarmed Japan would have no security without the presence of U.S. forces; that the surrender terms require that the occupation forces of the Allies withdraw at the end of the occupation; that to avert the necessity of withdrawal of U.S. troops, the proposed making of a bilateral agreement between Japan and the U.S. for bases might well be a breach of the surrender terms that occupation forces should withdraw when the occupation is over; further, that Russia has a right to have occupation troops in Japan but has not exercised it because of unwillingness to place her forces under an American Commander, as she is required to do while the "regime of control" continues; that if Japan should succeed in terminating the "regime of control" by a treaty to which Russia is not a party, this would leave Russia with a right to send in occupation troops free of any American Command, even without restoration of hostilities; that this would give the U.S. troops remaining in bases in Japan the unattractive options of resisting such landing by force or of attacking Russian troops which had landed, or of sharing the islands with Russian troops, or of withdrawing and turning Japan over to the Russians; further, that Russia would have an alternative right to consider the state of hostilities restored because of Japan's breach of her surrender agreement (to place her Government and her Emperor under the Supreme Commander) and by harassing tactics against shipping or otherwise make the maintenance of the economy of Japan impossible.

On the other hand, public discussion over the past six months has made a treaty an issue of great importance in Japan. High hopes have been raised, the complete disappointment of which might well prejudice the present favorable orientation of Japan toward the U.S. General MacArthur believes that the focal point of interest for Japan is to obtain by treaty a termination of the state of war, which will give her the right to conduct her international affairs, and to this end to have diplomatic and consular agents and trade representatives in other nations. He states that the Japanese are now in very large part running their domestic affairs and that the Occupation's economic controls are now being progressively reduced to the minimum necessary to assure effective utilization of U.S. economic aid.

The salient fact is that the word "treaty" itself has become an issue of importance in maintaining Japan's favorable present orientation.

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[3] January 29 to February 5.

The problem is therefore a serious one, not only for the State Department, but for the Occupation and for the Department of the Army with its occupational responsibility.

Accordingly, since the Joint Chiefs' latest reaffirmation of their position, we have made intensive studies of this subject. In these Mr. G. H. Dorr, Mr. David C. Murchison (until recently associated with Mr. Dorr's law office) and I have all participated. These studies led us to the *conclusion that a treaty dealing with the subjects which are most essential to the U.S. and Japan is not necessarily inconsistent with the retention of the "regime of control";* that such a treaty might, therefore, be negotiated between Japan and the U.S. and any other nations which might care to join, without violation of Russia's rights. We feel that this approach may reconcile in large degree the dilemma created by the need for a treaty and the Joint Chiefs' requirement of a continuing secure position for U.S. troops in Japan.

This approach might be utilized in more than one way. One could be to call a peace conference inviting all the nations including Russia and China. (Present difficulties relating to recognition of China are of course recognized.) Such a call could state that Japan had done all in her power to carry out the surrender terms, entitling her to a treaty if obtainable, but also pointing out that one basic occupation objective, that of establishment of peace and security, has not yet been fully accomplished if the terms of the surrender requiring that Japan be unarmed and that occupation troops withdraw be adhered to; that this is due to no fault of Japan but to the disturbed conditions in nearby areas, which are such that Japan would be left without security. Some such reservation appears necessary to avoid an admission that there is no right or necessity to continue the occupation after Russia and China refuse to modify the surrender terms and to join in a treaty recognizing Japan's right to agree to U.S. bases.

A simpler, more direct approach might be for the U.S. merely to announce that Japan had done everything in her power to entitle herself to a treaty, but that, without some modification of the surrender terms, this could not be achieved in a way to provide for her security, due to troubled conditions on the nearby mainland; and further stating that positions already taken by Russia had made it clear that no treaty which would realistically provide for establishment of peace and security could apparently be negotiated at the present time with Russia; that accordingly the U.S. proposed to negotiate with Japan, in company with any other friendly powers who care to join, a partial treaty covering such subjects as could be dealt with consistently with the Potsdam and Moscow agreements.

Under either approach the proposal would also contemplate the issuance by the President of the United States of an "interim directive," under his right to do so granted by the Moscow Agreement,

which would establish as a matter of policy for the Supreme Commander that, after the treaty goes into effect, he should endeavor as far as possible consistent with the objectives of the occupation to seek to achieve such objectives through the Japanese Government, with a minimum of intervention in the Government and in a manner which would be consistent with the purposes of the treaty. This would be possible because there is no general limiting provision as to any minimum degree to which, nor as to the manner in which, the Supreme Commander must exercise his powers.

Under this plan, the "regime of control" would be continued, there would be a Supreme Commander and none of Russia's rights under the various agreements would be violated. Further, there would be a continued clear legal right for the presence of U.S. occupation troops, and there would be no increased danger of Russia's seeking to send troops because, if sent, they would still as at present have to be placed under the Supreme Commander, a condition which Russia has found unacceptable.

Yet, on the other hand, a state of peace would be established between Japan and the U.S. and any other friendly nations joining in such treaty; the Japanese Government could have international recognition and dignity in its relations with the signatory nations, and would possess a very large measure of sovereignty in both domestic and international affairs. It could in fact have a greater degree of sovereignty than the German Government possesses under the present occupation statute. Yet the U.S. would have the residual power residing in the inherent authority of the Supreme Commander ready to be exercised in an emergency due to war, attempted Communist coup or otherwise.

Under such a plan, the limitations on the complete sovereignty of Japan could also be clearly shown to be due to the unwillingness of Russia to participate in the negotiations for a more complete treaty.

While there would be subjects which such a partial treaty could not cover, such as reparations rights—unless the U.S. or other nations should choose to end their reparations claims as part of the treaty—and disposition of areas outside the four main islands, these omissions would not appear to interfere with achievement of the main objectives of a treaty as a solution of the present dilemma.

The above approach was submitted to Secretary Johnson on February 27th and he directed that I take this up in his behalf with the Secretary of State in a purely exploratory way, with of course no commitment being made on any one's part.

Should the present suggestion prove to have value, the credit for it would be due in very large part to Mr. Dorr's and Mr. Murchison's contribution.

TRACY S. VOORHEES

611.941/8–2450

The Acting United States Political Adviser for Japan (Sebald) to the Director of the Office of Northeast Asian Affairs (Allison)

SECRET

TOKYO, March 24, 1950.

DEAR JOHN: I am somewhat disturbed at the persistent and fairly effective communist party line in Japan opposing a "separate" peace and the granting of bases to the United States. The communist line is being strongly advocated not only by communist leaders such as Tokuda and Nozaka, but also by leftist Korean elements, communist front organizations, and, of course, by such communist organs as the *Akahata*. Additionally, G–2 has uncovered a plan on the part of the communists to raise difficulties in connection with the contemplated construction work to be undertaken by Japanese contractors on Okinawa. All this adds up to a well-directed propaganda force which is not being counteracted by us in any way.

You can well appreciate the difficulty in which I find myself when it comes to taking counter-measures to the above. In so far as I am aware, United States policy on these matters has not even crystallized to the point where we know whether base rights will be negotiated at the time of the peace negotiations, or whether in fact we will even desire bases. Nor do we know whether a peace conference will be called, and if so, whether we would go ahead without Soviet Russia (and Communist China). I have, of course, consistently evaded questions put to me by the press here on these subjects.

It seems to me, however, that something should be done, and done soon, to counteract the highly effective communist propaganda line mentioned above. I appreciate that this whole subject is one of considerable delicacy, but the communists are being so successful in crystallizing Japanese public opinion against base rights and against a "separate" peace, that unless something is done to counteract this propaganda, we may be faced with a hard, hostile public opinion in Japan when these matters are eventually raised at the time of the peace conference.

There is little of a concrete nature that I can suggest as to how this propaganda can most effectively be counteracted. There is, of course, the possibility that the subject of bases and "separate" peace might be placed in their proper perspective at one of the Secretary's press conferences—anything said along these lines would receive good play in Japan and would, I believe, tend to explain to the Japanese just what is meant by bases and "separate" peace. Alternatively, if I had some idea of the Department's present thinking along these lines, and advice as to how far I could go, the subject matter could easily be worked into a speech here as a trial balloon. This would undoubtedly immediately be picked up by the press and act as a

counter to the communist (Soviet) line. (I am scheduled to give a 15–20 minute speech at a Japan-American Society luncheon on April 28.)

Another matter which gives me considerable concern is the apparent complacency with which the Occupation authorities view current communist activities in Japan. Hardly a day goes by but that *Akahata* carries an article which is in violation of the press code or which directly or indirectly attacks the United States. Likewise, the commies are becoming bolder in their criticism of the United States, in their activities in the Diet, in pamphleteering, soapbox orations, and in leading wild-cat strikes wherever possible. I do not mean to imply that the communists have gotten out of hand, but there is no question but that they are testing for weak spots and are working hard against the day when their trial period comes to an end and action on a national scale becomes possible.

There seems little doubt that the bolder and more anti-American and anti-Occupation character of communist activities is, at least partly, in response to the criticism the party received at the hands of the Cominform in January.[1] It is only too apparent, therefore, that the propaganda lines and activities of the Japan Communist Party have been made to conform perfectly with the over-all Soviet objective in the Far East of undermining the position of the United States and directing all Asiatic grievances into channels of open hostility toward us. In this sense, we can no longer ignore the elementary fact that the Japan Communist Party is not a bona fide Japanese organization which should be accorded the status of a Japanese political party, but is an agency for implementing Soviet policy in Japan.

While I appreciate that a widespread crack-down by the Occupation might not be an unmixed blessing, I am nevertheless convinced that the Occupation should not fear criticism resulting from countermeasures, especially against the upper communist hierarchy, in particularly flagrant cases. Any hardening of the Occupation attitude would, of course, necessarily have to filter down from General MacArthur, who, in my limited discussions on the subject with him, has usually brushed off the communists as gadflies and nothing more. We are, therefore, faced with a basic decision, namely, should an attempt be made to hold the communists strictly in line, either through the Japanese Government or directly by the Occupation, or should we allow matters to drift and hope that the Japanese people themselves will solve the communist problem? I, personally, favor the former course, but would appreciate your views on this most important subject.

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[1] Documentation regarding internal affairs of the Japanese Communist party is in file 794.001 for 1950.

Apropos of the above, I would appreciate being brought up to date on the status of the latest draft treaty and discussions on the problem of security provisions in the draft. We have had no current information on this subject for some considerable time.

Sincerely yours, W. J. SEBALD

Lot 53D444 : Secretary's Memoranda of Conversation

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] March 27, 1950.

Subject: Japanese Peace Treaty

Participants: The British Ambassador, Sir Oliver Franks
The Secretary
Mr. Jessup
Mr. Butterworth [1]
Mr. Thompson [2]

The British Ambassador pointed out that the Colombo Conference provided for the setting up of a Commonwealth Working Party to discuss the question of the Japanese Peace Treaty. He said this group is scheduled to meet in London in the second half of April and Mr. Bevin wished him to inquire whether the United States Government would be able to communicate anything further on United States views on this question by that time. The Ambassador said that it was quite possible in the absence of any further indication of our thinking that views might tend to become crystallized along lines divergent from the policies which we were evolving in the United States.

In reply, I pointed out that I was not in the position to be able to answer his question. I said I had not been idle in this matter and that we were not discouraged. However, the fact is that our Joint Chiefs are away, and they are not expected to return before about the middle of next month. Several of them are going to London and will be talking with the British Chiefs. We did not know exactly what they would discuss, but if they did touch on this question, that might be helpful.

I said I wished to add that I believed it important that we not be put in any public position of blocking the Japanese Peace Treaty. This role was now being filled by the Russians, and I thought it im-

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[1] On March 27 the Department announced that Dean Rusk was replacing Mr. Butterworth as Assistant Secretary of State for Far Eastern Affairs and that the latter, retaining the title of Assistant Secretary of State, would henceforth devote full time to Japanese matters. Additional information is in the Department of State *Bulletin*, May 8, 1950, p. 742. For Mr. Acheson's account of this change, see his *Present at the Creation* (New York: W. W. Norton, 1969), pp. 431–432.

[2] Llewellyn E. Thompson, Jr., Deputy Assistant Secretary of State for European Affairs.

portant that they continue to fulfill this function. I did undertake to get in touch with the Ambassador as soon as we had anything further to communicate on this subject.

694.001/3–3150

Memorandum by the Special Assistant to the Secretary (Howard) to the Minister in France (Bohlen)

TOP SECRET [WASHINGTON,] March 31, 1950.

For your background information in considering the proposal in the attached paper,[1] I would like to give a brief résumé of what has transpired since last September when Mr. Bevin proposed to the Secretary that it might be necessary to proceed without the USSR in order to have a Japanese peace treaty and suggested that U.S. forces remain in Japan in the post-treaty period pursuant to a bilateral base agreement between the United States and Japan.

The Secretary, at the approval of the President, asked the Defense Department for a statement of what the U.S. military requirements would be in the event that a peace treaty and bilateral base agreement with Japan were to be negotiated. Instead of a direct response to this request Under Secretary of the Army Voorhees became involved for a considerable period of time with the study of the legal problems involved in the termination of the occupation without Soviet participation. Eventually in late December the JCS gave their reply that they still regarded a peace treaty as premature. The essence of the JCS opinion is that a peace treaty is premature because of two mutually exclusive *military* requirements: (1) the requirement of U.S. security that U.S. forces continue to be based on Japan for an indefinite period and (2) the requirement that any peace treaty must be signed also by the USSR and the *de facto* government of China. The Secretary met briefly with the JCS after receiving their reply and gave as his offhand reaction that in view of the mutually exclusive character of these requirements during the indefinite future the JCS opinion would appear to be of a long-term character and their conclusion that the peace treaty is premature was a masterpiece of understatement.

In conjunction with the JCS opinion—and illuminating some of the thinking underlying it—Tracy Voorhees proposed to the Secretary and subsequently to General MacArthur the adoption of a "standby SCAP" arrangement. That is, there would be no peace treaty because of the security risks involved in proceeding without the USSR but the conditions of a peace would be approximated by the unilateral action

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[1] Not found. Presumably a copy of the attachment to Mr. Howard's memorandum of March 9 to Mr. Butterworth, p. 1140.

of SCAP in ceasing to exercise his day-to-day detailed controls over the Japanese Government, while maintaining his reserve powers for use in the event of an emergency arising from a Soviet attack, a communist uprising, or otherwise. The central legal problem which preoccupied Voorhees and the JCS appeared to be that on conclusion of a separate peace treaty the USSR would then be free, and with plausibility, to act as if Japan had violated its surrender terms in permiting U.S. forces to remain in Japan contrary to the Potsdam Declaration and would engage in harassing activities against Japanese shipping, etc., and might even declare that hostilities with Japan were restored. Considerable point was made of the security risk to U.S. troops in Japan under these circumstances which they regarded as analogous to our lack of complete legal rights to access to Berlin which they say brought about the Berlin blockade and airlift. The Secretary's reaction was that Soviet moves would be prompted not by such legal considerations but rather by the political and power relationships between the USSR and the United States.

While awaiting receipt of the JCS reply we had been exploring the relationship of a bilateral base agreement to a peace treaty, the content of the two and the political consequences in Japan, the Far East and elsewhere of such a U.S.-Japanese base agreement. The principal disadvantages of a base agreement were that: because of the uncertainties in the situation it was necessary for the U.S. military to maximize its military requirements in such an agreement; the nakedly military U.S. posture in Japan might have adverse political consequences among the peoples of Japan and the Far East; the Japanese Government would be subjected to an all-out Soviet-Communist propaganda campaign of having sold out the Japanese people to U.S. imperialism; and complete termination of SCAP controls might increase Soviet and Chinese Communist capabilities of increasing their influence over Japan.

With these difficulties in mind we developed an alternative approach. On the assumption that it was not feasible at the present time to work out a satisfactory solution of the security problem but that it was feasible to solve most of the political and economic problems generally dealt with in a peace treaty, we worked out a so-called agreement for the restoration of normal political and economic relations with Japan which would restore Japan to a state of peace and permit its re-entry into the family of nations but would retain the wartime legal agreements as authority for the continued activities of SCAP in security matters (the rationale being that the long term and very general security objectives of the Potsdam Declaration had by no means been achieved as yet). This proposal was discussed with the Secretary whose reaction was that it overstressed the importance of the legal problems involved and would appear to involve a change in the regime of control

and would therefore be subject to the Soviet charge that the wartime agreements were being violated. It was also felt that, although this compromise approach might provide a second line of defense, to make it our initial proposal would arouse the suspicions of our allies that we intended to remain in Japan indefinitely under the occupation.

Accordingly, a new approach was taken with the following objective: On the one hand to conclude a "normal" type of peace treaty dealing with economic and political problems, and security problems insofar as they related to the possible resurgence of Japanese aggression, and on the other hand to develop that type of security arrangement in relation to possible Soviet-Communist aggression which would appear most satisfactory from the standpoint of U.S. security in relation to Japan. This approach opened for the first time the possibility of a Pacific pact, which had been previously regarded as contrary to U.S. policy. The type of pact which had the greatest appeal was an "off shore" Pacific pact which did not involve U.S. military commitments with respect to the Asian mainland. Such a pact was briefly discussed with the Secretary, who thought there were possibilities along these lines and he asked that the matter be further developed and a memorandum be prepared for submission to the NSC. The attached memorandum is a statement of the Department's position concerning such an offshore Pacific pact. (As a matter of tactics a much briefer version of this memorandum would be submitted to the NSC for its approval.)

The attached proposal has by no means been fully cleared in the Department. The primary objections which have been raised against the pact involve the adverse effect of exclusion of the UK and France upon our general relations with those countries—for this reason it appears that it would probably be necessary to include the UK and France in some way; the difficulty in leaving the Near East as the one major non-Communist area of the world not covered by such a pact; and the adverse psychological consequences in the countries of South East Asia of their exclusion from the U.S. security commitments under the arrangement—for this reason it is universally agreed that the problem of French Indo-China would have to be taken care of separately and in advance of the conclusion of any Pacific pact.

I am also attaching a brief memorandum [2] suggesting a refinement of the Pacific pact proposal to help meet some of the above objections. It does not appear that this proposal does adequately satisfy the above three objections however. Tommy Thompson [3] has suggested for example that the character of the commitment in such a pact should be first, to defend Japan against attack and second to defend one another

[2] Of March 30, not printed.
[3] Llewellyn E. Thompson, Jr.

against attack by Japan, with the scope of membership including Korea and the South East Asian countries. Although this alternative is being explored it does not offhand appear to be very desirable from the standpoint of the Japanese who would regard the purpose of bases as being to keep Japan down during the indefinite post-treaty period. It is also possible that the U.S. military would not be prepared to extend U.S. commitments on to the Asian mainland even in the limited form suggested. However, these points are being explored.

The latest proposal of the Defense Department is almost identical with our economic-political agreement referred to above (p. 2, second full paragraph).[4]

[4] The last paragraph is handwritten.

Editorial Note

In Press Release No. 323 of April 6, 1950, the Department of State announced the appointment of John Foster Dulles as Consultant to the Secretary of State. Full text of the release is printed in Department of State *Press Releases*, 1950, under date. For a partial text, see Department of State *Bulletin*, April 24, 1950, page 661. Mr. Dulles' appointment became effective April 19.

Text of Secretary Acheson's statement of April 6 regarding the status in the Department of Mr. Dulles, Ambassador Jessup, and John Sherman Cooper, also a Consultant to the Secretary, is *ibid.*, page 662.

An unsigned memorandum of a telephone conversation held April 6 between Michael McDermott, Special Assistant to the Secretary for Press Relations, and Charles Ross, Press Secretary to the President (then in Key West, Florida) reads in part:

"[Mr. Ross] said President is looking for somebody who is concerned with the peace treaties who will be working on a global scale but with particular reference to Japan. According to President's understanding, that job is yet to be filled and looking for a man to fill it, and President said that need not necessarily be a Republican. He wants the best man."

This paper and its attachments contain additional information regarding the background to Mr. Dulles' appointment. (110.17 DU/4–650)

Documents in file 110.17 DU for the first half of April 1950 indicate that leading officials of the Department were considering Mr. Dulles for a variety of assignments, including several having to do with Far Eastern questions.

In a memorandum to the Secretary of April 18 Mr. Rusk stated in part:

"The following are my suggestions about how we might best use Mr. Dulles, subject to his own views and the availability of his time:

1. *First Priority* should be given to the development of a bi-partisan position on the Japanese Peace Settlement. Mr. Butterworth has made good progress on this in the past two weeks and the subject lends itself to an initial bi-partisan agreement on a matter which has not become a bone of partisan contention. Mr. Dulles should be brought fully into this operation in order to be in position to take a leading role in the international negotiations which would be required."

Other possibilities mentioned by Mr. Rusk were, in descending order of priority, the development of an agreed bipartisan foreign policy toward the Far East as a whole, an examination of United States strategy in the forthcoming session of the United Nations General Assembly, a reexamination of the Department's information program, and examination of a number of proposals for further steps in international organization. (110.17 DU/4–1450)

On May 18, upon the nomination of Mr. Butterworth to be Ambassador to Sweden, Mr. Dulles succeeded to the former's special responsibilities regarding a Japanese settlement.

694.001/4–750

Memorandum of Conversation, by the Special Assistant to the Secretary (Howard)

TOP SECRET [NEW YORK,] April 7, 1950.[1]

Subject: Japanese Peace Settlement

Participants: Mr. John Foster Dulles
Mr. W. Walton Butterworth, S/J
Mr. John B. Howard, S

I. *Review of Background*

Pursuant to Mr. Dulles' request to be briefed on the Japanese peace settlement problems, Mr. Butterworth and Mr. Howard went to New York for this purpose and met with Mr. Dulles for about four hours.

[Here follows the oral briefing given Mr. Dulles.]

III. *The Views of Mr. Dulles*

Mr. Dulles said that the neutralization arrangement proposed by Walter Lippmann did not make any sense to him in the case of Germany and, although he knew less about Japan, it seemed to him lack-

[1] Date of conversation; the memorandum was prepared April 11 in Washington.

ing for similar reasons in its application to Japan. Neutrality had no meaning for the Russians.

With regard to bases, Mr. Dulles seemed somewhat unaware of the JCS interest in having bases on Japan proper as well as on Okinawa. He said that he was in general skeptical about the future utility of small bases scattered around the world. It was his impression that the Air Force would rely increasingly on land-mass bases such as those on the North American continent. He could, however, appreciate the usefulness of bases spread out over a considerable area such as we have in the UK. Bases on Japan proper might be comparable to these. Nevertheless bases in a hostile country would be useless and the Japanese must be willing, as were the British in the case of the UK, to request the United States to establish bases on Japan. Mr. Dulles showed no indication that he had any predisposition as to the necessity for bases but rather regarded this as a technical military problem. He was prepared to envisage an arrangement either with or without bases on Japan proper. As for the Ryukyus his views were the same as those of the Department, that an ordinary trusteeship would be as satisfactory as a strategic trusteeship.

Mr. Dulles expressed grave doubts about a Pacific Pact. His views as to the drawbacks in an extension of an Atlantic Pact [2] type of commitment to the Pacific and the Near East coincided with those of the Department. He recalled his vivid impressions of the difficulties with the countries excluded from the Atlantic Pact and the enlargement of membership before the Pact was finally concluded. He said that such difficulties were inevitable when the United States through such pacts sought to draw lines which included some countries and excluded others. Discussing this problem he remarked incidentally that if an actual Soviet armed aggression took place anywhere in the world—he then chose Iran in illustration—the United States would inevitably have to go to war. He did not anticipate such an attack so long as the USSR continued to be so eminently successful in achieving its objectives by means of indirect aggression.

In explaining the lack of appeal which a Pacific Pact had for him, he recalled his meeting at Blair House with General Marshall, Mr. Lovett, and Senator Vandenberg when an Atlantic Pact was first discussed.[3] On that occasion he proposed in lieu of an Atlantic Pact a U.S. policy declaration like the Monroe Doctrine. Nevertheless in his testi-

[2] For text of the North Atlantic Treaty, signed at Washington April 4, 1949, see Department of State Treaties and Other International Acts Series (TIAS) No. 1964, or 63 Stat. (pt. 2) 2241.

[3] Refers possibly to a meeting held April 27, 1948. For text of Mr. Lovett's memorandum of this conversation, see *Foreign Relations*, 1948, vol. III, p. 104. George C. Marshall was then Secretary of State. Robert A. Lovett was Under Secretary of State, Arthur H. Vandenberg of Michigan was Chairman of the Senate Foreign Relations Committee, and Mr. Dulles was a member of the United States Delegation to the U.N. General Assembly.

mony in the Senate he supported the Atlantic Pact out of loyalty. With regard to the Military Assistance Program, he said that it was his belief that the efficacy of military assistance lay almost entirely in the promotion of internal security. It is his belief that the primary source of external security for the other members of the Atlantic Pact lies in the strength of the United States.

With regard to a protocol on security with respect to Japan that would constitute a multilateral endorsement of a U.S.–Japan base arrangement, Mr. Dulles showed no great enthusiasm for the proposal and seemed to concur in our views concerning its weaknesses.

With regard to the stand-by SCAP arrangement and the limited political and economic treaty, Mr. Dulles felt that Messrs, Voorhees and Dorr were highly exaggerating the legal difficulties involved, which he regarded as none of the concern of the Defense Department. He said that Mr. Dorr had been quite troublesome at Paris, was technically-minded and time-consuming. He indicated appreciation that these arrangements might fall short of meeting the requirements of the opinion of the Japanese and our Allies under present circumstances.

Mr. Dulles seemed immediately to be favorably disposed toward the proposed agreement whereby Japan would be defended against attack and the participating countries would defend one another against attack by Japan. He asked if we had a draft of the proposal with us. A draft was shown to him and he gave it his careful consideration. The manner in which he discussed the draft and the detailed character of his suggestions, which are given below, indicated that he was in general accord with the proposal and at the conclusion of our discussion of the draft he said that he thought that we were "on the right track". He inquired more than once into the timing contemplated and was told that the timing was largely determined by the necessity for having a U.S. position before the Secretary left for the May 8 meeting of Foreign Ministers [4] and that the timing of NSC action would importantly depend on how long exploratory discussions with the National Military Establishment, particularly the Joint Chiefs, took. Mr. Dulles, who was about to depart for a two week vacation in a rather inaccessible part of Canada, said that although he believed we were on the right track, he did not want to be committed to something which was firmed up in detail in his absence, especially while on vacation. He said that he would be perfectly willing to come to Washington before the end of the two weeks and asked to be notified if this were necessary, allowing several days for communication and

[4] Documentation on the meetings of Foreign Ministers of France, the United Kingdom, and the United States held in London May 11–13, 1950, is scheduled for publication in volume III.

travel. He said that arrangements to notify him could be made through his New York office.

Mr. Dulles' Comments on Draft Agreement on Security With Respect to Japan

The rough draft shown to Mr. Dulles[5] contained in Article I a mutual agreement to respect territorial integrity and political independence and to settle disputes by peaceful means. In Article II the parties agreed to consult whenever the security of Japan was threatened from any source. In Article III the parties agreed that an armed attack against Japan would be considered an armed attack against them and that they would assist Japan, using armed force if necessary. This article further provided that Japan and one or more of the powers which furnished forces under SCAP shall conclude an agreement concerning the use of facilities in Japan to carry out the purposes of the article. In Article IV the parties reaffirmed their confidence in the peaceful disposition of Japan but nevertheless undertook to regard an attack by Japan on one party as an attack on them all and undertook to give assistance to the party so attacked. It was explained to Mr. Dulles that this was a very rough draft, more in the nature of an outline setting forth the essential principles and undertakings.

Mr. Dulles' first comment was that the Atlantic Pact type of commitment to defend Japan against attack would be regarded as somewhat anomalous by our Allies because Japan, an ex-enemy country, would be obtaining a U.S. commitment which every one of our friendly Allies coveted. Mr. Dulles said that the one-for-all and all-for-one commitment of the Atlantic Pact was regarded in the Senate as indicative of a very intimate relation among the nations involved. Judging by his experience in the Senate at the time of the Atlantic Pact he doubted that the Senate would be willing to have the United States engage in a similar "brotherhood" undertaking with respect to Japan. He compared the comitments in the Atlantic Pact and the Rio Treaty,[6] pointing to the less direct reference to the use of armed force in the Rio Treaty and the greater emphasis upon consultation. Because of this difference he said the Senate regarded the Atlantic Pact as carrying an *obligation* to use armed force in the event a member were attacked, whereas under the Rio Treaty no such obligation was automatically brought into force by an attack against one of the parties. Mr. Dulles suggested that the Article III commmitment with regard to an attack upon Japan might be rephrased to make the commitment to use armed force less automatic.

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[5] Not found in Department of State files.

[6] For text of the Inter-American Treaty of Reciprocal Assistance, opened for signature at Rio de Janeiro September 2, 1947, see TIAS No. 1838, or 62 Stat. (pt. 2) 1681.

Mr. Dulles said that he did not think the Senate would approve a commitment to defend Japan of indefinite duration. He was told that a time limit was contemplated, but the specific nature of the time limit had not been fully explored.

Mr. Dulles suggested that the commitment to defend one another against an attack by Japan should precede rather than follow the commitment to defend Japan against attack. He said that, although the present order was obviously preferable to the Japanese, the order which we should envisage is to satisfy first of all the American Congress, for Senate ratification was essential, then our Allies and the Japanese.

He suggested that reference to Japan's constitutional renunciation of war might be useful as "scenery" in relation to the undertaking to defend Japan against attack. Mr. Howard said that such a reference was contemplated, possibly in a preamble which had not yet been drafted, as well as a reference to the role of the occupying forces in insuring Japan's security under the occupation in relation to the provision for conclusion of a base agreement between Japan and one or more of the powers which furnished such forces. Mr. Dulles said that these two points would be helpful as scenery in getting the agreement adopted.

Mr. Dulles suggested that in the sentence of Article III now reading, "It is mutually agreed that Japan and one or more of the powers which furnished forces under SCAP *shall* conclude an agreement concerning the use of facilities in Japan" etc, the word "will" would be better than the word "shall".

Mr. Dulles concurred in the desirability of obtaining General MacArthur's views concerning the proposed agreement in conjunction with NSC consideration. He suggested however that the proposal submitted to General MacArthur should be less acceptable to the Japanese than the agreement we had in mind. He referred to his experience with General Clay, who was inclined to judge every proposal in terms of whether the Germans would like it and he felt that General MacArthur might have the same inclination in regard to the Japanese. He said that General Marshall had referred to this phenomenon, which he ran into as Chief of Staff during the war, as "localitis".

With regard to the question of scope of signature, Mr. Dulles favored opening signature to any nation that wished to join rather than restrict membership to the FEC countries and Japan. He did not seem to think that such an extension of the U.S. commitment in respect to an attack by Japan would be objectionable to the JCS.

Mr. Butterworth pointed out that one of the advantages of an agreement of the type under discussion was that it might be possible with such an agreement to omit from the peace treaty any undertaking

by Japan to remain disarmed. Our Pacific allies which were concerned about Japanese aggression would be taken care of by the commitment of the United States to defend them against an attack by Japan, whether armed or disarmed.

Lot 56D527 : Office of Northeast Asian Affairs

Memorandum of Conversation, by the Counselor of the Mission in Japan (Huston)

SECRET [TOKYO,] April 8, 1950.

Subject: American Military Bases in Japan.

Participants: Prime Minister Shigeru Yoshida
Mr. Cloyce K. Huston

In an after-dinner conversation at his residence yesterday evening, Prime Minister Shigeru Yoshida spoke rather freely on the question of American military bases in Japan in the post-treaty period. He began by narrating the story of his assumption of the leadership of the Liberal Party and by saying that he was soon going to undertake a speaking tour in the Osaka district in connection with the campaign for the House of Councillors elections next June, in which he hoped to increase the Liberal Party seats from sixty to a hundred in order to attain what he called "a working majority".[1] When I asked him what the principal issues of the campaign would be, he replied that the principal domestic issue would be taxation, but that the people would be asking many questions on the subject of a peace treaty and the problem of security for Japan.

The Prime Minister then spoke along the lines of his recent replies to various interpellations in the Diet, in which he has maintained consistently that Japan should not abandon its renunciation of war, as Japanese disarmament provides the best means of ensuring the country's future security, and that during the Occupation the Japanese have no right to interfere with the construction of military bases or such other facilities as SCAP finds necessary. In the post-treaty period, he said, Japan must rely upon the United States for protection as it will possess no armaments of its own.

Repeating frequently the expression "I tell our people", he said humorously that when it is objected that Japan will become a colony of the United States, he always replies that, just as the United States was once a colony of Great Britain but now is the stronger of the two, if Japan becomes a colony of the United States, it will also eventually become the stronger! Then, speaking more seriously, he said that

[1] One hundred and thirty-two of the 250 seats in the House of Councillors were at stake in the election held June 4. The Democratic Liberal Party increased its representation to 76.

naturally the United States did not wish Japan to become a colony or a satellite, but that the Soviet Union would be a great danger to Japan if left unprotected [*sic*]. He then continued to speak quite volubly on the general subject, avoiding any specific commitments, but always allowing the inference that he would be favorably disposed toward whatever practical arrangements the United States might consider necessary in order to assist Japan in the maintenance of her security in the post-treaty period. He definitely avoided any flat statement, however, that he would favor American military bases in Japan after the treaty.

The Prime Minister then shifted the conversation to the subject of China, expressing and reiterating in many different ways his belief that China would never become a slave of the Kremlin. Referring to centuries of Chinese history, the character of the Chinese people, their consistent successes in the past in thwarting efforts at domination or absorption, and their superiority to the Russians in intelligence, cleverness, and political astuteness, he declared that he had every confidence in the outcome. The Chinese, he concluded, will be "too much for the Russians".

CLOYCE K. HUSTON

Lot 54D423 : J. F. Dulles Japanese Peace Treaty File

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Assistant Secretary of State (Butterworth)

SECRET [WASHINGTON,] April 11, 1950.

[Subject:] United States Bases in Japan.

Reference is made to my memorandum to you of April 10 [1] on the above subject, and, particularly, to the last paragraph wherein it is recommended that General MacArthur's views be obtained prior to placing the proposal for United States bases in Japan before the NSC. There is attached hereto a copy of the Memorandum of Conversation between General MacArthur and Mr. Sebald on this subject which arrived just after my memorandum to you had gone forward.

According to Mr. Sebald, General MacArthur believes that American bases are unnecessary in Japan, that American insistence that bases be granted would only cause an eventual anti-American reaction on the part of the Japanese people and that insofar as the United States is concerned the real bastion of defensive strength should be Okinawa. General MacArthur also expressed the opinion that 95 percent of the Japanese people are opposed to American bases in Japan and that unless a whole-hearted request for American troops and bases is made by the Japanese, the entire proposition should be abandoned.

[1] Not printed, but see footnote 3, p. 1169.

In the same mail bringing Mr. Sebald's report on his conversation with General MacArthur, there also arrived an advance copy of the study prepared by PolAd, Tokyo,[2] on the whole question of American military bases in post treaty Japan in which much the same conclusion is reached as in my memorandum of April 10, although PolAd's study goes into much more detail and makes more specific recommendations. It is a document of some 24 pages which in due course will be processed in the Department for normal distribution. However, there is given below a brief outline of the conclusions reached and of the suggestions put forward.

Mr. Sebald's study makes the following conclusions:

1. Any suggestion that Japan might provide for its self-defense through rearmament in the immediate post treaty period must be rejected.

2. United States must, in view of its public undertakings be prepared to take positive steps to bring about future assurances of Japanese security.

3. With respect to military bases in Japan, the existence or degree of military necessity is, at least, uncertain and military necessity should not be controlling; rather the Nation's foreign policies should be determined on the basis and principles of ideals of the American people, and military planning and strategy should be made to conform thereto. Therefore, PolAd believes that the decision as to whether the United States should seek to retain military bases in Japan in the post treaty period should not be taken solely on the basis of military need but should be made wholly compatible with American concepts of sound, principled and defensible national policy.

4. PolAd accordingly believes that the United States should not take the initiative in negotiating a separate agreement with Japan for post treaty bases and it is believed entirely feasible to elaborate plans whereby Japanese security may, without any significant sacrifices of legitimate United States defense interests, be provided for through either (*a*) an international guarantee of protection or neutrality to be implemented through suitable international controls or (*b*) the granting by the United States of a Japanese request of military protection.

PolAd then discusses in some detail how his recommendations may be carried out and suggests that if it should prove impossible to obtain a general international guarantee (although PolAd apparently believes this possible), it might be entirely logical and reasonable for the Japanese during the immediate post treaty period while the American troops were being progressively withdrawn to come to their realization for outside assistance and quite genuinely and voluntarily request the United States for protection. PolAd believes that any negotiations for military assistance to Japan should be entered into only on the initiative of the Japanese through a request that clearly represents the will of the Japanese people. PolAd also

[2] Not printed.

suggests that the President or the Secretary of State seek an early opportunity to make a public statement to the effect that the United States has no desire to maintain military bases in Japan as a part of its own system of defense and would not of its own accord seek to establish such bases in Japan unless required to do so in fulfillment of its United Nations obligations or in response to a request of the Japanese Government which is clearly representative of the will of the Japanese people.

In my opinion the essential points which evolve from a reading of PolAd's despatch and a report of General MacArthur's views are that in support of my memorandum of April 10 to the effect that the possibility and desirability of obtaining American bases in post treaty Japan is extremely questionable and that some other solution to the security problem should be attempted. It remains my belief that a policy as outlined in the enclosure of my memorandum of April 10 offers the best basis for a solution to the problem and it is recommended that a close study be made of a possibility of combining the approach there suggested with that found in PolAd's despatch herein summarized.[3]

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[3] In the paper in question, Mr. Allison had said in part:

"It is possible, in short, that if the U.S. announced that it considered bases in Japan to be essential for the security of Japan and the Far East generally, such bases to be for a limited period renewable only with Japanese consent, and if General MacArthur expressed his strong support for this position, Yoshida would be willing to seek Diet approval of the idea and would be able to obtain that approval, with substantial popular backing. It seems clear, however, that this result is not assured, and that in the best of circumstances a heated political battle will occur in which a sizeable proportion of the population will oppose U.S. bases. Chances of the Yoshida Government's publicly inviting the U.S. to establish bases in Japan on the private suggestion of the U.S. Government and General MacArthur seem extremely remote. In these circumstances, and with the importance which has, rightly it is believed, been placed on securing not merely preponderant Japanese approval but also Japanese initiative for U.S. bases, it would seem that the U.S. should examine very carefully whether bases in the Ryukyus and enunciation of a "Monroe Doctrine" for Japan would not suffice. Attached is a draft U.S. statement indicating how a plan along these lines might be implemented.

"If this plan is not militarily possible, or if it is not politically feasible (exposing the Department to the charge of "throwing Japan after China"), a semi, politico-economic treaty, or, failing that, a continued, modified occupation, may be the only courses open to us. At the very least it would seem that we should get General MacArthur's views on the aspects of the problem discussed above before placing a bases proposal before the NSC."

In the mentioned draft statement, Mr. Allison assumed a conference (at United States initiative) of all FEC powers to "consider" a peace treaty, towards which the United States would ". . . take the following stand:

"1. Japan shall remain disarmed for a substantial period of time at the expiration of which the Japanese Government and the Governments signatory to a Peace Treaty with Japan shall determine whether and to what extent it may be advisable for Japan to resume the burden of her own self-defense.

"2. The present Allied Occupation Forces in Japan shall begin, not later than six months after the ratification of a Treaty of Peace by a majority of the signatories, a phased withdrawal from Japan to be finally completed within a period of three years unless in the meantime alternative satisfactory arrange-

Footnote continued on following page.

[Attachment]

SECRET Tokyo, April 6, 1950.

MEMORANDUM OF CONVERSATION

Subject: American Bases in Japan
Participants: General MacArthur
Mr. Sebald

Among other subjects discussed with General MacArthur during the evening of April 5, was the subject of possible American bases in Japan. General MacArthur voluntarily referred to his opposition to having bases in Japan. He said that from the beginning he felt that it would be a mistake to continue the presence of American troops in Japan, but that he had to a certain extent agreed to keeping a small number of bases here under pressure from the Pentagon. Viewed in the proper perspective, General MacArthur said, bases are unnecessary in Japan and American insistence that the right of bases be granted would only cause an eventual anti-American reaction on the part of the Japanese people.[4] On the other hand, should the Japanese Government as representative of the Japanese people formally request the retention of U.S. troops and the maintenance of bases as may be necessary, no objection would arise, especially if the bases were granted for a limited period, say, five years.

General MacArthur continued by saying that the maintenance of American bases here after a Treaty of Peace would act like a lightning rod to attract opposition to this concept from all quarters, including the Japanese. He felt that 95% of the Japanese people are opposed to American bases in Japan and that unless a wholehearted request for American troops and bases is made by the Japanese, the entire proposition should be abandoned.

I said that I had just prepared a study on this question for the Department and had arrived at almost identical conclusions, except that I felt that the period for bases should be three years and that renewals should be made at the request of the Japanese Government

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Footnote continued from preceding page.
ments for Japan's defense shall be concluded through the United Nations or otherwise thus making possible more speedy conclusion of withdrawal of occupation forces.

"3. United States forces shall continue in occupation of bases in the Ryukyus from which they will be in a position to ensure against the revival of aggressive elements in Japan or be able to come to the defense of Japan should that be necessary. At an appropriate time the United States will make application to the United Nations for a trusteeship for the Ryukyus with the United States as the administering power." (Lot 54 D 423)

[4] In a memorandum of May 9, not printed, which summarized several months' developments with regard to a Japanese peace treaty, Robert A. Fearey of the Bureau of Northeast Asian Affairs indicated that previous to this conversation General MacArthur had been understood in the Department to favor United States post-treaty bases in Japan. (694.001/5–950)

for some stated period, such as one year at a time. I also said that I did not quite agree with the 95% figure, as the Japanese are somewhat divided concerning this question. On the whole, however, I said that my concept regarding American bases in Japan is identical with that of the General.

General MacArthur then reverted to his previous theory of a tight guarantee of Japan's integrity and sovereignty by all the Powers concerned, a guarantee which should be placed under the United Nations framework. He said that he could think of no stronger force than that of world opinion back by a clear United States determination to enforce the guarantee. In his opinion, this would be a much stronger method of insuring Japan's security than would be the placing of a garrison of, say, 35,000 troops in Japan which could easily be overrun by Soviet Russia almost at will. He felt that strategically Japan is a weakness rather than a strength in so far as the United States is concerned, and that the real bastion of defensive strength should be Okinawa.

W. J. SEBALD

694.001/4–1250

Memorandum by the Assistant Secretary of State (Butterworth) to the Secretary of State

SECRET [WASHINGTON,] April 12, 1950.

At Mr. Webb's suggestion, I am putting in written form to you the recommendation which Mr. Howard and I discussed with him that as soon as possible, preferably before the end of this week, you arrange with Mr. Johnson for a meeting with him and the Joint Chiefs of Staff to discuss the pressing question of the Japanese peace treaty.[1] You will recall that at your last meeting with Mr. Voorhees he vouchsafed the opinion that it was desirable that you meet with the JCS though, of course, he had particular reference to the legal implications of a treaty without participation of the USSR and Communist China.

It seems to us not unlikely that there is a wider area of agreement between the JCS and the Department than appears from the JCS paper of December 22. At any rate, it is essential to have an exploratory talk before there is submitted to the National Security Council a Departmental recommendation.

We would need one meeting with you which need not last an hour before your meeting with the Secretary of National Defense and the

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[1] For Mr. Howard's memorandum of this meeting, held April 24, see p. 1175. For Secretary Acheson's comments on the meeting, see *Present at the Creation*, pp. 430–431.

JCS. Before the former meeting, we would have prepared a suggested number of questions which you might care to put to them.[2]

Since the conversation with Mr. Dulles, we have had a number of meetings at the Assistant Secretary level on the draft of the security arrangements which will be ready in tentative form for our meeting with you.[3]

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[2] Extensive briefing memoranda, not printed, including the mentioned list of questions for the JCS, were prepared by Mr. Howard and Mr. Butterworth and were forwarded by the latter to the Secretary under cover of a memorandum of April 17, not printed (694.001/4–1450 and 694.001/4–1750). However, in a note of the 18th to Mr. Battle, Mr. Butterworth said that at a meeting that day with the Secretary, it had been agreed the latter would take with him to the meeting only Mr. Johnson's letter to him of December 23 (with enclosed JCS memorandum of December 22) and Mr. Voorhees' memorandum (with enclosures) of March 23 (694.001/4–1850). For Mr. Johnson's letter and enclosure, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 922. For Mr. Voorhees' memorandum, see p. 1150.

[3] Mr. Howard's draft of a security arrangement dated April 17, not printed, was included in the briefing memoranda mentioned in the preceding footnote. A later draft of April 19 is printed *infra*.

694.001/4–1950

Draft[1] *of Security Agreement by the Special Assistant to the Secretary (Howard)*

TOP SECRET [WASHINGTON,] April 19, 1950.

AGREEMENT ON SECURITY WITH RESPECT TO JAPAN

ARTICLE 1

The Parties agree to respect the territorial integrity, political independence and security of one another and, as set forth in the Charter of the United Nations, to settle any international disputes between them by peaceful means and refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

ARTICLE 2

The Parties other than Japan agree that in case Japan, acting in concert with another power or independently, commits an act of aggression against one or more of the other Parties, each of them will assist in defending the state or states which are the victims of aggression by taking forthwith, individually and in concert with other Parties, such action consistent with the provisions of the Charter

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[1] This is the last draft of the security agreement prepared in the Department prior to the Secretary's meeting with Secretary Johnson on April 24; however, it is not certain this draft was forwarded to Mr. Acheson. See also the document and notes *supra*.

of the United Nations as it deems necessary to restore and maintain the security of such state or states.

ARTICLE 3

It is mutually agreed by all the Parties that in case an act of aggression is committed against Japan from any source, each of the Parties will assist in defending Japan by taking forthwith, individually and in concert with other Parties, such action consistent with the provisions of the Charter of the United Nations as it deems to be in accordance with its capacity and necessary to restore and maintain the security of Japan.

[The Parties note the provisions in the Japanese Constitution relative to the renunciation of war and the use of armed forces and agree that Japan and one or more of the powers which have heretofore furnished forces under the Supreme Commander for the Allied Powers will conclude an agreement concerning the use of such facilities in Japan as may be required for the purpose of effectively carrying out their responsibilities under this Article.]*

ARTICLE 4

It is agreed by all the Parties that they will, from time to time, review the conditions affecting security with respect to Japan. It is further agreed that the Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of them is threatened by aggression referred to in Article 2 or 3.

ARTICLE 5

Any act of aggression referred to in Article 2 or 3 and all measures taken as a result thereof shall immediately be reported to the Security Council of the United Nations and any measures of self-defense shall be terminated when the Security Council has taken the measures necessary to restore international peace and security.

ARTICLE 6

This agreement shall remain in force for twenty years.

Signature is open to the powers initially negotiating the peace treaty and Japan.[2]

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*This provision would be included if bases on Japan are determined to constitute a United States military requirement. [Footnote and brackets in the source text.]

[2] A memorandum of April 14 titled "Outline of Peace and Security Settlement," not printed, which was among those materials transmitted to the Secretary by Mr. Butterworth on April 17, read in part: "The Department suggests for consideration a multilateral security arrangement participated in by the powers which initially negotiated the peace treaty and Japan. The former would perhaps include the United States, the United Kingdom, France, possibly the Netherlands, Canada, Australia, New Zealand and the Philippines." (694.001/4–1450)

694.001/4–1950

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Allison)

SECRET [WASHINGTON,] April 19, 1950.

Subject: Japanese Peace Treaty

Participants: Mr. H. A. Graves, Counselor, British Embassy
Mr. W. Walton Butterworth, Assistant Secretary of State
Mr. John M. Allison, Director, Office of Northeast Asian Affairs

Mr. Graves called at his request to inquire whether or not there was anything Mr. Butterworth could tell him prior to the opening meeting [1] in London of the Commonwealth Committee on a Japanese Peace Treaty. Mr. Butterworth pointed out that the Department had been wrestling with the problems outlined in the *aide-mémoire* the Secretary had given the British Ambassador on Christmas Eve and that, while there was nothing definite he could tell him at this time, the Department had not been idle, and everyone, including the Secretary, hoped that it would be possible to give the British a more definite indication of our thinking, if not at the opening of the Commonwealth Committee deliberations, at least at the time the Secretary sees Mr. Bevin in London next month. Mr. Butterworth explained that shortly after the Joint Chiefs returned from Japan, where they had discussed the matter with General MacArthur, they had departed for Europe and hence it had not been possible to come to any final agreement as yet with them.

Mr. Graves asked for suggestions as to what the Commonwealth Committee might most usefully concern itself with in the absence of any definite indication of United States views. Mr. Butterworth recalled Mr. Graves' report of a conversation with Mr. Voorhees of the Department of the Army in which Mr. Voorhees had, according to Mr. Graves, expressed the concern of the military over the legal position the Soviet Union would be in should it not sign a peace treaty with Japan which was signed by other members of the FEC and the possibility that the USSR would use its position to harass Japanese shipping and fishing vessels on the high seas. Mr. Graves seemed to feel that the USSR would govern its actions more by its assessment of the power relationship of itself and the United States, rather than by the strict legalities of the situation, but it was agreed that this possibility might be one which could be explored by the Commonwealth Committee. In this connection, it was further suggested that

[1] The Commonwealth Working Party on a Japanese Peace Treaty met in London from May 1 through May 17.

the Commonwealth Committee might look into the whole problem of proceeding with a peace conference either without the USSR in attendance from the beginning or one from which the USSR withdrew during the course of the conference. It was made clear to Mr. Graves that the United Kingdom was well aware of the difficult security problems involved and that it would be helpful to the United States to have the thinking of the Commonwealth on some of these problems. Mr. Butterworth emphasized in conclusion that, while every effort was being made to obtain a firm United States Government position which could be communicated to the United Kingdom in the very near future, he could not give any assurance that such would be possible.

694.001/4–2450

Memorandum of Conversation, by the Special Assistant to the Secretary (Howard)

TOP SECRET [WASHINGTON,] April 24, 1950.

Subject: Japanese Peace Treaty

Participants: Department of State—The Secretary, Mr. Rusk, FE, Mr. Butterworth, S/J, Mr. Howard, S.
Department of Defense—Secretary Johnson, Secretary Pace,[1] Under Secretary Voorhees, General Bradley, Admiral Sherman, General Vandenberg, General Collins, General Burns.[2]

Secretary Acheson explained that he had suggested the meeting for the purpose of further exploring the problems connected with a Japanese peace treaty and of bringing the views of the State and Defense Departments into closer agreement so that he might be better prepared for the forthcoming discussions with Mr. Bevin and Mr. Schuman[3] in early May. He recounted briefly the events beginning with his discussions with Mr. Bevin and Mr. Schuman in September 1949. Following these discussions a letter was sent by the Department of State requesting the views of the Defense Department concerning U.S. military requirements in the event a peace treaty with Japan were to be negotiated, and Secretary Johnson sent his reply of December 23 enclosing the opinion of the Joint Chiefs that they regarded a peace treaty as premature. The Secretary said that in view of the mutually exclusive character of the two requirements insisted upon by the Joint Chiefs for a peace treaty, viz., that U.S. forces remain in Japan and

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[1] Frank Pace, Secretary of the Army since April 12, 1950.
[2] Maj. Gen. James H. Burns (ret.), Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance.
[3] Robert Schuman, French Minister of Foreign Affairs.

that the USSR and the *de facto* government of China be parties to the peace treaty, he regarded the Joint Chiefs' statement that a peace treaty was "premature" as a masterpiece of understatement, since these requirements would make the conclusion of a peace treaty impossible. He referred also to the subsequent conversations with Mr. Voorhees and Mr. Dorr and to the proposal which Mr. Voorhees had made on March 23 that negotiations be initiated with our friendly Allies looking toward a peace treaty covering political and economic matters but leaving unchanged the occupation regime of control and SCAP's reserve powers for the purpose of assuring the maintenance of security with respect to Japan. The Department of State had considered Mr. Voorhees' proposal and numerous other arrangements for protecting the security of the United States and its friendly Allies should a peace treaty be concluded. There were two aspects of the security problem. One is protection against the possible resurgence of Japanese aggression, which is of particular concern to Australia and the Philippines. The other aspect is protection against Soviet-Communist aggression against a disarmed Japan. The position of the Department of State is that a peace treaty, non-punitive in nature, should be concluded and that at the same time a security arrangement should be entered into with the FEC countries and Japan which would involve mutual commitments among the FEC powers to defend one another against aggression by Japan and to defend Japan against aggression from any source (we would of course mean the USSR or Communist China). Under this multilateral arrangement Japan would grant whatever bases and rights might be determined as necessary to defend Japan against aggression. The USSR and Communist China would undoubtedly not agree to participate in any such arrangement. The Secretary said that there were two points he wanted to make and then wished to open the subject for general discussion. The first point was that in his opinion the choice with which the United States was faced was not a choice between the situation we now have and an alternative, but rather a choice between a deteriorating situation and an alternative. The situation in Japan was not stationary. The Japanese had recovered from the shell shock of war and from their surprise at the entirely unexpected humanitarian and generous treatment which they had received at the hands of SCAP. As in Germany, there were increasing signs that the Japanese wished to regain their freedom from the controls of the military occupation and this feeling might well increase if the United States does nothing. Therefore, it does not solve the political problem simply to decide to do nothing. The second point was that in his opinion the proposal made by Mr. Voorhees placed undue emphasis on the legal aspects of the problem and on the possible legal arguments which the Soviets might seize upon should a peace treaty be concluded. In the Secretary's view what the Soviets

might do would not be determined by what a fair-minded international lawyer would conclude concerning their legal rights. If they had no legal rights they would invent a situation or create a law which they would say gave them rights. Consequently the important problem was what are Soviet intentions, what will they do and what can we do to prevent or offset their action. The Secretary said that this was the stage at which the problem rested.

Secretary Johnson said that he had been gravely disturbed by the publicity concerning the Japanese peace treaty which had arisen from leaks that he attributed to the State Department. Before asking the Joint Chiefs to speak he wanted assurance that there would be no leaks from the State Department concerning this meeting and assured that there would be no leaks from the Defense Department. He said that what transpired at the meeting would be confined to the Defense Department officials present and asked that the same be true of the State Department officials present. Secretary Acheson assured him that this would be the case and Secretary Johnson asked General Bradley to proceed.

General Bradley briefly restated the JCS position of last December that a peace treaty was premature and said that in the light of recent developments and the uncertainties in the changing situation in the Far East his opinion and the reasons given for it still remained the same.

Admiral Sherman concurred in General Bradley's statement and added that, in his opinion, the crux of the problem from the military standpoint was that a decision was required as to whether our power position should be based on the periphery of islands formed by Japan, Okinawa, and the Philippines or whether the United States should abandon its position in Japan and Okinawa and draw back to Guam and the Philippines, the position held by us before the last war. He said that Formosa could probably be written off during the next six months and that if U.S. forces withdrew from Japan, Okinawa would be untenable. Accordingly he saw no middle position between the two alternatives he described.

General Vandenberg prefaced his remarks by stating that the problem appeared to be one of reconciling the political position of the United States, which was of course within the competence of the Department of State, and the military position, which was the responsibility of the military. With reference to the latter he said that it was his clear impression from the talks of the Joint Chiefs with General MacArthur in Tokyo that General MacArthur regarded a proposal for a peace conference as a propaganda move which would embarrass the USSR and improve U.S. relations with the Japanese, rather than as a move which was connected with military considerations. General MacArthur on questioning appeared not to desire the

actual implementation of a proposal for a peace conference but rather the mere proposal by the United States of a peace conference which would inevitably be refused by the USSR with consequent propaganda advantages to the United States.

General Collins confirmed General Vandenberg's opinion as to the views of General MacArthur. He stated further that it was General MacArthur's conception that should a peace treaty be concluded the size of U.S. forces in Japan would be reduced to a mere token force. This was disturbing to him because U.S. forces were even now so thin on Hokkaido that Soviet forces could easily land unopposed in many places and proceed inland a considerable distance before they would even make contact with U.S. forces.

Secretary Johnson said that he had been formerly of Secretary Acheson's opinion concerning a peace treaty but that, after reading the recent cables and press comment, he was convinced that the only propaganda for a peace treaty was that which came out of the Department of State. He said that he supported the view of the JCS that there should be no peace treaty. He stated that because of the wide disparity between the views of General MacArthur as reported by the Joint Chiefs and other officials—which meant that someone was not reporting MacArthur's views correctly—Secretary Johnson was planning to go himself to talk with General MacArthur, together with General Bradley, on June 12.

Secretary Acheson remarked that he had not known that Secretary Johnson was planning a trip to Tokyo. He said that there were a number of things which he wanted to make clear concerning the position of the State Department, relating to the remarks which the Joint Chiefs had made. He said that he was not for a peace treaty for the mere sake of having a peace treaty. The lack of a peace treaty would be acceptable if the present situation could be maintained indefinitely, but this simply was not the case. He said furthermore that the State Department was not proposing that U.S. forces in Japan be reduced in size, increased, or anything of the sort. The size of U.S. forces in Japan was up to the Defense Department to determine and the State Department looked to them for advice on this point. He emphasized that whatever military requirements were essential to U.S. security were for the U.S. military to determine. If, for example, bases were not enough and it was necessary to have the right to move about in Japan then an attempt would be made to obtain such rights. The State Department was interested however in making sure that the United States did not ask for more bases and rights than it would actually need in the long run because this would simply give rise to unnecessary difficulties in negotiations and unnecessarily adverse political consequences. With reference to General Collins' comment the Secretary said that if the Soviets intended to occupy Japan they could do so

under present conditions and in fact would appear to have a better legal basis to do so now inasmuch as they could allege that they have the right to have their occupation forces in Japan as part of the occupation. The Secretary said that the position that a peace treaty is premature is not adequate to meet his needs. He referred to the reference in the recent Sino-Soviet treaty to the desire of the parties for an early Japanese peace treaty and said that a proposal by the Soviets for a peace conference would catch the United States flat-footed. He pointed out that if the Soviets proposed that a peace conference be held along the lines suggested by the United States in 1947, the United States could not possibly refuse and would be forced to attend the conference.

The Joint Chiefs and Secretary Johnson assented to this last point. General Vandenberg, referring again to the distinction between the political and military aspects of the problem, said that the position of the Joint Chiefs was that a peace treaty under present conditions was premature for at least the next six months and that at that time the situation should be looked at again. If, however, Secretary Acheson for political reasons should say that the situation was deteriorating so fast that the United States could not wait as long as six months, then the Joint Chiefs would have to reassess the situation at once in the light of this judgment. The Joint Chiefs and Secretary Johnson concurred in this as a fair statement. Secretary Johnson asked Secretary Acheson whether, because of his proposed trip to Tokyo, the problem could remain dormant until July 1.

Secretary Acheson said that if the situation in Japan could be maintained indefinitely the problem of a peace treaty would not be acute at all. He said that this was not the case, however, and no one can say at just what time the situation will have deteriorated to the extent indicated by General Vandenberg. Also the Soviets might propose a peace conference at any time. He said that a military occupation anywhere, however ably conducted, begins after a certain time to run downhill and a point is eventually reached where one has to peg one's military requirements through the conclusion of a new arrangement and one must be willing to pay the price for this. The Joint Chiefs and Secretary Johnson assented to this proposition.

Secretary Pace restated the fact that the State Department was confronted by one set of problems and the military by another set of problems and that what Secretary Acheson needed to know was what to do if the need for action should arise. Secretary Acheson concurred and said that if the United States could assume an adequate public position it could keep the ball in the air for a considerable period of time. He doubted, even if negotiations were begun at once, that a peace treaty would actually be in effect until two years from now. He expressed doubt that the Soviets really wanted a peace treaty

with Japan. What they wanted was to get U.S. forces out of Japan and if they could force the United States into the position of opposing a peace treaty they would make tremendous capital out of it. He also referred to the fact that the United States did not want to be in a position of maintaining bases in a country with a hostile population and mentioned the discussions on this point in relation to the maintenance of bases in Arab countries.

General Collins said that he was concerned that the pulling down of U.S. forces as suggested by General MacArthur might well cause the Soviets to move into Hokkaido whereas they would not do so at present because of the sizable U.S. force now in Japan. He inquired whether it would be possible to check with leaders in the Japanese Government concerning the willingness of the Japanese to grant the United States base rights in Japan. Mr. Butterworth referred to evidence that there was a recent tendency in Japanese opinion away from the granting of military bases to the United States and that this tendency was likely to harden Japanese public opinion. Whereas Mr. Yoshida had cleverly avoided committing himself for or against bases—although he no doubt favored them—the leaders of the opposition have charged that Yoshida is preparing to grant bases and have publicly taken the position that bases should not be granted and the Communists were exploiting this situation. Secretary Johnson said that if this were the case his opinion would be even stronger that there should not be a peace treaty. Mr. Voorhees commented that in his opinon it was unnecessary to check with Japanese leaders in order to find out what Japanese opinion was. He was convinced that almost all Japanese would welcome U.S. forces and that they were concerned first about Japan's security and only secondly about a peace treaty.

Secretary Pace said that he felt the State Department had not adequately explained its proposed political alternative to the existing situation so that the military might more readily determine whether it would meet with their requirements. He asked General Bradley if this were not the case and General Bradley after some hesitation commented, I suppose so.

Secretary Pace inquired whether Mr. Bevin and Mr. Schuman regarded the conclusion of a peace treaty as urgent. Secretary Acheson replied that Mr. Bevin did but that it was a matter of secondary interest to Mr. Schuman, whose primary concern in the Far East was Indochina. The Pacific members of the Commonwealth are all anxious for a peace treaty provided, however, that their security against the possible resurgence of Japanese aggression is adequately taken care of. They would welcome the continued presence of U.S. forces in Japan and if some such security arrangement were not made they would insist upon a very punitive peace treaty. As for India's posi-

tion, Mr. Nehru has expressed opposition to the continuance of the military occupation of Japan but has stated that he would not be opposed to U.S. forces remaining in Japan to protect Japan's security under an arrangement voluntarily entered into by Japan.

General Bradley said that what he was against was a peace treaty for the sake of a peace treaty. He regarded this as dangerous and likely to lead to a situation in which not only U.S. security but the security of our Allies would be endangered.

Mr. Butterworth inquired whether bases in Japan were desired for Far Eastern defensive purposes or for the purpose of offensive operations against the Soviets in the event war should break out in Europe. Admiral Sherman replied that just as he could not separate Okinawa from Japan in their relation to the U.S. power position in the Far East, similarly he could not separate the U.S. position in Japan from possible hostilities in Europe. He said that both the USSR and the United States bordered on the Atlantic and Pacific and that hostilities in one area could not be separated from hostilities in the other, nor could the defensive and offensive aspects of military operations be easily separated. In the course of his comments Admiral Sherman remarked that a naval base on Japan was essential if the periphery of Pacific Islands was to be held and that Okinawa was insufficient and that the naval base must be accompanied by army and air force contingents. He said that the days of small military points such as Hong Kong were gone when the airplane appeared. General Vandenberg in reply to Mr. Butterworth's question stated that when Japan was held by the Japanese it took an enormous operation for the United States to get anywhere in the Far East and this would also be the case if Japan were seized by the Soviets. Secretary Johnson inquired of Mr. Butterworth what difference the answer to his question might make. Mr. Butterworth pointed out that the Japanese would of course take an increasingly keen interest in the problem of bases and they could and would be influenced by whether or not U.S. bases in Japan would act as a magnet to draw upon them the consequences of any military operations between the United States and the USSR.

Secretary Johnson revealed that he had received a copy of a proposed letter from the Joint Chiefs which he believed would be helpful to Secretary Acheson in his meetings with Mr. Bevin and Mr. Schuman in early May. He said that General Bradley would deliver the letter to Secretary Acheson. Secretary Acheson said that he would study the letter. He said that he would also get up a memorandum concerning the steps that the United States should take if the Soviets should ask for a peace conference and concerning the U.S. position which the Secretary should adopt in his discussions with Mr. Bevin and Mr. Schuman. Secretary Johnson asked General Burns to make a similar study in order that the Defense Department might be prepared to

discuss the matter. He said that the State Department memorandum should be sent to General Burns and that when Secretary Pace had his feet on the ground he would take over the responsibility for Japanese problems and Secretary Johnson would no longer have a special deputy for this purpose.

694.001/4–2650

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Consultant to the Secretary (Dulles)

SECRET [WASHINGTON,] April 26, 1950.

Subject: Background paper on Japan.

There is attached the first of several background papers on various aspects of United States policy toward Japan which this office has in preparation. It is believed that this particular paper will be of special interest to you in connection with your consideration of matters affecting a possible Japanese peace treaty.

[Attachment]

JAPAN'S PARTICIPATION IN INTERNATIONAL RELATIONSHIPS

1. *FEC Policy*

The FEC, in the Basic Post-Surrender Policy for Japan, June 19, 1947, agreed: "To help the people of Japan in their own interest as well as that of the world at large to find means whereby they may develop within the framework of a democratic society an intercourse among themselves and with other countries along economic and cultural lines that will enable them to satisfy their reasonable individual and national needs and bring them into permanently peaceful relationship with all nations." The Commission also agreed in this policy decision that one of the ultimate objectives in relation to Japan, to which policies for the post-surrender period for Japan should conform, was: "To bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibilities, respect the rights of other states and support the objectives of the United Nations." [1]

2. *U.S. Policy*

The U.S. Government has taken the position that SCAP, as the sole executive authority for the Allied Powers in Japan and in accordance with the principles set forth in the Basic Post-Surrender Policy for Japan, has legal authority, as well as the obligation, to permit Japan to participate in international relationships. On a broad policy basis

[1] Full text, released to the press July 11, 1947, is printed in Department of State *Bulletin*, August 3, 1947, p. 216.

it was believed when the position was developed in the spring of 1949, that the situation in Japan required more than emphasis on internal reform and economic stabilization; that through participation in international relationships the Japanese would acquire direct experience and knowledge of democratic institutions abroad; and that such participation would go far to restore to the Japanese a measure of self-confidence and a renewed sense of responsibility.

3. *Development of This Policy*

A number of the FEC member governments objected to this position and took the view that pending the signing of a peace treaty with Japan, the FEC, and not SCAP, was the authority to regulate Japan's participation in international relationships. On April 21, 1949, the U.S.—without prejudice to its basic position that SCAP already has the authority to permit Japan to participate in international relationships, but with a view to obtaining the leadership of the other member governments of the FEC in encouraging such participation by Japan—introduced a proposal to the FEC which provided that "SCAP, subject to his discretion and continued control, should permit Japan to participate with other nations or groups of nations in such international relations, conventions, meetings, consular arrangements or other bilateral or multilateral accords as Japan may be invited to enter into, accede to, attend or participate in and as SCAP shall consider to be in the interests of the occupation." [2]

In the course of the discussions on this subject in the FEC [3] this proposal was broken down into two parts. One provided that SCAP, subject to his discretion and continued control, should permit Japan to participate with other nations or groups of nations in such international agreements, conventions and conferences of a technical character as Japan may be invited to enter into, accede to, or attend and as the Supreme Commander shall consider to be in the interests of the occupation. The other provided that the Japanese Government may, with the approval of SCAP, appoint agents in any country willing to receive them for the purpose of facilitating Japanese trade and/or handling matters affecting the civil status or property rights of Japanese nationals. The latter proposal was approved by a majority of the members of the FEC on January 12, 1950, but was defeated by virtue of Soviet non-concurrence. The Department, in accordance with its basic position that SCAP may authorize Japan to participate in international relationships, then issued an invitation [4] through SCAP to the Japanese Government to set up five overseas agencies in the U.S. and Hawaii for performing trade promotion and certain consular-type activities. The U.S. invitation was accepted by the Japanese

[2] For remainder of text, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 713.
[3] Summaries of FEC meetings held during 1950 are in file 690.00 FEC.
[4] Not printed; a copy forms enclosure 1 to despatch No. 263 from Tokyo, February 25, 1950. (794.00/2–2550)

Government on February 14. Except for Communist protests, reactions in Japan and the U.S. to this development were uniformly favorable. The Department and SCAP are now encouraging other countries (primarily Brazil, Argentina, India, Pakistan and Thailand) to follow the example of the U.S. Government in inviting the establishment of Japanese agencies in those countries.

The paper dealing with Japanese Participation in Technical Agreements and Conferences had been forwarded from the Steering Committee to the Commission by a majority vote. However, it soon became evident that due to the walkout of the Soviet representative from the Commission on January 29, 1950, the Commission would not be able to act favorably on the paper for some time because of the position of several governments that the FEC could not take action on substantive matters in the absence of the Soviet representative. The U.S. therefore, in accordance with the Terms of Reference of the FEC, issued an interim directive to SCAP, dated February 21, 1950, on Japanese Participation in Technical Agreements and Conferences [5] based on the substance of the paper before the FEC. In view of the fact that the question of Japanese participation in technical agreements and conferences is a constantly recurring one, the U.S. Government was also motivated by the desire to establish some official sanction within the Terms of Reference of the FEC so that other governments might find it easier to support such participation by Japan. The issuance of the interim directive was approved by the French, Canadian, Pakistan and Burmese representatives in the FEC. The British and Australian representatives reserved the position of their governments on this matter.

It is important to note that the majority of the FEC support for both policy papers (technical conferences and overseas agencies) was obtained as a result of considerable U.S. diplomatic spadework.

COMMENTARY

Treaty negotiations, even if successful, may well involve many, many months. Since Japan has faithfully complied with its surrender obligations, the continuation of excessive restraints on Japan appears to have little justification either morally or from the point of view of political wisdom. One of the most effective ways to help offset already discernible Japanese resentment against the protracted occupation—which necessarily must continue for some time longer—would be along the lines of restoring to Japan greater international personality: that is better facilities for international trade, Japanese handling of consular-type affairs, Japanese adherence to international conventions, and Japan's participation in international conferences and conventions. Aside from the obvious technical advantages of such

[5] For the Department's press release of February 25, which includes full text of the directive, see Department of State *Bulletin*, March 13, 1950, p. 414.

arrangements, they would permit the growing national awareness of the Japanese people to find expression in the dignity and prestige that go with international responsibilities rather than to engender hostility toward the U.S. occupation and its objectives.

India, Pakistan and Burma have been generally sympathetic to the policy, but other countries, including the United Kingdom and Australia, have tended to interpret U.S. moves to bring occupied Japan back into the world community as part of a substitution program for a peace treaty. These latter countries have contended that a resumption by Japan of international functions and responsibilities in advance of a general peace settlement could only be justified if it could be clearly demonstrated that a peace settlement is impracticable.

The further success of U.S. measures to bring occupied Japan back into the world community, therefore, hinges largely on the treaty question. Either a treaty will restore to Japan normal international relations or general agreement among the powers that a treaty is impracticable will do so. The present situation, in which no decision has been reached on either course, is almost certain to block any further appreciable broadening of the scope of Japan's international relations.

It would be a grave error in judgment to suppose that because the occupation in Japan is making apparent good headway and because the Japanese are well-disposed toward the United States that this situation will necessarily continue. Japanese willingness to cooperate with the occupation and the friendly disposition of Japan toward the U.S. will continue only under occupation policies which evolve with sufficient rapidity to accommodate themselves to Japanese attitudes and circumstances. The participation of Japan in international relations is an important way in which we can maintain U.S. initiative in Japan, keeping one step ahead of the developments there. But the further implementation of this policy is going to be difficult, perhaps impossible, without an early definitive decision on the peace treaty. As far as the participation of occupied Japan in international relations is concerned, we appear to have reached the point of diminishing returns.

694.001/5–250

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

CONFIDENTIAL [WASHINGTON,] May 2, 1950.

Subject: Your conversation with General Burns.

Captain Murdaugh of the Defense Department telephoned this morning about your meeting with General Burns and said that it

had been the understanding in his office that they would receive a copy of the U.S. position paper on the Japanese Peace Treaty, which they had not received, and he wondered what they could tell the General prior to his talk with you as preparation for that talk. I informed Captain Murdaugh that to the best of my knowledge there was no position paper on the Japanese Peace Treaty at the present time and that while I had not talked to you and therefore did not know exactly what you had in mind, I assumed that you wanted to have a general discussion concerning the various matters at issue between our two Departments prior to the departure of the Secretary. I told Captain Murdaugh that I would inquire around and if I obtained any further information I would let him know.

I then telephoned Mr. Butterworth and reported what I had said and he suggested that I tell Captain Murdaugh, without using his name, that it was our understanding in the Department that the Secretary had informed General Bradley that when he went to London he would have to say something to Mr. Bevin and that, therefore, he wanted the Defense Department to think about what he might properly say with respect to security matters in the Japanese Peace Treaty. General Bradley had also been informed that in the opinion of the Department a possibility existed of Russian initiative with respect to a Japanese Peace Treaty and that the State Department needed to know the position of the Defense Department as to what action might usefully be taken should such Russian initiative eventuate. I passed this on to Captain Murdaugh, making clear that I had not talked to you and that I was only giving him this general information on my own in an effort to be helpful as I though it probable that these subjects might be brought up by you.

Lot 60D330

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] May 5, 1950.

Subject: Discussion of Japanese Peace Treaty during London Visit

Participants: Generals Burns and Magruder—Department of Defense
Captain Murdaugh—Department of Defense
Dean Rusk—Assistant Secretary

Generals Burns and Magruder came in to discuss the latest Defense position on the basis of which the Secretary of State should discuss the Japanese Peace Treaty during his forthcoming visit to Europe. They

furnished a copy of their proposed text (Tab A).[1] A copy of the Department of State proposal is contained in Tab B.

The discussion on the differences between the texts developed the following:

(*a*) The Defense Department did not wish to have the Japanese peace settlement discussed with the French but wished to restrict it to the British. I pointed out that if Mr. Schuman asked Mr. Acheson about the Japanese peace settlement that Mr. Acheson could not simply play the role of the village idiot but would have, in fact, to offer minimum comments. I pointed out that it was desirable that we should keep this discussion with the French to a minimum.

(*b*) Defense representatives considered that NSC 13/3 had been overtaken by events. I pointed out that the Department of State believed that this paper had been overtaken by events but in the opposite direction from that conceived of by the Defense Department. In any event. NSC 13/3 [2] represented an existing policy decision of the President and that, until changes were made through available machinery, the paper must be considered as approved existing policy.

(*c*) Defense representatives stated that they wished to delete any reference to the political desirability of an "early" peace treaty, preferring to speak solely of a "peace treaty".

(*d*) The Defense representatives returned to their view that we should speak of a "minimum of post-treaty control machinery" rather than "no post-treaty control machinery". They stated that they wished to leave the door open for such post-treaty control machinery as we might consider desirable after we had made final decisions on the substance of the proposed treaty itself. I pointed out that the other interested governments would probably start out with the view that we should have quite elaborate post-treaty control machinery and that the United States would be expected by them to play a major role in using such machinery to enforce the treaty upon Japan. I felt that in view of this attitude of other governments if we started from the premise that we should have "no" such machinery, we should be in a much better position. Defense representatives stated their understanding that their word "minimum" could be reduced to zero. I also pointed out that post-treaty control machinery was not consistent with our desire to reduce restrictions and special disabilities in such matters as trade, industry and civil government, nor with our desire to leave out of the treaty specific prohibitions on armaments.

(*e*) Defense representatives stated once again their opposition to the idea of proceeding with a Japanese peace treaty without the USSR and Communist China, although they did say that they would be willing to consider this question later this year. I pointed out that the President had stated views to the NSC in December which clearly envisaged the possibility of a peace treaty without the Soviet Union, that the Secretary of State could not possibly avoid discussing the pros and cons of proceeding without the Soviet Union and that there was very wide disagreement between the Departments of State and Defense on this point. I said Department totally rejected the legal

[1] Not printed.

[2] *Foreign Relations*, 1949, vol. VII, Part 2, p. 730.

framework of the argument that a treaty without the Soviet Union would greatly improve the legal position of the Soviet Union with respect to Japan and that we should not underestimate the nature of the disagreement on this point.

(*f*) Defense representatives stated they did not wish to have the continued regime of control mentioned in Alternative Security Arrangement II restricted to matters of security and that the wide range of authority contained in the surrender documents and SCAP directives should be continued and be available for use by SCAP as needed on important and urgent matters.

After reviewing the above differences, I stated that I did not believe that we had the time to resolve these differences and that, in any event, they raised some basic points of policy which we were not trying to decide finally until the review of our policy in June following Mr. Johnson's return from Tokyo. I suggested that it might be better for the Secretary of State simply to act on the basis of existing approved policy in NSC 13/1 [*NSC 13/3?*] and his commitment to Mr. Johnson not to make a final decision in Europe.

General Burns acknowledged that the Secretary of State must have broad authority to discuss matters with other governments but said that the Joint Chiefs of Staff had considered that the Secretaries of State and Defense had agreed not to discuss the Japanese peace settlement in Europe. I stated that I did not know how that impression could have arisen because I was certain that the Secretaries of State and Defense had discussed this point subsequent to the meeting of the Secretary of State which had been attended by the Joint Chiefs of Staff. In any event, it was my understanding that the Secretaries of State and Defense had discussed the matter subsequently [3] and that the very effort being made by General Burns and me was based on the assumption that the matter would be discussed. General Burns assented to this view.

General Magruder then said that what they had given us was the "advice" of the Defense Department and that he considered that the Secretary of State should consider this "advice" in the light of the situation in which he finds himself in Europe and conduct the discussions with the British and French on the basis of his own requirements and responsibilities.

I stated that I would indicate to the Secretary the specific points on which the Department of Defense would like changes but that I could not accept them as a basis for an agreed paper.

The meeting adjourned on the understanding that no further exchanges of papers between the two Departments was to be expected prior to the Secretary's departure.

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[3] Date uncertain.

[Tab B]

MAY 5, 1950.

BASIS FOR DISCUSSION BY THE SECRETARY OF STATE WITH THE FOREIGN MINISTERS OF THE UNITED KINGDOM AND POSSIBLY FRANCE* CONCERNING A PEACE TREATY WITH JAPAN

Current basic policy on timing and procedure with respect to a peace treaty with Japan is contained in paragraph 1 of NSC 13/3:

"1. *Timing and Procedure.* In view of the differences which have developed among the interested countries regarding the procedure and substance of a Japanese peace treaty and in view of the serious international situation created by the Soviet Union's policy of aggressive Communist expansion, this Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under some generally acceptable voting procedure, if the Allied Powers can agree among themselves on such a procedure. We should, before actually entering into a peace conference, seek through the diplomatic channel the concurrence of a majority of the participating countries in the principal points of content we desire to have in such a treaty. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control."†

Pending a reassessment of U.S. policy toward Japan upon the return of the Secretary of Defense from his visit to Tokyo in June, the United States should not assent to the calling of a peace conference.

An early‡ peace treaty with Japan is politically desirable but must not, because of its terms or because of the circumstances under which it is concluded, endanger the security of the United States, its friendly Allies, or Japan.

A peace treaty, if one is to be concluded, should restore Japan to a sovereign status with a minimum of restrictions and special disabilities in such matters as trade, industry, and civil government. It should be of such a character as to appeal to the Japanese and thus continue the process of drawing Japan into friendly relations with the non-Communist nations.

The treaty should not authorize, nor should it prohibit, the rearmament of Japan. It should, however, permit the maintenance of adequately equipped and manned police force and coast guard to maintain internal security in Japan.

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*Defense representatives believe discussion of this subject with the French should be limited to a minimum and the Department of State staff concurs. [Footnote in source text.]

†Defense representatives believe this paragraph has been overtaken by events, but State Department view is that it continues to be the policy approved by the Praesident and has not been changed by him. [Footnote in source text.]

‡Defense representatives would like to delete the word "early". [Footnote in source text.]

No§ post-treaty control machinery should be established to supervise the execution of the treaty.

The United States and its friendly Allies must continue to be secured against the possible resurgence of Japanese aggression and Japan must continue to be secured against possible Soviet-Communist aggression.

The United States and its friendly Allies might, provided that there is a sufficient measure of agreement among them, have to proceed without the USSR and Communist China.‖

There are two types of security arrangements which are receiving primary consideration at the moment within the United States Government. This Government, however, has not determined that either would provide an acceptable settlement. Any final determination would depend in part on the willingness of the Japanese to grant bases.

Alternative Security Arrangement I—Concurrently with the conclusion of a treaty of peace, a collective security arrangement consistent with the United Nations Charter would be concluded with Japan. The membership might include, initially, in addition to Japan, those participating FEC powers which would be interested in joining. The parties other than Japan would undertake to come to the assistance of any party which was the victim of an act of aggression committed by Japan. All the parties would undertake to assist in defending Japan in the event that an act of aggression were committed against Japan from any source. In connection with this latter undertaking, Japan would make available to the United States such bases in Japan as might be required for the purpose of securing Japan's defense against aggression.

Alternative Security Arrangement II—An agreement would be entered into with Japan which would restore to Japan full sovereignty in matters relating to its internal government and to the conduct of its political and economic affairs with other nations. On the ground that they security objectives of the Potsdam Proclamation have not yet been achieved, the treaty would leave unchanged the existing legal authority furnished by Allied wartime agreements and the Instrument of Surrender for the occupation regime of control (including SCAP,

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§Defense representatives suggest this read "a minimum of post-treaty control machinery" etc. [Footnote in source text.]

‖Defense representatives propose in lieu of this paragraph: "The United States and its friendly Allies should not proceed with a peace treaty without the USSR and Communist China, but this question should again be considered later this year." The President reviewed the history of the war against Japan and stated that the United States position in Japan was a partnership affair with Britain and China only, and that the United States, Britain and China could negotiate a peace treaty with Japan whether the Soviet Union participated or not. You will recall the President made this statement at an NSC meeting on Dec. 29, 1949. [Footnote in source text; see Mr. Rusk's memorandum of January 24, page 1131.]

the FEC and occupation forces in Japan), although this authority would be closely restricted to matters of security and would not be exercised in the subject matters covered by the treaty except in case of a grave emergency.¶

¶Defense representatives do not wish to restrict the exercise of this authority to matters of security but wish to leave the way open to exercise it in all matters covered by the treaty which assume a character of the utmost importance and urgency. [Footnote in source text.]

694.001/5–550

Memorandum by the Assistant Secretary of State (Butterworth) to the Secretary of State

TOP SECRET [WASHINGTON,] May 5, 1950.

Subject: Forthcoming Discussions in London with Respect to a Peace Treaty with Japan

There are attached herewith the following papers: a memorandum of Dean Rusk's final conversation with General Burns and General Magruder concerning the nature and scope of your discussions in London on the Japanese peace treaty problem; [1] Tab A to this memorandum of conversation is the final counter draft of the Department of Defense; [2] Tab B [1] is the draft of the Department of State which we had vainly hoped, by reason of certain compromises contained therein, would be acceptable to the Department of Defense, and this is annotated to indicate, for your convenient reference, the unresolved points of difference. The fundamental nature of these differences indicate that the U.S. Government still has made no firm decision about any important aspect of the Japanese peace treaty problem and will not do so until after Mr. Johnson's return from Tokyo.

The question, therefore, arises as to how far you would wish to go in discussing the Japanese peace treaty problem in London and with whom.

We recommend that the tri-partite discussions be centered, insofar as possible, around the problems involved in a peace treaty rather than on the proposed solutions. For this purpose, there is also attached a copy of the memorandum which you handed the British Ambassador on December 24, 1949,[3] for the purpose of informing Mr. Bevin, on the eve of his departure for the Colombo Conference of Commonwealth Foreign Ministers, about the general nature of the security difficulties with which the United States and like-minded powers in the Pacific are faced in the effort to conclude a peace treaty with Japan.

[1] *Supra.*
[2] Not printed.
[3] See *Foreign Relations*, 1949, vol. VII, Part 2, p. 927.

It is specifically recommended that you not mention in the tri-partite talks either of the two security arrangements referred to in Tab B and that these be the subject of conversation with Mr. Bevin alone. We believe that, in the first place, Mr. Schuman is primarily interested as regards the Far East in the situation in Indochina and, secondly, and more importantly, the Quai d'Orsay will in one way or the other, leak anything you say. Both from the point of view of leaks and because of U.S. Government indecision, it would be inadvisable in your discussions with Dominion Representatives to go any further that in your discussions with Mr. Schuman. Therefore, if these recommendations commend themselves to you, it will be necessary to enjoin upon Mr. Bevin the utmost secrecy with respect to these possible security arrangements.

In your discussions with Mr. Bevin, it should be stated that the United States Government has not yet arrived at a final determination concerning the security difficulties referred to in the informal memorandum of last December; that it is continuing intensively and urgently with the examination of the difficulties and possible means of coping with them; and that, for his confidential information, Secretary Johnson is planning a trip to Tokyo in June personally to obtain General MacArthur's views, following which it is hoped that more definitive determinations can be made concerning the problems of a Japanese peace treaty.

You might indicate that notwithstanding the indefinite nature of any comments you might make concerning a peace treaty because of the above situation, it is your desire to inform Mr. Bevin in confidence as fully as possible concerning our thinking.

In your discussion of the nature of the peace treaty which this Government would wish to see concluded, we suggest that you use the Department of State draft referred to above (Tab B)[4] as indicative of your thinking. However, on those points with respect to which a difference exists between the Departments of State and Defense, it seems advisable to be particularly careful in emphasizing the indeterminate nature of the thinking in Washington on these points, and it might be helpful to analyze for Mr. Bevin the difficulties which present themselves to our military authorities in reaching acceptable solutions of these complex security issues. On these and on other important issues in the Japanese peace treaty problem, it would be most helpful if you were able to obtain from Mr. Bevin the considered views of the British Government and its political and military analysis of the situation. Since the question of a Japanese peace treaty was discussed both at Colombo and, more recently, in the so-called Commonwealth

[4] In the file copy (which is also the original) an asterisk is written in ink after "B)". A handwritten note at the bottom (not preceded by an asterisk) reads: "Defense expects us to do this. D[ean] R[usk]."

Working Group at London, he would also be in a position to supply you with the alignments of view among the Commonwealth countries.

It is suggested that you also describe briefly the two types of security arrangements referred to in Tab B, but with the emphasis upon the following points. Neither security arrangement represents in any way a firm view of this Government but together the two arrangements illustrate the nature of the problems we are thinking about and the types of solutions we are exploring. The collective security arrangement, Alternative I, is not in any sense a "Pacific Pact" analogous to the Atlantic Pact and this Government would not favorably regard a Pacific Pact of such a character. It should also be noted that the nature of the terms of a peace treaty would depend in large measure on the type of security arrangement which accompanied the treaty.

In the course of your discussion of the peace treaty and security arrangement you might wish to indicate the following basic difficulties with which the United States is concerned: security against the possible resurgence of aggression by Japan in concert with the USSR; security of Japan and of the Western Allies against possible Soviet-Communist aggression, whether direct or indirect; the importance of Japanese consent to any security arrangement; the importance of the attitudes of India and other non-Communist Asiatic countries toward a security arrangement having in mind their objectives of national independence for Japan and for themselves; the procedural and security difficulties involved in concluding a peace treaty without Soviet Russia and Communist China participation; the procedural difficulties involved in the extension of an invitation to China to attend the peace conference.

You might repeat the concern which you expressed to the British Ambassador in handing him the informal note of last December lest there be any publicity that would tend to cast the blame for failure to proceed at once with a peace conference upon the United States or its friendly Allies instead of upon the Soviet Union, which has borne this onus in the past.

Furthermore, this Government must continue in any public statements to favor an early conclusion of a peace treaty with Japan.

In the course of your discussions, questions might be raised, particularly by the Dominions, either directly with you or through Mr. Bevin, with respect to our view that the treaty should not authorize or prohibit the rearmament of Japan but merely take note of the relevant provisions of the Japanese Constitution, and that no post-treaty control machinery should be established. Our thinking is that whereas we do not wish to encourage the Japanese to change their constitutional prohibitions or in any way to stimulate them in the direction of creating an army, navy or air force, we believe it would be most undesirable to perpetuate such prohibitions in a treaty of

peace. All experience argues that once written into a peace treaty, they could not be overcome except by unilateral violation even though at some future time many of the governments concerned might find a change in their interest but would not be able publicly to support the change. It follows that if one is opposed to the inclusion of prohibitive provisions in the peace treaty, any control mechanism would lack terms of reference under which to operate. Three years ago our treaty draft envisaged as the mechanism of control the creation of a Council composed of the ambassadors accredited to the Japanese Government. Even at that time, the Department had grave doubts as to the efficacy or desirability of such a Council in which ambassadors assumed the incompatible role of police inspectors. Furthermore, the highly developed postwar system of export licensing would offer an adequate means of controlling Japan bereft of the raw materials of Manchuria, Korea and Formosa.

694.001/5–1250

The Special Assistant to the Under Secretary of the Army (Reid) to the Assistant Secretary of State (Butterworth)

TOP SECRET WASHINGTON, 10 May 1950.

DEAR MR. BUTTERWORTH: The attached summary of a recent conversation with Mr. Ikeda Hayato[1] is forwarded at the request of Mr. Joseph M. Dodge.[2]

Sincerely, RALPH W. E. REID

[Attachment]

2 MAY 1950.

Subject: Discussion of Japanese Peace Treaty with Mr. Ikeda, Finance Minister of Japan

Mr. Ikeda reported that there has been continued discussion of a Japanese Peace Treaty in the Diet. In the Prime Minister's State of the Union Message to the Diet, it was described as being closer of realization than has since been apparent. The Prime Minister's statement was somewhat over optimistic and the situation has since become discouraging.

The political opposition have centered their attack on the point that a one-party treaty is being discussed as against an over-all treaty and that the publicity about treaty discussions indicates the possible exclusion of the interests of certain other countries.

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[1] Finance Minister of Japan.

[2] Financial Adviser to the Supreme Commander and Fiscal Adviser to the Under Secretary of the Army.

This point of attack originated with the Communists but reportedly has been joined by the Socialists and Democrats who apparently have grouped themselves into a council or front opposing a U.S. treaty and opposing continued military bases for the United States.

Two resolutions on this are reported to have been submitted to the Diet, one by the United Front and one by the Communist Party, which differed in some respects but were voted down by the House about two to one.

Actually, the United Front appeared to be aiming at a coalition that would carry a non-confidence vote against the Government, but this coalition ended in aiming their efforts at the Peace Treaty situation.

The present government party prefers the earliest possible treaty with all interested governments included, but, if this is not possible, wants the other kind of a treaty as early as possible. Essentially, they want the best they can get under the circumstances and as quickly as possible.

The political question for the party now in power in Japan is whether or not to carry the treaty question and their position on it as part of the party platform in the approaching elections for the House of Councillors, and what this position should be.

The opposition against continuing U.S. military bases in Japan is met by the Prime Minister as a hypothetical question to be considered when and if such a proposal is made.

The opposition moves are construed as an internal political effort directed against the government in power, except, of course, for the Communist attitude which is traditional and expected.

While it cannot be proved, the majority of the public are believed to favor the earlier treaty on any reasonable terms.

The United Front opposition is being strengthened by contentions that their democratic privileges are not actual in relatively minor matters of policy affecting the day to day life of the Japanese and in the actions of the Diet with respect to these. They have been looking for more latitude in these matters which they claim in some cases has been denied them. They object to interference in matters below the level of basic policy, such as the implementation of the Stabilization Program.[3] The opposition contends that the freedoms and decontrols resultant from the Stabilization Program have been negatived by other and continuing interference at lower levels. The opposition does not believe that this is with the approval of SCAP, but that nevertheless it exists.

Mr. Ikeda conveyed a personal message from Prime Minister Yoshida to Mr. Dodge to the effect that the Government desires the

[3] For documentation pertinent to the initiation of this program, see *Foreign Relations*, 1948, vol. VI, pp. 1059 ff.

earliest possible treaty. As such a treaty probably would require the maintenance of U.S. forces to secure the treaty terms and for other purposes, if the U.S. Government hesitates to make these conditions, the Japanese Government will try to find a way to offer them.

A study of the constitutional angle has led to the conclusion that if continuing U.S. bases was made a requirement of a treaty it would make such a treaty easier to establish; also, that even volunteering the continuance of these bases would not be a violation of the Japanese Constitution. This provision could be in the treaty itself or by separate agreement.

Mr. Ikeda said that they were always aware that the present economic aid given Japan could be terminated by the unilateral action of the United States Government, but that if and when private capital from the United States could be introduced into Japan it would not only act as a most desirable substitute to the present grants of aid but indicate even to a greater extent the tie between the two countries. The introduction of substantial amounts of private capital investment from the United States would tend to make the Japanese people less skeptical about their own future.

In reviewing the attitudes of the Japanese people, Mr. Ikeda stated that they had not forgotten the statement of Secretary of the Department of Army Royall [4] in February 1949 to the effect that Japan was not necessary to the United States. Emphasis had been given this by later public statements of the United States Government in writing off Formosa. It was further colored by the Communist gains in Indo-China, the fact that South Korea is not strong and could, perhaps, easily be abandoned, and that India's position is not altogether clear.

The Japanese people are desperately looking for firm ground.

There is also the possibility that the Soviets may offer a peace treaty in advance of the United States and might include in that offer the return of Sakhalin and the Kuriles.

The people were aware of the situation in Berlin and the apparent concessions and retreats by the United States Government in meeting the Soviet advances in Europe.

They were skeptical on just what and when and where the United States would stand firm, and particularly with respect to Japan.

Mr. Ikeda emphasized that if this should prove to be no time for a Japanese peace treaty that it would be very discouraging for the present Japanese Government and the Japanese people. He believed it only could be offset by the Japanese being allowed more freedom

[4] In Tokyo at an off-the-record press conference held February 6, 1949. For pertinent documentation, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 648.

in the conduct of their own domestic economic and political affairs. In other words, to give as much as possible of the effect of a treaty with the U.S. and create a *de facto* treaty situation. He added that what had been expected from the Yoshida Government and Cabinet was substantially more freedom in conducting their own affairs than had proved to be the case and that as a result there was considerable disappointment and some declining popularity of the present Government. However, this did not mean that other parties were gaining in popularity. If the present Government should fall, no other party could gain the security majority that for the first time had been carried by the Yoshida Government.

Mr. Ikeda suggested that what was needed was some greater demonstration of interest in Japan than dollar aid as it was well known the United States was providing similar aid to other countries.

Mr. Dodge pointed out, completely unofficially and informally, that as the general international situation between the Soviet Union and the United States Government deteriorated, and particularly as this appeared to exist in the Far East, it was certain to raise serious questions as to the advisability of an effort to establish a peace treaty with Japan under these conditions and at this time. This in no way denied the general desire and objective of a peace treaty at the earliest possible and feasible moment. He suggested the possibility which must be taken into account that, as the general situation deteriorated, the military and strategic position of the United States rose in importance as a consideration. This, if true, would lead to a natural conclusion that the United States position in Japan should probably be maintained at its strongest.

It was also pointed out that the matter of a Japanese peace treaty had been and was under continuous discussion within the U.S. Government; that so far as he knew the Government position had not been completely clarified or determined as of the present. However, there was to be a discussion of the Japanese peace treaty at the Council of Foreign Ministers Meeting to be held shortly in London, and at that time there was a possibility that the United States position would be publicly exposed.

In any event, it did not appear either practical or possible to give Mr. Ikeda any definite assurance at this time other than the continuing interest of the U.S. Government in establishing a treaty as soon as practicable.

Mr. Ikeda was informed that his views and the views of his Government would be summarized, as they have been above, that this summary would be subject to his review and approval, and would then

be placed in the hands of the proper officials of the Department of State and the Department of the Army.[5]

JOSEPH M. DODGE

[5] In a memorandum of May 12, 1950, to Acting Secretary Webb, Mr. Butterworth said this paper had been forwarded to Mr. Dulles as well as to himself and continued in part: "The conversation is regarded as significant because it is the first expression we have had at an official level of the attitude of the Japanese Government on the peace treaty and related questions." Mr. Butterworth stated also that a résumé of the conversation (not printed) was being wired to the Secretary. (694.001/5–1250)

694.001/5–1150

Memorandum of Conversation, by the Secretary of State

TOP SECRET [LONDON,] May 11, 1950.

Memorandum of Conversation Between the Secretary and Mr. Bevin, with only Sir William Strang, Mr. Dening, and Mr. Merchant Present.

Immediately following the conclusion of the US–UK bilateral conference at the Foreign Office on the afternoon of May 10 [1] I met with the Foreign Secretary and the above-named participants in his office to give him such information as I could concerning the status of the Japanese Peace Treaty. When Mr. Bevin had raised this subject earlier I had stated that I preferred to discuss it in a restricted meeting.

Mr. Bevin opened the conversation by stating that he was placed in a position of extreme difficulty by lack of information regarding United States plans for a Treaty. He was anxious to know if I could tell him anything at this time. He went on to say that he was under pressure in the House and from the public generally, as well as by the Board of Trade and the Lancashire interests. All he has been able to say so far was that they were working closely with the United States, but I must recognize that he was placed in an extremely awkward position. Mr. Bevin said he was most anxious to keep their course of action with respect to Japan and the Treaty in conformity with ours. He had, of course, been continuing to say publicly that the Soviets were holding up the question of a Treaty with Japan as they were in the case of Austria, but that he was increasingly fearful that the Soviets might take the initiative and propose a conference to write a Peace Treaty. Mr. Bevin went on to say that he had been in really great difficulty in Colombo. The Asiatic Dominions were really annoyed at his inability to talk at all on the

[1] For a summary of the second part of the fourth session of the bilateral ministerial conversations, see Secto 217 from London, May 10, scheduled for publication in volume III.

subject, and he had been forced to invent on the spot a suggestion that a committee of the Commonwealth meet in London to exchange views among themselves and with the United Kingdom. India and Pakistan, he mentioned, were particularly pressing him for action on an early Treaty.

In reply to Mr. Bevin I stated that unfortunately I was not in a position to tell him anything more than I had in my Christmas Eve conversation with Sir Oliver Franks on the subject. I stated that the difficulty resided in the matter of the security arrangements which would accompany a Treaty. I said we were working urgently on the matter with our military authorities, who pointed out that in their view we were faced with a dilemma. On the one hand, if a Treaty were written in which the Soviets and Communist China participated, then no security provisions would be possible, and I pointed out that I regarded security as comprehending both aggression by and against Japan. The other horn of the dilemma, I said, was that if we negotiate a Treaty without Soviet or Communist China's participation, that very act may stimulate Soviet action.

I then informed Mr. Bevin, emphasizing that this particular point as well as everything I said was given to him in strictest confidence, that Secretary Johnson and General Bradley were planning to leave for Japan the end of this month to exchange views on the subject with General MacArthur. They planned to return about the 12th of June, and further discussions with the military authorities will ensue.[2]

I then promised Mr. Bevin that I would inform him as soon as I was in a position to give him any further development of our views. I reiterated the necessity for guarding with the utmost care the fact that the United States Government had not yet formulated its views on the matter of the Peace Treaty, since I also recognized the extreme difficulty in which we would be placed were the Russians to sense this fact and seize the initiative by calling for a Peace Conference. I also told him that in all public statements I would naturally continue to state that I regarded the question of the Treaty as a matter of urgency.

Mr. Bevin was obviously disappointed that there had been no progress in the development of our position since last September, but assured me that they would naturally make no difficulty for us.

I then asked Mr. Bevin if he could tell me anything of the results so far of the discussions between the United Kingdom and the Commonwealth representatives on this subject. Mr. Bevin replied that he didn't think much had come out of it so far, but Mr. Dening spoke up to say that there had been a most interesting discussion that very

[2] Secretary Johnson and General Bradley were in Japan from June 17 to June 23.

morning. He said that their talk had revolved on the security issue and that they had concentrated on two alternative solutions. The first one would involve a genuine effort to bring Peking and Moscow into the conference with the recognition that progress would be impossible and the conference would break up. They thought the Western powers should then write the Treaty without Russia or China, with a concurrent agreement under which the signatory powers would agree to defend Japan against attack and probably (although India, Pakistan, and Ceylon did not like the thought) a base agreement between the United States and Japan. The alternative which this committee considered was a limited Peace Treaty which would retain the legal basis for the occupation and control powers of SCAP, but with these powers reserved and not exercised except in case of emergency. There was a general dislike, Dening said, for this second approach to the problem. In the first place, they felt that the Japanese would dislike it and be restive under such an arrangement. Secondly, they felt that it would provide the Russians with excellent material for propaganda. Finally, they felt that all of them would be in an ambiguous position vis-à-vis the Japanese Government and SCAP.

I thanked Mr. Bevin for this information, but did not otherwise comment on it.

Mr. Bevin then asked me how I saw the position of the Communists in Japan.

I replied that it was my impression that Moscow was purging the Party down to the hard core, and that the test had been the call for the trial of the Emperor.[3] I said I did not believe that in popular support Communism was at the present time making any great headway and noted that the majority of the returned prisoners of war have not in fact been effectively indoctrinated.

As I left, Mr. Bevin reverted to the risk of the Soviets calling for an immediate Peace Conference, or possibly merely inviting the FEC countries to Moscow to discuss in preliminary fashion the question of a Peace Treaty.

I agreed that the risk existed and that in fact it would be a smart trick for the Russians who, by reason of their geography needing no bases in Japan, could place themselves in a position of bidding against us with the Japanese.

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[3] On February 1, 1950, Alexander S. Panyushkin, Soviet Ambassador to the United States, handed the Secretary a note, not printed, proposing the trial as war criminals of the Emperor of Japan and several former Japanese generals. The Department's press release of February 3 commenting on the proposal is printed in the Department of State *Bulletin*, February 13, 1950, p. 244.

694.001/5–2350

The First Secretary of Embassy in the United Kingdom (Ringwalt) to the Director of the Office of Northeast Asian Affairs (Allison)

CONFIDENTIAL LONDON, May 23, 1950.

PERSONAL OFFICIAL

DEAR JOHN: In order to avoid surfeiting the Department with reports on the Japanese Peace Treaty Working Party, I have decided to pass on to you the following information given me in confidence by a reputable American correspondent. His sources, he says, are members of several of the delegations to the Conference, including delegates from the Indian sub-continent. The following list of general areas of agreement he read to me one afternoon just after the Conference adjourned. He said he was on his way to his office to embody most of the points in a news despatch to his paper:

1. Japan should be encouraged to join the UN immediately after the signing of a treaty.
2. The applications of Indonesia and Ceylon for membership in the Far Eastern Commission should be supported.
3. Japan should be allowed adequate police forces for internal security. There was, however, concern that a secret police force might be re-established as soon as controls were lifted.
4. There should be no restrictions on commercial aircraft or on ship building either as to size, number or speed.
5. No unfair competition in overseas trade should be permitted.
6. Japanese territory should comprise the four main, and a few adjacent islands.
7. The Treaty should be so drafted so as not to incur the permanent resentment of the Japanese people.
8. Japan should be encouraged through its own efforts to obtain a reasonable standard of living.
9. Pakistan, Ceylon and India insisted that restrictive clauses in a Peace Treaty should be kept to a minimum.
10. Peiping and Moscow should both be invited to participate in Treaty negotiations.
11. Peiping should become a member of the Far Eastern Commission.
12. Economic controls should be of a long-range nature and it was recommended that a study be made of Japanese dependence on imports and of sources of supply generally (apparently the United Kingdom did not take this recommendation too seriously).
13. India would be prepared to acquiesce in security restrictions provided Japan's economic recovery were not imperilled.
14. New Zealand demanded complete suppression of military and para-military forces and restrictions on oil and rubber production as well as ship building. It offered no objection to civilian aircraft manufacture nor to a police force.
15. Australia demanded control of atomic energy and war potential generally. It was strongly opposed to Japan's fishing and whaling in southern waters and there was some talk of calling a conference on fishing in order to deal with this problem more extensively.

16. Japan should be encouraged to join GATT, ITO, and similar organizations.

17. Export of Japanese merchandise should not be discouraged, especially in regions where purchasing power is low.

18. Reparations was generally agreed to be a dead issue.

19. Territories to be taken from Japan need not be mentioned in a Peace Treaty.

20. There should be in a Peace Treaty, a reference to human rights.

21. Political societies such as the Black Dragon should somehow be discouraged.

22. Japan should be obliged to conform to international agreements on the suppression of opium traffic.

23. From the point of view of the Asiatic Commonwealths generally, all the enforcement machinery in the world could not guarantee security against Japanese aggression. The political disadvantage in interfering in Japan's internal affairs would outweigh any benefits derived from an attempt to write security guarantees into the treaty.

24. With reference to any American bases, India was opposed to any arrangement for such bases to be included in a Peace Treaty but there appeared to be no objection to Japan's making separate arrangements as a sovereign nation once the Treaty were in effect.

You will note that many if not most of the above points have already been covered by reporting from this Embassy.[1]

Sincerely yours, ARTHUR R. RINGWALT

[1] A copy of the "Report" of the Commonwealth Working Party on a Japanese Peace Treaty, May 17, 1950, was transmitted by the British Embassy in Washington to the Department on September 20, 1950. (Lot 54D423)

794.001/5–2450

The Director of the Office of Northeast Asian Affairs (Allison) to the Acting United States Political Adviser for Japan (Sebald)

SECRET [WASHINGTON,] May 24, 1950.

DEAR BILL: In your letter of March 24 [1] you raised the question whether SCAP should be encouraged to "crack down" on the Japanese Communist Party which you believed was getting out of hand. You recognized that such a move might not be an unmixed blessing, but you were prone to recommend it as opposed to the present policy described as one of drift.

I have hesitated to reply to your letter for many weeks now, primarily because of the difficulty of appraising from this distance the many factors that must necessarily come to bear on a decision of this complexity and importance. I also realize that any reply at this juncture may not prove consequential inasmuch as General MacArthur has already issued a statement [2] on the occasion of the third annivers-

[1] *Ante*, p. 1154.

[2] Not printed.

ary of the Constitution,[3] which would indicate quite clearly that the decision has already been taken in Headquarters to encourage the Japanese Government to move against the Japanese Communist Party, presumably by outlawing that party.

I think it is fair to say that everyone in the Department who has been connected with Japanese affairs has been impressed by the way General MacArthur has handled the Communist problem, particularly over the past year. We believe that the manner in which the Japanese Communists were allowed to show up their true colors last summer through militant excesses, only to have SCAP move in firmly at the precise opportune moment, dealt a severe blow to the Communist cause in Japan not only by promoting popular resentment against the Communists but by bringing about the elimination of Communist leadership in Government unions. Likewise the repatriation issue brought home forcibly to the Japanese people the perfidy of the Soviet Union and the treachery and subservience of their JCP minions. I have particularly in mind the spectacle of the JCP summoning the homecoming POWs to rallies and parades rather than allowing them to join their awaiting families and friends. We have been led to believe that it has been this type of Japanese Communist Party activity and this type of handling of the Japanese Communist Party that has brought that Party to the nadir of its post-war fortunes. It may well be argued that this is a transitory phase and the JCP power is now on the ascendancy, but the history of the past year nevertheless demonstrates that the Communist Party, given a certain amount of rope, can be its own hangman.

Another development of the past year which has had a direct bearing on the fortunes of the Japanese Communist Party has been the issue underlying the Cominform criticism of Nosaka [4] and subsequent development. Because of the international overtones of this controversy the Department has followed related developments with close interest and has come to the following conclusions:

(1) The Cominform attack was originally directed toward forcing a basic change in the JCP line. The new philosophy and strategy advocated by the Cominform had as its concomitant the reduction of the JCP to a hard core of militants dedicated to the class struggle.

(2) In the face of strong JCP desire to pursue existing theories and strategy, a compromise with Moscow was reached which allowed the Japanese Communists to confess that their theory was wrong, but which did not require them to alter fundamental practices.

(3) Available evidence here indicates the likelihood that the Chinese Communist Party interceded with Moscow on behalf of the JCP leaders.

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[3] May 3, 1950.

[4] Sanzo Nozaka, a member of the Political Bureau and the Secretariat of the Japanese Communist Party.

(4) Bitter controversy over future strategy continues within the ranks of the Party's top leaders.

If the general character of these assumptions is correct, it would seem to follow that the suppression (e.g. outlawing) of the JCP at this time would bring about many of the results which the Cominform was seeking when it leveled its open blast at Nosaka. Supression would direct JCP efforts toward class struggle tactics carried out by subversive means. It would create strong pressures toward consolidation of the Party and toward resolution of disagreements among its leaders. It would tend to bring the party into closer relationship with, and dependence on, the Kremlin, thus undermining exceptionalist tendencies already apparent.

Experience in Turkey, Spain and certain other countries has clearly demonstrated that if the banning of the Communist Party is to be successful it must be rigorously prosecuted by a well-equipped, well-organized police system, including a police intelligence system, which is prepared to function ruthlessly when the circumstances so require. To ban the Communist Party without having this enforcement machinery is to open a veritable Pandora Box of troubles. For the Communists, proliferating into all sorts of concealed fronts, would then be difficult to identify and in a position to continue to spread their poison perhaps even more effectively. They would be under no compunction to observe press codes, libel laws, etc. They would be in a position to attack the U.S. and occupation officials by name and to spread leaflets and rumors exposing so-called scandals involving occupation officials.

The ability of the present police establishment to handle this type of situation is open to serious question; and yet to fail to redress the situation would bring discredit to civil authority and law. The temptation for the occupation forces to move against the Communists would be great indeed, but to succumb to that temptation would be precisely what the Communists desire. The Communists would then become martyrs of Japan who dared to oppose the occupation authority. Cast in this role, the Communists would indeed appeal to the patriotic susceptibilities of the Japanese people. I am sure you appreciate that this has been an important factor underlying our Government's policy recommendation in NSC 13 for strengthening the Japanese police establishment—a recommendation which has not been carried out to the extent we envisaged for reasons best known to Headquarters.

Contingent with the foregoing possibilities is the danger that the Japanese Government will be under considerable temptation to label opposition elements as Communists or Communist fronts and to move against them accordingly.

Please do not regard the observations made in this letter as denoting a position opposing the outlawing of the Communist Party, for I

have made no attempt to weigh the *pro's* with the *con's*. I have gone to this length in answering your letter merely in the hope that certain lines of thought, which may be more discernible to the detached observer, are given due consideration in any Headquarter's deliberations on this subject.

Sincerely yours, JOHN M. ALLISON

694.001/5–2550

The Acting United States Political Adviser for Japan (Sebald) to the Assistant Secretary of State (Butterworth)

TOP SECRET TOKYO, May 25, 1950.

DEAR WALT: Last night I had an opportunity to have a lengthy conversation with General MacArthur regarding the various documents brought to me by John Muccio [1] and, specifically, the two "position" papers representing the present thinking of the Department of Defense and Department of State respectively.[2]

General MacArthur said that his initial reaction to the two papers was one of wonderment at the apparently small differences between the thinking of the two Departments. In consequence, he had felt that it should be a relatively simple matter to find some middle ground of agreement. The more he thought about the differences, however, the more complex the problem had appeared, especially as there seems to be a certain amount of intractability on the part of the Defense people. He has an impression that the Defense representatives with whom Dean Rusk discussed these matters are not of the caliber one would expect of persons charged with such important negotiations. The General said that he has thought long and often of this problem and has come to the tentative conclusion that an alternative proposal, which might be acceptable to both sides, can be found. The General made it clear that his solution stems from the two position papers and that he is taking up the problem as from the present area of disagreement. He does not feel it worth while to cling to his own previous proposals, as apparently the thinking in Washington has now proceeded far beyond any proposals of the past. He said that in his view it is important to bring the two Departments together so that *some* position can be found to enable the United States Government to chart its course of action. Even if such solution should not be perfect, he feels that the important thing is to find a common meeting ground—subsequent events and time will, in due course, nevertheless dictate the successive steps to be taken.

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[1] Ambassador to the Republic of Korea.

[2] Apparently those attached to Mr. Rusk's memorandum of a conversation held May 5 with Generals Burns and Magruder, p. 1186.

The proposal which General MacArthur said he would make to Secretary Johnson, if the latter should raise this question, is the following:

The Japanese Government should be given the following alternatives:

(A) The Japanese should be offered a treaty of peace based on the concepts previously explored but containing a provision that certain specified bases in Japan will be reserved to United States troops for the purpose of securing the achievement of the basic objectives set forth in the Potsdam Proclamation, provided, however, that the treaty herein envisaged shall be subject to a nationwide plebiscite by the Japanese people. If the results of the plebiscite are in the affirmative, i.e., are in favor of the treaty of peace containing the base provision, the treaty shall become effective. In the event that the plebiscite should result in a negative vote, then alternative (B) is accepted.

(B) There shall be a continuation, without change, of the present regime of control, with no treaty of peace.

We discussed this proposed solution at considerable length, and General MacArthur is fully aware of some of the attendant difficulties which might arise should this proposal be adopted as the United States position. For example, it is presently unknown what the reaction of other parties to the treaty might be. There is also the danger of a hard crystallization of Japanese sentiment on the question of bases, with a strongly divided public opinion and consequent political restiveness that might result from widespread discussion of this problem. Finally, there are inherent practical difficulties of holding a plebiscite in Japan.

General MacArthur, however, feels that *some* midway proposition is preferable to none at all, with a continuation of the present dilemma in which the United States finds itself; his only objective in making the above proposal is to get on with the treaty. He said, in effect, that he has no pride of authorship and if a better solution can be developed, he would welcome it. This new proposal of the General's, in my opinion, does not represent his last word and may have been "thinking out loud". If adopted, it would of course represent a sharp veering from his previous views, which, as you know, were simple, direct, and fully in accord with our own.

In connection with Mr. Johnson's visit, General MacArthur said that he has no intention of raising the peace treaty problem and will not discuss it unless Mr. Johnson asks for his advice or views. I reminded the General that any knowledge which he has of the present differences of views between the two Departments ought, of necessity, to come from the Department of the Army. He said that he is

fully aware of this but assumed that the DA would, in due course, and prior to Mr. Johnson's visit, brief him on the situation.

Sincerely yours, W. J. SEBALD

694.001/6–750

Memorandum by the Consultant to the Secretary (Dulles)[1] *to the Secretary of State*

SECRET [WASHINGTON,] June 7, 1950.

I attach memorandum[2] which I have prepared with the help of Messrs. Allison, Hamilton, Howard and Fearey, which could, I think, be made the basis of our talk planned for Friday at 2:30.

[Attachment]

JUNE 6, 1950.

In the case of Japan the long-range, overall objective is:

A Japanese people who will be peacefully inclined;
effectively respect fundamental human rights;
be part of the free world;
be friendly to the United States;
be capable of developing their own well-being and self-respect without dependence on outside charity;
be able by their conduct and example to exhibit to the peoples of Asia and the Pacific Islands the advantages of the free way of life and thereby help in the effort to resist and throw back communism in this part of the world.

Appended hereto as Tab 1 are notes indicating certain of the fundamental difficulties which must be overcome and the methods by which they might perhaps be overcome.

Attached hereto as Tab 2 is a statement of specific steps which might now be taken by SCAP in aid of the foregoing objectives.

Attached hereto as Tab 3 is a statement of terms which might be incorporated in a treaty between Japan and all or some of the nations, including the United States, that have been at war with Japan.

Attached hereto as Tab 4 is a statement of the procedures that might be followed if it were determined to seek such a treaty.

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[1] In a memorandum of his conversation held with the President May 22, Acting Secretary Webb stated: "I spoke to the President about the possibility of having Mr. Dulles visit both Japan and Korea, and he agreed that this was desirable." (694.001/5–2250) For Mr. Acheson's announcement of the trip, released to the press June 7, see Department of State *Bulletin*, June 19, 1950, p. 998. Mr. Dulles' statement at the time of his departure for the Far East June 14 is *ibid.*, June 26, p. 1061. Mr. Dulles and Mr. Allison were in Japan June 17 and June 21–27.

[2] Previous drafts of this memorandum dated May 25 and June 5 are not printed (694.001/5–2550 and 694.001/6–550).

Tab 1

Broad Aspects of the Japanese Problem

1. *Geography.* There is physical propinquity to the China mainland, Manchuria and North Korea, now under communist domination. The Soviet Union now controls all of adjacent Sakhalin and the Kurile Islands. Formosa is in immediate jeopardy and South Korea is in long-term jeopardy.

2. *Economics.* There is natural and historical economic interdependence between Japan and the now communized parts of Asia. These are the natural sources of raw material for Japan.

3. *Politics.* The people have a tendency to totalitarian forms and to authoritarian rule.

4. *Ethics.* There is no strong religious faith which, like Christianity, tends to develop a sense of individual worth as against enforced conformity.

5. *Social.* Extreme density of population, paucity of natural resources, and religious influences have resulted in social institutions which minimize frictions by discouraging individualism in favor of family, group, and national interests.

6. *Racial.* There is a certain barrier with the West in the face of the assumed Western sense of white superiority. But there is a sense of superiority too and, in some respects, to the Chinese and a desire to be treated as social equals by the West.

7. *Military.* There is a present emotional tendency to pacifism which, however, could easily shift to a revival of militarism.

The problem of attaining our objective regarding Japan presents great difficulties and will require strong efforts along several fronts. The following questions are raised in connection with the foregoing points:

1. Since Japan from a geographical standpoint is closely encircled (North, West and South) by areas controlled by Communists of dynamic and aggressive tendencies, can Japan be saved from Communism if the Free World merely adopts, in this area, a defensive policy and does not undertake there some counter-offensives of a propaganda and covert character designed to prevent the easy and quick consolidation by Soviet-inspired Communists of these recently won areas and which will require Communist efforts to be expended more in the task of consolidation rather than in the task of further expansion and aggression? If defense can only succeed as supplemented by offense, what are the practical offensive possibilities?

2. Can there be found, outside of the Communized areas, adequate sources of raw materials and markets for Japanese industry so that Japan's economy can be reasonably and progressively prosperous without dangerous dependence either on Communist-controlled areas or large United States grants in aid? Should there be permanent restrictions on Japanese trade with Communist areas designed either

a) to prevent the strengthening of the Soviet war potential or *b*) a dangerous dependence by Japan on Communist trade, a dependence which would expose Japan to successful Communist blackmail at a subsequent date?

3. What can be done to help develop and maintain representative government as against the tendency toward dictatorial forms and practices? Would it be useful to make available some sort of an Advisory Commission, perhaps headed by MacArthur, which would visit Japan from time to time, perhaps annually, on the invitation and initiative of their government, to help in realizing the new concepts embodied in their present constitution?

4. Will it not be necessary to do more to break down barriers now created by the West's attitude toward the yellow race? Is there not need for affirmative measures to promote cultural exchanges and to permit immigration in the United States at least on an equality with the Chinese and Indians? Should any effort be made to get the Australians and New Zealanders to change their attitudes toward this problem?

5. The Japanese Constitution contains good provisions with respect to human rights and fundamental freedoms. However these, or corresponding Treaty provisions, will not alone suffice. Will there not be need to encourage religious and social activities, publications, movies, etc., which constantly and increasingly impress the Japanese people with the desirability of greater individualism as against their tendency to extreme conformity and convention in all aspects of life. Perhaps, having regard to the nature of Japanese problems, some of the Scandinavian efforts at cooperative action would be more helpful than our greater individualism. Extreme Japanese conformity has a close affinity with the conformity idea which is fundamental in Soviet Communism and only if this conformity idea is diluted in Japan will there be an effective barrier to the regrowth there of totalitarianism. What practically can be done along these lines?

6. Should there not be now developed some sense of governmental responsibility to resist indirect aggression in Japan? Will it not be necessary to have some force with which to do this, such as a police force, constabulary and coast guard? Should not this be begun at once while it can be done under the auspices of SCAP?

CONCLUSION

Must not the question of a Japanese treaty be considered as merely one aspect of the total problem? A Japanese treaty, whatever its words, cannot in itself guarantee the results we want. It can perhaps contribute to these results if it is wise in content and in timing. But a treaty alone will be inadequate unless there are important parallel efforts along other fronts. It may be that the principal attraction to hold Japan in the Free World will be a capitalizing on their desire to be an equal member of the family of free nations, a concept obviously not consistent with the subservience to the Kremlin inherent in the Communist world.

Tab 2

1. The impact of the military occupation should be progressively diminished as now contemplated by NSC policy (13/3).

2. The Japanese government should be encouraged now to develop a police force, constabulary and coast guard adequate to detect and repress indirect aggression. This development should be done under the supervision of SCAP and with its cooperation. It would share in a screening of the enlisted personnel and their officers to be sure, so far as possible, that they will not be the nucleus of a militaristic and repressive organ of government.

Tab 3

A treaty to be presently negotiated would:

a) provide for a progressive reduction or ending of military occupation;

b) provide full opportunity for peaceful economic development, without reparation and with a minimum of, or no, special economic restrictions; (This does not exclude the possibility of bi-lateral arrangements restricting 1A and 1B goods, which may be made in connection with an economic aid program or security guarantee.)

c) avoid post-treaty control machinery in Japan to supervise execution of the treaty, except perhaps in regard to methods of mass destruction;

d) provide that Japan will apply for admission to the UN and that other parties will seek prompt favorable action on such application.

The following security arrangements would either be included in the general treaty or in a more restricted agreement between the parties participating in the preliminary conference (see Tab 4) which wished to join:

a) take note of, but not embody contractually, the military renunciations of the Japanese Constitution;

b) take note of the possibility of delay in Japan's admission to the UN, and also that the Security Council is not yet in a position to exercise responsibility under Article 42 of the Charter, accordingly the parties agree that Japan will act in accordance with the principles of Article 2 of the Charter for the maintenance of international peace and security and will have the corresponding benefits and protections of those principles;

c) provide that the undertakings of paragraph *b*) above will be operative for a period of _____ years, subject to renewal, but in any event will end with the admission of Japan to the United Nations and the assumption by the Security Council of the responsibilities of Article 42;

d) provide that the present Allied occupation forces in Japan shall begin a phased withdrawal from Japan to be completed within a period of _____ years, except that certain agreed points will be held

by combined forces of the parties to assure the result contemplated by *b*) above, as well as to assure the consummation of the surrender terms as regards any parties to those terms who have not merged their rights as belligerents into the new arrangements.

(*a*) to *d*) above are subject to further clarification of the views of the Defense Department.)

Tab 4

The procedures in relation to treaty making could be:

a) a preliminary confidential communication to the non-Communist governments of the Far Eastern Commission of U.S. substantive ideas;

b) modification of U.S. substantive ideas to degree preliminary reactions to *a* make such modification seem meritorious; but this does not imply any pre-Conference formal or complete agreement on detailed texts;

c) calling of a Preliminary Peace Conference of Members of the FEC plus Indonesia, Ceylon, South Korea and Indo-China (one vote); the Japanese Government would have available a representative to be called upon when the conference so desired;

d) both the Nationalist and Communist Chinese Regimes to be invited, with one vote each when they disagree, and a single vote when they agree;

e) the Preliminary Conference to act by majority vote on procedural matters; two-thirds vote on treaty terms;

f) the Preliminary Conference to be held in Hawaii in late summer or fall of 1950 (Query re U.N. Assembly.);

g) calling of a Plenary Conference in Tokyo of all nations at war with Japan;

h) the U.S. Delegation to both conferences will be bipartisan and, if divided, to accept Presidential direction. At least two Senators to be on the Delegation and SCAP and Pentagon to have advisory status. MacArthur to have signatory status at the Plenary Conference.

Tab 5

ECONOMICS

Due to the decline in market for silk and the higher cost of cotton, and the fact that it comes from dollar areas, it seems that Japanese exports will have to be more in capital goods than consumer goods. This will require greater industrial development and increased use of iron ore and coking coal, which must be imported. These would naturally come principally from China, although, by effort, 50% of Japan's iron ore requirements might be filled by Malaya and the Philippines. Coking coal would have to come from the United States, as is now the case. There could be a greater use of Japan's own poor

quality coal, but this would require a long term adaptation of the Japanese iron and steel industry to new processes.

Trade with China would be mutually advantageous, but would probably to a large extent be in terms of 1B goods.[3]

Calculations are that, given normal trade between China and Japan, the U.S. aid required can be reduced from the present $270,000,000 to about $25,000,000 in 1955. Without such China trade the figure would probably have to be about $75,000,000 more. This assumes only a slight increase in the standard of living.

It is assumed that Japan will be allowed to build ships for carrying its own trade. Otherwise, the cost of sustaining Japan would be increased by between $75,000,000 to $100,000,000.

It is also assumed that there will not be level-of-industry restrictions or discriminatory trade provisions against Japan by the Pacific and Southeast Asian countries.

[3] For information on this terminology, see pp. 619 ff.

Tokyo Post Files: 320.1 Peace Treaty

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Acting United States Political Adviser for Japan (Sebald)

SECRET [WASHINGTON?,][1] June 14, 1950.

The attached document [2] is the most important of all these papers. It was prepared by Mr. Dulles in consultation with Max Hamilton, John Howard, Bob Fearey and myself. We have discussed it with the Secretary and other chief officers of the Department, not with a view to making decisions based on it, but primarily to determine whether or not we were all thinking along the same lines. There was general agreement with the paper, as attached, although there were certain specific objections raised and certain queries. With regard to Tab 3, particularly the security phases of it, there is no hard and fast opinion in the Department. At the meeting with the Secretary, I strongly urged the thorough consideration of a security arrangement providing for a phased withdrawal of occupation forces to be completed within three years after the ratification of the treaty without retaining bases in Japan for a further period. The Secretary expressed general agreement with this idea, on the understanding that the phased withdrawal would be so arranged that should conditions warrant, from a security point of view, it would be possible to reverse the process and retain such troops and bases as might be

[1] It is not certain whether this paper was drafted in Washington or en route to the Far East.

[2] The attachment to the memorandum *supra*.

deemed necessary. In further discussion it was suggested that such an arrangement might be secured on the basis of mutual agreement of the Japanese and the Commander of the occupation forces on the determination of a real need. However, there are no hard and fast opinions about this matter and we are still on a quest for certainty. It is hoped that you will have an opportunity to read this and think about it; perhaps discuss it with some of the people in your own office so that when we return to Tokyo we will be able to have your ideas with respect to this paper. I leave it to your discretion as to what distribution you make of this paper, but would suggest that it be confined to a minimum.

Mr. Dulles is particularly interested in the answers to the questions raised on page 2 of Tab 1 in numbered paragraph 2. Perhaps Carl Boehringer [3] can be of help on this. We also have a group working on it back in the Department, but the comments of the people on the spot would be most helpful.

JOHN M. ALLISON

[3] Counselor of Mission in Tokyo.

790.00/6–2950

Memorandum [1] by the Supreme Commander for Allied Powers (MacArthur)

TOP SECRET [TOKYO,] 14 June 1950.

MEMORANDUM ON THE PEACE TREATY PROBLEM

1. Three years ago I publicly expressed the view to the Allied Press in Tokyo that the Allied Powers should proceed at once in the formulation of a peace treaty for Japan. I pointed out that in my opinion Japan was then ready for a peace settlement and should not be called upon arbitrarily to remain under the strictures of an economic blockade with consequent limitations upon her rehabilitation because of undue delay in the restoration of peace. I warned that historically military occupations had been shown to have a maximum utility of from three to five years, whereafter people under occupation became restive and the occupying forces assumed increasingly the complex of entrenched power. I added that a post-treaty unarmed Japan should be able to look to the machinery of the United Nations for the safeguard of her political and territorial integrity.

2. Since then the issue of a peace treaty has been constantly upon the agenda of international discussion and has undergone many

[1] This memorandum is filed as attachment 3 to a memorandum of June 29 by Mr. Allison, not printed (790.00/6–2950). It was shown to Mr. Dulles by June 22.

changes in form as the several Powers from time to time reoriented their respective viewpoints. Basically, however, since the issue was first raised, all of the Powers have found common agreement in the desirability of peace and only a procedural conflict between the Soviet and the other Powers has prevented the holding of a peace conference—the Soviet insisting that it involved a matter which should first go before the Conference of Foreign Ministers while the other Powers, including the United States, adhered to the proposition that it was an issue for direct action by the member nations of the Far Eastern Commission. It is problematical whether the Soviet would have participated in such a parley between all of the Powers as the same was never actually called.

3. During this period the United States has quietly worked upon the preparation of a treaty draft and the nations of the British Commonwealth have held three successive meetings hoping through an exchange of ideas to crystalize a firm Commonwealth peace policy. More recently the Soviet and Communist China publicly espoused an immediate peace treaty for Japan as part of their treaty of alliance and entered upon a campaign of propaganda charging that the Western Powers and particularly the United States bear responsibility for the treaty delay, alleging for its purpose the "colonization" of Japan and its use as a military base from which to mount aggressive warfare against the Soviet and Communist China. Adding to the general confusion and furnishing the Soviet and her Asian Communist satellites with ammunition of destructive value, the international press has made much of revelations that the United States is unable to arrive at a peace policy because of conflicts in viewpoints between the Defense and State Departments, giving emphasis to the idea that the conflict lies in the insistence by the Defense Department that Japan be held as a vital security adjunct of the United States.

4. Only recently the Joint Chiefs of Staff have reviewed their previous position on the treaty problem and reaffirmed their belief that certain conditions must be present to warrant our entry into treaty negotiations. All of such conditions may be discounted as offering no unsurmountable difficulties with the exception of one which requires that the Soviet and Communist China be among the signatories of the final treaty. This, of course, is impossible if the document is to contain adequate security reservations and we are to maintain our present political policy vis-à-vis Communist China. Indeed, if such a condition is to prevail it will foreclose any possibility of treaty action.

5. Although neither as SCAP nor as CINCFE do I share authority for the treaty making, as SCAP I have long been deeply concerned over the psychologically adverse effect upon the Japanese people of protracted delay in moving toward such a treaty, and as CINCFE I have observed with grave misgivings the progressive deterioration of

our military potential under the impact of political and military reverses on the mainland of Asia, with concomitant pressure upon vital segments of our strategic island frontier off of the Asian coast. Indeed, my observation of passing events in Asia and understanding of Oriental psychology have long convinced me that it has been a fundamental error to do nothing pending assurance that we could accomplish all. Thus, even granting the soundness of the JCS premise that the interests of the United States demand inclusion of the Soviet and Communnist China as signatories to any treaty arrangement, it does not necessarily follow that all action leading to a treaty must be suspended pending assurance of their agreement to the treaty conditions we ultimately determine.

6. The Japanese people have faithfully fulfilled the obligations they assumed under the instrument of surrender and have every moral and legal right to the restoration of peace. On this point, as before stated, all of the Allied Powers concerned are in full accord and publicly committed and their failure to protect Japan in this right would be a foul blemish upon modern civilization. For this reason and irrespective of the issues joined and ultimate policy objectives, we should not allow ourselves to be deterred from moving invincibly forward along a course which we ourselves and the entire world recognize to be morally and legally right. We should proceed to call a peace conference at once, work out just and proper treaty terms among those in attendance, invite all of the nations concerned, whether participants or not, to ratify the peace formula agreed upon, and thereafter let the nation which obstructs this normal procedure in international affairs or refuses to ratify a just and equitable treaty assume the full onus for any failure to reach an overall accord. Then, not now, would be the time to determine in the light of the existing situation whether to effectuate such a treaty without the Soviet or to maintain the *status quo* pending Soviet ratification. Thereby Japan and all of Asia would witness the resurgence of our moral leadership and renewal of our initiative in the conduct of Asian affairs.

7. This is our most impelling need of the moment in this quarter of the globe—the regaining of our lost initiative over the events which are stirring all of the Asian peoples. For, it is in the pattern of Oriental psychology to respect and follow aggressive, resolute and dynamic leadership but quickly turn from a leadership characterized by timidity or vacillation. Only recently this found emphasis in the great harm done us in the eyes of the Asian masses by irresponsible official statements suggesting the possibility of our withdrawal from our Western Pacific positions under Soviet pressure—harm which may only be overcome through the drama of a reassertion of positive leadership, the regaining of forceful initiative. The resolute move toward the holding of a peace conference because it is morally right

that such a peace conference should be held—irrespective of its potentialities—would go a long way toward reasserting that leadership and regaining that initiative.

8. On the other hand, our continued delay in calling a peace conference with a view to giving the Japanese that degree of freedom from international restraint which they have well earned and to which they are now morally and legally entitled, cannot fail to result in a progressive deterioration of our position both here and abroad—a deterioration which if long enough extended will inevitably confront us with a situation of general hostility. Soviet propaganda is already attributing to us responsibility for the delay of a treaty. It is not inconceivable that an early Soviet move may be to seize itself the initiative in calling upon the Powers to join it in such a peace conference or proceed directly toward a separate Soviet peace with Japan. In either such eventuality the United States would indeed be placed on the horns of a dilemma and our position would become virtually irretrievable.

9. To safeguard against such an eventuality and to compose the situation in Japan resulting from recent appeals to nationalist sentiment, existing conflict within the United States Government must be bridged to permit early action toward the effectuation of peace. The nature of such conflicts has only recently come to my attention, and it is encouraging to note the relatively small area of disagreement which appears now to exist, providing reason to hope that there is no irreconcilable point of difference.

10. It is my understanding that both Departments agree that the United States policy as expressed in NSC 13/3 [Here follows the first paragraph of NSC 13/3, quoted in Tab B to Mr. Rusk's memorandum of a conversation held May 5, page 1189.], has been "overtaken by events", although it appears to be the view of State that such events have made it mandatory that the United States now press for a peace treaty, while Defense on the other hand interprets them as necessitating a more positive prohibition against entry into *any* peace treaty negotations in the foreseeable future. State's position is based primarily upon political considerations, while that of Defense finds its direction in overall security requirements. The solution sought is that which will serve the one without doing violence to the other.

11. Two alternative security arrangements have been proposed and currently form the basis of discussion within the government:

[Here follow two paragraphs outlining alternative security arrangements quoted from Tab B to Mr. Rusk's memorandum of a conversation held May 5.]

12. The first proposed security arrangement, providing for a collective security agreement to be entered into concurrently with the conclusion of a treaty of peace, with bases made available to the United States, could not now fail to be interpreted as dictated by

primary American security requirements—with accent upon the defense of the United States rather than the defense of Japan. Such interpretation would reflect a comparatively recent change in Japanese thinking largely brought about by ill-advised statements made by influential persons in the United States laying great stress upon the need for Japanese bases in the United States Western Pacific defense line as a means of preserving United States security. This has aroused a wave of intense nationalistic opposition within Japanese political circles which has been fanned by Communist propaganda that the reservation of such military bases to the United States would be a move toward the "colonization" of Japan and an aggressive threat against the mainland of Asia. In these circumstances, while such a collateral agreement is entirely possible of legal consummation, its value to the United States would be limited by the bitterness and resentments which would thereafter dominate the Japanese mind.

13. The second proposed security arrangement providing for a partial peace with retention under limited application of the present regime of control would be worse than maintaining the *status quo*, as the resulting situation would be little different from that which now exists, whereunder there has been a progressive relaxation of internal political control and the basis established for the lifting of restraint on external activity as individual nations invite resumption of bilateral intercourse, and far short of what the Japanese have a right to expect from formal treaty action. While the proposed arrangement would legalize and hasten an enlarged scope of Japanese autonomy in its international affairs, it might be viewed as a betrayal by the United States by many Japanese, who would neither understand nor voluntarily accept any formal treaty arrangement which failed to restore full autonomous authority in the conduct of Japanese public affairs. There would be no convincing argument to justify in the eyes of the Japanese the retention of such controls in a formal treaty for which they have worked, and been led to believe offered the means toward the restoration of soverign freedom. They have heretofore fully understood and accepted the fact that the delay in the restoration of such freedom has been due to the procedural difficulties preventing the holding of a peace conference, but once a formula is found for arriving at a peace settlement, even if only based upon partial representation of the Allied Powers, it would be impossible to explain with any semblance of sincerity or validity the failure to grant the same. Further than this, such failure would furnish the Communists with a propaganda weapon against which there would be no defense, and it would convince many Japanese who have loyally supported the occupation and worked diligently to achieve its stated objectives, that the aims and purposes of the United States conform indeed to the line of Communist propaganda. Such an arrangement

would find little willing Japanese support and arouse much bitter opposition. Its easily discernible weakness would lie not only in its failure to accord the Japanese full political autonomy, but even more in its patent effort to mask the continued occupancy of military bases behind the pretended need for indefinite extension of the existing regime of Allied control.

14. The pertinent provisions of the Potsdam Declaration which set forth the security objective and establish the conditions prerequisite to the withdrawal of Allied forces are as follows:

. . . . . .[2]

"(6) There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for *we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.*

(7) *Until such a new order is established and* until there is convincing proof that Japan's war-making power is destroyed, *points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.*

. . . . . .[2]

(12) *The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished* and there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government."

. . . . . .[2]

The foregoing provisions create in themselves a legal basis for security reservations in a peace treaty which are deserving of careful consideration. Narrowly interpreted they might be construed as appertaining solely to "irresponsible militarism" in *Japan*, with the condition stipulated held satisfied once the same is brought under effective control. Such narrow interpretation would unquestionably be given by elements hostile to the United States. However, it is quite clear to me that a broader interpretation was intended by the framers of the Declaration, (U.S., Britain and China) who clearly sought to see arise in Japan "a new order of peace, security and justice" and correctly estimated that such a new order in an unarmed Japan would be "impossible until irresponsible militarism is driven *from the world*" and so provided that "until such new order is established . . .[2] points in Japanese territory to be designated by the Allies shall be occupied." Indeed, no other interpretation could reasonably and logically be given the language of the document. True, the framers of the Declaration probably did not then envision that so soon after the formalities of surrender the world would again be aflame in the wake of preda-

[2] Omissions in this document occur in the source text.

tory forces embarked upon military conquest; that an unarmed Japan and its "new order of peace, security and justice" would lie prostrate at the mercy of such predatory forces victorious on the adjacent mainland once "points in Japanese territory" ceased to be occupied by Allied forces. But by specifically stipulating the time element for occupation as "until irresponsible militarism is driven from the world" they provided the legal basis to secure against just the threat which in such circumstances would exist, and made clear their intention that not only would "irresponsible militarism" be suppressed within Japan but that Japan's warmaking potential would not be available for exploitation by "irresponsible militarism" on the march abroad. They thereby set the stage for a secure basis upon which an unarmed Japan's permanent neutrality ultimately might rest, and made unequivocally clear by so doing that such a destiny alone could foster the well-being of the Japanese people and serve the essential interests of all of the other nations of the earth.

15. Some persons decry as visionary and unreal the road to ultimate political neutrality for Japan. But such persons are blind to realities. They fail to understand that Japan has been completely disarmed and demilitarized by order of the Allied Powers and consequently her neutrality in practical effect has been already decreed by Allied edict—that neutrality in such circumstances is not a concept but an actuality. Overlooking this, they see in the existing international tension mandatory requirements to guide the political pattern of Japan's present and long range future. The exigencies of the present must, of course, be bridged to the potentialities of the future, but to ignore the realities is to plan unsoundly for either present or future. Any effort to reverse Allied policies toward the rearmament of Japan at this time would be accompanied by convulsions in Australia, New Zealand, Indonesia, the Philippines and throughout Asia, and might very well solidify a Pacific bloc against American policy vis-à-vis Japan. Any such move would be accompanied by no less convulsive reactions in Japan itself where the people with irrefutable sincerity have turned scornfully from the militarists and militarism, as the root causes of Japan's disastrous adventure into the conquest and exploitation of others. Additionally, despite remarkable progress toward economic self-sufficiency through the redevelopment of industrial energy, Japan still requires American aid to cover its food deficit and only with greatest difficulty can obtain a bare minimum of raw materials essential to sustain industrial production. Consequently, from a practical standpoint, Japan could not rearm from her own impoverished indigenous resources but would require billions in American aid to build military strength beyond that level merely provocative of attack and exploitation by others. Moreover, from every standpoint, it is more essential that Japan be

denied to the Soviet than that she be an active military ally of the United States. Such denial can best be assured through a firm political alignment resting upon the good will and faith of the Japanese people, with our access to military and naval bases and other available facilities adequate to meet the needs of our security operations. This is in complete consonance with the status of neutrality, both present and future, and Japan's insular location renders such neutrality feasible both from a military and political standpoint. Our military policy vis-à-vis Japan, therefore, should be oriented to the denial of Japan to the Soviet through the safeguard of its neutrality, rather than an approach to something resembling an outright military alliance.

16. The referenced Potsdam conditions should be fully availed of in the shaping and implementation of treaty policy. For a treaty of peace reserving to the Allies the right to continue to occupy "points in Japanese territory" until "irresponsible militarism is driven from the world" and there is no longer threat to "peace, security and justice" in unarmed Japan would not only adhere to the conditions expressly laid down in the Potsdam Declaration but would preserve the legal continuity of Allied action. It would place the retention of military garrisons squarely up to the Potsdam Declaration upon which the Japanese Communists and the Soviet repeatedly have called in support of their position. Provision should be made in such a treaty for the relinquishment by the Allied signatories of all political power and authority over Japan not directly appertaining to security requirements, and in order to make clear such intention, it should be specifically provided that the existing regime of control, i.e., SCAP, the Far Eastern Commission and the Allied Council for Japan, shall be rendered inoperative coincident with the treaty's effectuation.

17. To insure that such a course does not generate widespread disappointment and resentment and become a focus for destructive propaganda both in Japan and on the continent of Asia, provision should be made for the ratification of such a treaty, not only by the Government of Japan with the approval of the National Diet, but through a plebiscite by the Japanese people as well, leaving to their ultimate choice acceptance of such Potsdam-provided security requirements as corollary to the restoration of political freedom, or continued adherence to the *status quo*.

18. I was never in agreement with the reasoning advanced by some that a peace treaty without the Soviet would either favorably alter the Soviet's legal position vis-à-vis the Japanese problem or be seized upon by the Soviet as the basis for intensified pressure upon Japan. The Soviet has demonstrated time and again that his decisions are based solely upon political expediency and relative military capabilities, without the slightest regard for prior commitment or legalistic reasoning. Any move which the United States makes is fraught with

the danger of Soviet retaliation but hardly more so than is maintaining the *status quo* vis-à-vis Japan, whereunder the Soviet is smarting with a sense of complete frustration.

19. In view of the foregoing, it is believed that in the search for an acceptable solution which will make possible full accord within our own government and provide it the basis for unified treaty action; consideration should be given to the following:

Alternative Security Arrangement III—That a normal treaty be consummated embodying, however, a security reservation to the effect that so long as "irresponsible militarism" exists in the world as a threat to "peace, security and justice" in Japan, the pertinent security conditions of the Potsdam Declaration shall be deemed unfulfilled and, in view of the attendant threat to unarmed Japan's "new order of peace, security and justice," points in Japanese territory continue to be garrisoned by the Allied Powers signatory thereto through United States forces; that when such threat from "irresponsible militarism" ceases to exist, all provisions of the surrender terms shall be deemed fulfilled and all Allied garrisons shall be permanently withdrawn from Japan.

DOUGLAS MACARTHUR

794.001/6–1550

Memorandum of Conversation, by the Officer in Charge of Japanese Affairs (Green)

SECRET [WASHINGTON,] June 15, 1950.

Subject: Suppression of the Japanese Communist Party

Participants: Mr. Nicholas Cottrell, Government Section, GHQ, [SCAP] Tokyo
Mr. Green, NA [1]

The question of the possible outlawing of the Japanese Communist Party was raised in the course of a long conversation I had with Mr. Cottrell, formerly of the State Department and now a specialist on local government in the Government Section of SCAP Headquarters.

Mr. Cottrell said that General Willoughby (SCAP's G–2) recently recommended the outlawing of the JCP on the basis of a well-documented bill of particulars he had built up over the last year against that Party's illegal activities. His recommendation was opposed by the Government Section and, in ensuing Headquarters discussion, General MacArthur came out firmly against any outlawing of the Party, at least for the present. General MacArthur nevertheless recognized that counter measures were necessary to deal with a Party which was fast becoming openly defiant of the Occupation. The compromise solution finally adopted was, of course, to purge the members of the

[1] Marshall Green, Officer in Charge of Japanese Affairs.

Central Executive of the JCP as well as the editors of the Communist daily, *Akahata*.[2]

In Mr. Cottrell's opinion this solution avoided many of the pitfalls of outright suppression of the Party and held forth the following advantages: (*a*) the purging of the JCP leaders is a temporary emergency measure, not a continuing legislative action. (*b*) It is a measure taken by the Occupation thereby relieving the Japanese Government of a responsibility which it was hesitant to assume as a disarmed occupied nation. (*c*) It will serve to split the JCP into two conflicting groups, the one operating behind the scenes and underground, and the other consisting of those who would have reason to observe the law lest they be likewise purged.

Mr. Cottrell asserted that, contrary to press interpretations, the purging of the JCP leaders represents a final, not a transitory, stage in Headquarter's present plans for dealing with the Communists.

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[2] General MacArthur directed the purge in a letter of June 6 to Prime Minister Yoshida. The text of the letter is contained in telegram 553 sent that day from Tokyo, not printed. (794.001/6–650) File 794.001 contains a number of reports which describe the effect of the purge on the Japanese Communist Party and on Japanese political life in general.

Tokyo Post Files : 320.1 Peace Treaty

Memorandum by the Consultant to the Secretary (Dulles)[1]

SECRET JUNE 15, 1950.

1. While there probably cannot, and should not, be an abrupt transition from full SCAP control to full Japanese control, there should be some drama incident to an inevitably changing regime. A mere dwindling away of SCAP authority would belittle it and it might impair the great moral authority of General MacArthur, an authority which should be preserved as a continuing asset which, in a different setting, would still be of decisive value in the future.

2. Probably an International Conference and Treaty would be the best psychological approach, even though the Treaty itself, or supplementary agreement, reserved certain powers or provided for a phased relinquishment of SCAP authority, and even though the USSR and Communist China were not parties.

3. Much depends on whether the JCS want to use Japan generally as a major advanced *offensive* air base. That decision, if adopted as U.S. policy, would have many consequences in terms of relations with, and responsibilities for, the Japanese. An alternative is some form of

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[1] An unsigned handwritten marginal note reads: "This is a statement of basic principles by John Foster Dulles." This memorandum was presumably written en route to the Far East.

defensive guarantee, stiffened by a continuing presence of some skeleton U.S. force.

4. Also relevant is U.S. policy in relation to South Korea and Formosa and the impression given Japanese and Russians as to our will to stand fast in these environs of Japan. In this connection see draft of JFD Korea speech.[2]

5. It is not believed that Russia's attitude will be determined primarily by the legalisms of formal agreements or lack of them, as much as by the answers to 3 and 4. Russia has never been restrained, by agreements, from *indirect* aggression but probably would not engage in *direct* attempt to occupy Japan with military force unless and until general war should be determined on by the Politburo.

J[OHN] F[OSTER] D[ULLES]

[2] Perhaps a reference to a draft of Mr. Dulles' statement of June 19 made before the National Assembly of the Republic of Korea in Seoul. For text, see Department of State *Bulletin*, July 3, 1950, p. 12.

890.10/6–2050

Memorandum by the Financial Attaché of the Mission at Tokyo (Diehl) to the Acting United States Political Adviser for Japan (Sebald)

CONFIDENTIAL TOKYO, June 20, 1950.[1]

Subject: The Allison Memorandum [2] on Creation of a Special Yen Fund to be Paid by the Japanese Government for United States Aid to be Granted or Loaned by the United States to South Asian Countries.

The Proposal rests upon two basic assumptions:

1) That Japan will require about $160 million in aid from the United States in FY 1952 and OIR estimates that with the adoption of the proposed program it will be at least five years before Japan achieves

[1] This memorandum was handed to Mr. Allison at some time during the second visit of the Dulles mission to Japan: June 21–27. (Memorandum by Mr. Sebald to Mr. Allison, June 28, 890.10/6–2850)

[2] Not found in State Department files. Documents in files 890.00, 890.10, 890.131, 894.13, and 894.131 for 1950 indicate that variations on the proposal described and analyzed above had been under intensive consideration in both E and FE that spring. In a letter of June 16 to Joseph M. Dodge, Financial Adviser to SCAP and Fiscal Adviser to the Under Secretary of the Army, Edward W. Doherty, Officer in Charge of Economic Affairs in the Office of Northeast Asian Affairs, had said in part that the yen fund proposal had been "tentatively" approved in the Department. (894.10/6–1650)

In a memorandum of March 14 to Mr. Butterworth, Mr. Allison had said in part that the yen fund proposal, ". . . if approved, may be the answer to the Army's proposal set forth in NAC [*NSC*] 61 for coordination of Far Eastern Aid programs." (894.00/3–1450) NSC 61 of January 27, 1950, and its later variants are not printed. (Executive Secretariat Files: Lot 63D351) Neither the yen fund nor the NSC 61 proposal was effected.

self-support and if the program is not carried out it is unlikely "that Japan will be able to maintain politically tolerable living standards on a self-supporting basis at any time in the foreseeable future".

2) "Countries which should be markets for Japanese goods and which desire them are unable to make payment either in usable currencies or in foodstuffs and raw materials which Japan might need."

1. These assumptions are open to serious question. Cumulative evidence indicates that Japan is in fact much closer to self-support than the above forecast. The Japanese Government is currently providing, through the Termination of War Account, unrequited goods and services to the Occupation which, under normal accounting procedures, would be counted as invisible exports. This item now approximates the value of U.S. aid; hence, Japan is very close to paying its own way.

During the last year, Japan's dollar balances have risen steadily and are now in excess of $270 million, exclusive of $125 million in gold. OJEIRF and PL 820 [3] financing, totaling about $100 million, has been fully repaid. The Japanese standard of living has risen substantially since 1945. Average calorie consumption was estimated at 1830 per capita in FY 1946 (by the Department of the Army) and at 2075 for FY 1950. The Japanese Welfare Ministry, in a survey completed in May 1950, estimates that urban inhabitants averaged 2016 calories a day in 1949 and that in agrarian communities the figure was 2280; poulation increased by 1,700,000. That the standard of health has improved substantially is verified by the Education Ministry which surveyed 16,390,000 school children in 1949, the survey revealing measurable increases in height and weight for both boys and girls. Despite a steadily expanding volume of exports and increasing domestic consumption, nearly $100 million worth of unsold stocks have accumulated. Rejection of staple cereal rations exceeded 40,000 tons in March and April, and in some areas it is reported that stockpiles grew moldy and had to be disposed of as fodder.

In the face of this substantial improvement and current strong position, the assumption that Japan has and will continue to have a serious balance of payments gap as a fixed point of reference it seems to me is misleading and unsound. It represents a substantial underestimation of the strength, ability and industry of the Japanese economy. It may be well to recall that prior to the war in the fields of shipping, banking, trade, and scientific and industrial development the Japanese were the unquestioned leaders of the Far East. Japan's productive efficiency even under present conditions is so highly regarded (and feared) by foreign private and government competitors that powerful pressures are constantly applied to prevent Japanese economic resurgence.

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[3] Approved June 29, 1948. For text, see 62 Stat. 1098.

2. The balance of payments position of Japan is a result not of one but of manifold causes, including the following:

a) The pursuit of intensely nationalistic policies particularly by the newly independent states of the Far East. These policies have resulted in the fixing of absolute quotas on or prohibition against the importations of Japanese goods.

b) Prejudice against dealing with Japan.

c) Heavy military and other domestic expenditures throughout Southeast Asia in preference to economic development projects which might utilize Japanese goods.

d) The prevention of the development of a full-sized, major power Japanese merchant marine. (This has required Japan to pay about $250 million annually to foreign shipping companies while its own ships lie idle. Japan's tonnage which is now tied up is reported at 900,000.)

e) Refusal to permit the opening of Japanese commercial and industrial branches and offices abroad.

f) Refusal to admit Japanese foreign traders in certain important foreign markets.

g) Refusal to permit Japanese banks and insurance companies to perform customary financial services to facilitate foreign trade.

h) The enforcement of limitations on tourist facilities offered by Japan.

i) The continuance of Japan's default on its external debt and uncertainty on the part of foreign investors with regard to Japan's ultimate economic position, with perhaps heavy reparations claims.

j) Political and economic instability approaching chaos in areas which were formerly important trading centers throughout the area. Notable is the decimation of Japanese-Chinese trade.

k) Absence of a trade agreement with the United States.

A glance at the above items, which are indicative rather than inclusive, points away from any credit scheme as a primary solution to Japan's balance of payments deficit. The basic postwar economic disequilibrium in the Far East in the form of over-consumption and under-production with ever increasing populations cannot be solved by means of one shot or perpetual U.S. financial subsidy. In contrast, alteration of any one of the above factors could materially improve not only the Japanese balance of payments position but other areas in the Far East. The one commodity which Japan has in superabundance is labor in its variety of skills, Japan produces and can greatly expand its production of luxuries for a luxury market. Silk brocades of high value and containing little raw material, lacquered articles, porcelain and china, oriental *objets d'art*, Chinese-type rugs, and handicraft silver products, are indicative of this type of potential export. But the Far East in general is swinging to austerity. India, Pakistan and Korea have applied strict controls to prevent the importation of luxuries. In contrast, the United States as the biggest

luxury market in the world could provide a substantial increase in dollars to Japan if an arrangement were made to cut the U.S. tariff on Japanese goods, say by 50 per cent. Any program to balance Japanese trade on the basis of the manufacture and export of capital goods may develop a trade pattern so artificial that it could not be continued on a business basis after the termination of American aid; therefore, an extended period of further aid might be regarded as necessary. Without indigenous sources of iron and steel and most other basic raw materials, it is erroneous to assume that Japan's recovery must rest upon capital goods export.

3. Other factors endangering success under the proposal are:

a) Adoption of the program would remove an effective instrument of fiscal policy under American control to achieve stabilization of the Japanese economy. Inflationary factors have not been fully eliminated, and, were the Counterpart Fund to be restricted solely to export financing, inflationary factors might again regain control in Japan.

b) The adoption of this program and creation of an agency to administer it could easily become an important element in perpetuating aid to Japan longer than necessary to the detriment of a strong, viable Japanese economy and at unjustified cost to the U.S. taxpayer.

c) Pressures to utilize the full amount of the funds available would inevitably arise and might result in ill-conceived projects and wasteful administration.

d) There have been repeated assertions from responsible U.S. Government officials to the effect that a greater degree of operational responsibility is being given to the Japanese Government in controlling its own affairs. These statements and implementing actions have been warmly received by the Japanese. Under current procedures the Economic Stabilization Board and Ministry of Finance, Japanese Government, prepare plans and programs involving the use of Counterpart funds. Of course, these plans are subject to SCAP and Washington review; but the Japanese feel that they have an important voice in determining the uses to which these funds are put. It would be regarded as a major step in the opposite direction if the Counterpart Fund were removed entirely from Japanese control and administered by any outside agency. It further appears appropriate to afford the Japanese the right to select those imports deemed most essential to its requirements and to purchase them wherever the purchase can be made to best advantage if the Japanese Government is required to make full payment for U.S. aid imports either in yen or in dollars.

e) To create a U.S. agency to loan as much as ¥72 billion annually to other areas would render exceedingly difficult exchange control operations by the Foreign Exchange Control Board. Rather than creating this new external organization, it would seem more advisable to give a maximum of discretion and responsibility to the Japanese in financing its foreign trade, emphasizing the mutuality of U.S. and Japanese objectives. Many Japanese leaders are disturbed at Soviet expansion in Asia and not only oppose it, but would like to line up with us in opposition. That cooperation, however, is a far cry from being placed in a position where they are told: "Here are the goods

you need from the United States. You are directed to pay for them in yen and we will spend the yen as we see fit." [4]

W. W. DIEHL

[4] NA's monthly economic report for the period June 9 to July 19 read in part: "Proposals to make yen proceeds of U.S. aid supplies to Japan available to countries of South and Southeast Asia for development purposes were discussed by Mr. Thorp . . . with General Magruder . . . [who] raised a number of objections of which the principal one was that it would not be fitting to exact payment for U.S. aid imports at the same time that Japan was making large expenditures to maintain U.S. forces. It was agreed to establish a Working Party of State and Army officers to examine the proposals further." (Attachment to memorandum from Mr. Allison to Mr. Rusk, July 21, 894.00/7–2150)

Evidence of further consideration of this proposal during 1950 has not been found in State Department files.

790.00/6–2950

Memorandum by the Supreme Commander for the Allied Powers (MacArthur) [1]

TOP SECRET [TOKYO,] 23 June 1950.

MEMORANDUM ON CONCEPT GOVERNING SECURITY IN POST-WAR JAPAN

1. The concept that the defense of a land area necessitates only reservation of pre-determined points for air, ground and naval concentrations has been outmoded by the accelerated speed and power of modern war. In place thereof, the entire land mass must be regarded as a potential area for maneuver with adequate provision made to insure complete freedom of strategic planning and tactical disposition to meet any change in the requirements for successful defense.

2. Translated into specific reference to the Japanese problem, the following general formula should prevail: The entire area of Japan must be regarded as a potential base for defensive maneuver with unrestricted freedom reserved to the United States as the protecting power through her local commander, acting in the normal chain of command to the Department of Defense, to take such strategic dispositions as may be necessary to adjust defense planning adequately to cope with any change in the potentiality of external threat and in the event of hostilities to take such tactical dispositions as the military situation may from time to time require. Thus, by avoiding emphasis upon any specific points to be reserved as "bases" for use of the security forces, not only will the reservation be realistically drawn to meet the requirements of modern defense but the distasteful connotation given the term "bases", as legitimate spoils of war, may be avoided.

[1] This memorandum is filed as attachment 4 to a memorandum of June 29 by Mr. Allison, not printed (790.00/6–2950). For explanatory material, see Mr. Dulles' memorandum of June 30, p. 1229.

To further correct any adverse psychological effect upon the national sentiment of the Japanese people, provision should be made that except in time of hostilities or imminently threatened hostilities no major change in the disposition of the security forces shall be made without first consultation between the United States Military Commander and the Prime Minister of Japan; apart from this, the protecting power should maintain security forces on Japanese soil on a fully "pay as you go" basis, with the identical responsibilities, vis-à-vis the local populace which exist in the United States, i.e., the security forces should have neither responsibility nor authority to intervene in the internal affairs of Japan and should under conditions of peace bear full responsibility for damage to property and injury to persons resulting from military operations or the tortious acts of military personnel. The Japanese police forces would of course be increased to a size and character adequate for internal security.

3. Such a reservation would be fully understood and I believe accepted by the Japanese people who from experience have come to hold as beneficent the presence of American troops in their midst, and would welcome the contribution to their national economy reflected from a "pay as you go" basis which under present conditions would mean approximately $300,000,000 annually or about the difference between the existing deficit economy and a completely self-sustaining economy. There appears to be no insuperable problem in the working out of a security reservation along these lines.

4. In any study of the Japanese problem it must be understood that despite Japan's constitutional renunciation of war its right to self defense in case of predatory attack is implicit and inalienable. In such a situation Japan would muster all of its available human and material resources in support of the security forces committed to its defense.

DOUGLAS MACARTHUR

694.001/6–2750 : Telegram

The Acting United States Political Adviser for Japan (Sebald) to the Secretary of State

SECRET TOKYO, June 27, 1950.

636. Visits of Secretary Johnson, General Bradley and Dulles[1] have aroused in Japan a truly astounding amount of enthusiasm and speculation regarding possible peace treaty in the near future. This speculation may of course be ill-founded, but it is nevertheless real

[1] The Defense Department party was in Japan from June 17 to June 23 and hence its stay overlapped that of the Dulles group, which was in Tokyo during a plane stopover on the 17th and was again in Japan from the 21st to the 27th. In his memoir Mr. Sebald stated: "If they ever met as missions during their visits to Japan, I was unaware of it." (William J. Sebald, *With MacArthur in Japan: A Personal History of the Occupation*, (New York: W. W. Norton, 1965)

and with natural desire of Japanese for early peace under some acceptable terms, is easily understandable. The events in Korea have demonstrated to Japanese the dangerous import of Communist line of over-all [garbled],[2] no bases and connotation of immediate withdrawal of American troops. As matter of timing, therefore, it appears to me that a serious psychological let-down would result from further inordinate delays in arriving at some definite course of action designed to restore sovereignty to Japan either by treaty or other means. While it is generally appreciated that subsequent decisions and steps must necessarily await return of Dulles,[3] I believe it essential that serious cognizance be taken of protreaty atmosphere presently prevailing here and that no time should be lost in the formulation of firm and dynamic US position on the question of the future of Japan.[4]

SEBALD

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p. 252.) However, in a letter of August 1 to Secretary Johnson, not printed, Mr. Acheson indicated his belief that Mr. Dulles had discussed treaty matters with Mr. Johnson in Tokyo as well as in Washington. (694.001/7–2750)

[2] Sent as "Peace"; not corrected on the Department's action copy.

[3] That is, his return to Japan.

[4] In the course of an undated letter to Mr. Dulles apparently written soon after his receipt of Mr. Dulles' note to him (not printed) of July 4, Mr. Sebald stated:

"With an active 'war' under way in Korea, with its pressure of first things first, it is asking a lot to request our harassed policy makers quietly to sit down and think out an immediate course of action leading to peace with Japan. I feel strongly, however, that this should be done, not only for our own benefit, but also for the advantage of Asia as a whole. It appears to me that we are placing the cart before the horse when we speak of stabilizing Southeast Asia, where our influence is still relatively thin, and yet are unable to find a solution of the Japanese problem over which we hold the final decision. Once the matter of Japan is handled in definitive fashion, I believe our position vis-à-vis Asia as a whole would be tremendously strengthened. And finally, unless something is done soon to get the United States 'off the hook' in Japan, I have an uneasy feeling that the situation here will eventually get out of hand and result in a severe political defeat for us in Asia. But as you so rightfully say, all this is a generality, true enough, but how to do it is the kernel of the difficulty." (Lot 54 D423)

694.001/3–3050

Memorandum by the Consultant to the Secretary (Dulles)[1]

TOP SECRET [WASHINGTON,] June 30, 1950.

At my conference with General MacArthur on the morning of Thursday, June 22, I suggested that it would be useful if he would elaborate somewhat the idea expressed in the concluding paragraph of his memorandum of June 14[2] with reference to security arrangements. The General said he would do so and prepared the memorandum of June 23, 1950.[3]

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[1] This memorandum was distributed to the Secretary and to Messrs. Jessup, Rusk, Kennan, Hamilton, Allison, and Fearey.

[2] *Ante*, p. 1213.

[3] *Ante*, p. 1227.

In further discussing this concept of security with General MacArthur I mentioned that any arrangements about security with Japan should be cast in the mold of overall international peace and security rather than in terms of any special advantage to the United States at the expense of Japan. In this connection I prepared and handed to General MacArthur a memorandum of which a copy is attached indicating what would be the "normal" procedure if the United Nations were operating one-hundred percent and suggesting that arrangements with Japan could be assimilated put into the mold of the United Nations concept so that facility [*sic*] made available by Japan would be considered as part of the structure of international peace and security. General MacArthur at that time and at a subsequent conference said that he fully agreed with such a presentation as being the way to make the arrangement acceptable to the Japanese people.

[Attachment]

The normal procedure would be:

1. A peace treaty with Japan;
2. Japan's admission to the United Nations;
3. Agreements by Japan making available to the Security Council military "facilities—necessary for the purpose of maintaining international peace and security" (Article 43);
4. "Pending the coming into force of such special agreements referred to in Article 43" the five Permanent Members of the Security Council would take "such joint action on behalf of the Organization as may be necessary for the purpose of maintaining international peace and security" (Article 106).

It is suggested that pending Japan's admission to the United Nations and the coming into force of Article 43 agreements, that Japan would make comparable agreements for military facilities with the United States acting under the Potsdam Declaration as representative of the signatories, these facilities to be merged into the international security system of the United Nations when it is finally established.

794.00/7–750

Summary Report by the Consultant to the Secretary (Dulles)[1]

SECRET [WASHINGTON,] July 3, 1950.

The following is a summary account of the various interviews had in Japan by Messrs. Dulles and Allison on their recent trip. It excludes

[1] This report, drafted by Mr. Allison, was distributed to the Secretary and to Messrs. Kennan, Rusk, Jessup, Hamilton, and Fearey.

all mention of the interviews with General MacArthur as they will be treated separately,[2] and does not make any attempt to give detailed memoranda of the various conversations, but does attempt to reflect faithfully the various points of view presented. General MacArthur made it clear from the outset that we could talk to anyone and about anything and that there were to be no restrictions either on what we said to our various contacts or what they said to us.

After six days of constant interviews with a great variety of observers, Japanese and foreign, official and non-official, we came away from Japan with the definite impression of a confused and uncertain people. There was little evidence that the Japanese had thought through the significance of their position in the world of today. Prior to the attack by North Korean forces on South Korea, Sunday, June 25, the one thing which could be said with certainty was that the trips to Japan of Secretary Johnson, General Bradley and ourselves brought to a focus strong Japanese expectancy that the United States would take positive action toward expediting a total peace settlement. Failure to have moved in this direction would have caused great disillusionment and resentment. With the North Korean attack and successes and the consequent increasing Communist menace, the Japanese began to see that there is no simple solution of their security problem. During a reception given by the Chief of the Diplomatic Section of SCAP to permit us to meet a large number of Japanese leaders on the afternoon of Monday, June 26, after the North Korean invasion, there was more open admission than had previously been obtained of the continuing need of United States military forces' remaining in Japan. The *Jiji Shimpo* said editorially, for example, on June 26, in speaking of the fighting in Korea:

". . .[3] And if Japan wants herself defended by the United States, she should voluntarily offer the strategic parts of her territory as American military bases."[4]

In varying degrees, all Japanese with whom we talked complained of their lack of independence and of the interference of the SCAP bureaucracy in Japanese political and economic life. This criticism seemed to Allison much more vocal and intense than when he was last in Japan during January, 1948.

Prime Minister Yoshida accused junior Japanese officials of using the excuse of SCAP orders to take action contrary to the desires of Cabinet Ministers. He also said that if Japan is to play any significant role in the Free World the spirit and initiative of the Japanese people must not be shackled by too extended an occupation. Mr.

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[2] See the memorandum, *supra*.

[3] Omission in the source text.

[4] Information on the place of Japan in overall United States strategic planning after the outbreak of the Korean conflict is scheduled for publication in volume I (U.S. national security policy—particularly, documents NSC 73. July 1, and NSC 73/4, August 25).

Yoshida was vague as to what exact role he envisioned for Japan and did not commit himself on post-treaty security arrangements. He implied that satisfactory arangements could be concluded, but he could not be tied down as to exactly what he meant. He talked at some length in a rather academic manner about how the nations of the Free World would come to the aid of Japan if Japan would prove it had learned the lesson of the the war and was firmly attached to democratic principles. There was no apparent realization that it would take more than good intentions to protect Japan, and there was a reluctance, in the face of prodding, to admit that Japan would have to contribute its share in some form or another. Mr. Yoshida, in common with most of the Japanese with whom we talked, seemed to be hoping that Japan's renunciation of war and armed force in her new Constitution would make it possible for Japan to remain apart from the struggles and dangers of the rest of the world.

A slightly different shading of this same point of view was given by Baron Shidehara, Foreign Minister at the time of the Manchurian Incident of 1931 and at present President of the House of Councillors. Baron Shidehara was emphatic that there should be no revival of militarism in Japan and that any rearmament would be far too expensive. He wanted American forces to remain under some arrangement or other for he said that the Communists had been allowed too much liberty and that if American forces were withdrawn at once the Japanese would not be able to contain possible Communist activity. In lieu of rearmament and a permanent occupation by American forces Baron Shidehara expressed the opinion that the solution of the security problem for Japan lies in passive resistance or non-cooperation with an aggressor. He claimed there was strong sentiment against Russia among the Japanese and that if Japan should be attacked and overrun by the Russians the Soviet occupying forces would find that there would be no cooperation such as the Americans had received and that, although many Japanese might, as a result be killed, nevertheless the Russians could not kill 80 million people and hence in the end their military victory would prove a failure. Baron Shidehara was the only one with whom we talked who expressed this rather extreme view.

Interestingly enough, the only Japanese who expressed a desire to see Japan rearmed was a representative of organized labor. According to this man, the Japanese could never be independent and free as long as they had to depend on others for their protection. Most Japanese seem to think it important for the United States to make clear its position vis-à-vis the Soviet Union in the Far East, but with the exception of the labor union man mentioned above they nearly all balked at Japan's taking any active part. Mr. Horinouchi, former

Japanese Ambassador [5] to the United States, did recognize the necessity of Japan's contributing in some way, and he expressed the opinion that whatever security arrangements were made, they should not be bilateral between the United States and Japan alone, but should, if possible, be tied in, in some manner, with the United Nations. Such Japanese as had given real thought to the security problem and recognized the necessity of some form of Japanese contribution tended to agree with Mr. Horinouchi. Some of the Japanese we interviewed stated that if the United States did not protect Japan, Japan would have to look elsewhere, and there was the clear implication that the only way to look was toward Moscow.

As noted above, it was one of the representatives of organized labor who advocated the rearming of Japan. However, other labor representatives who talked to us at the same time took the opposite point of view and most of them seemed to agree with the general opinion of the other Japanese that Japan should not rearm but should nevertheless continue to be protected by the United States, preferably from long range. One of the more radical labor representatives charged that the United States interest in having a peace treaty with Japan was not due to any interest in the Japanese, but merely because this would serve U.S. interests. The Japanese, this man said, wanted independence for themselves; they wanted to be left alone and they did not like the occupation, particularly the effect of the Dodge policy on the laboring man. They also raised questions about U.S. policy toward trade with Communist China and were quite vociferous in their denunciation of SCAP controls over the Diet and other Government agencies. One of them said specifically that the Japanese Diet was not Japanese but an imposed Diet and pointed out that the Socialist Party had attempted to make amendments to the Constitution but had been prevented by SCAP from submitting such amendments to the Diet. One of the more conservative labor leaders agreed that there was no basis at present for an overall peace and that it would be necessary to go ahead probably without the Soviets. This same man, however, emphasized that whether or not a peace treaty came about it would be necessary to continue U.S. economic help until at least 1955. The labor representatives seemed to agree that it would not be possible to combat Japanese Communists through Government persecution or pressure and they claimed that only democratic means should be used in taking action against the Communists.

In addition to talks with Japanese Government officials and private individuals, we talked with the leaders of the opposition parties. Premier Yoshida had recently made an appeal for non-partisan approach to the problem of the peace treaty and the leaders of both the

[5] Kensuke Horinouchi, Ambassador to the United States from 1938 to 1940.

Socialist and Democratic Parties stated that they were in favor of this approach, but they were not convinced of the sincerity of Yoshida's appeal. This was particularly true of Mr. Tomabechi, Chairman of the Democratic Party, who expressed definite doubt as to whether Mr. Yoshida's move was not a political one. According to Mr. Tomabechi the press accounts of the attitude of the opposition parties to an overall peace treaty had been greatly exaggerated. While it was true that the opposition parties were agreed that an overall peace treaty including the USSR would be the most desirable, nevertheless, at least as far as the Democratic Party is concerned, it would be willing to proceed without the Soviet Union if that should appear to be necessary. According to Mr. Tomabechi, Prime Minister Yoshida went on the theory that only the government in power could be responsible for foreign affairs and that the other parties should automatically agree with what was done. Mr. Dulles took pains to explain to the leaders of the three main parties, Prime Minister Yoshida, Mr. Tomabechi, and Mr. Asanuma of the Socialist Party,[6] the importance of a unified approach to foreign policy, and that if the party in power at any one time operated on its own without having sought and obtained the general approval of opposition parties, it would be difficult for any country to place confidence in the foreign policy. Mr. Dulles pointed out that parties can be defeated and if the foreign policy of the country is to be reversed whenever a new party comes into power it makes it almost impossible for other countries to have confidence in the acts of a nation. It is therefore essential that true cooperation in foreign policy be practiced and that the opposition parties be given an opportunity in some manner to participate in foreign policy decisions. Mr. Dulles pointed out that the fact that he, a member of the opposition party in the United States, had been designated to come to Japan and deal with this important problem showed that the United States for its part was making an honest effort to obtain bipartisan cooperation and that Japan in the same way should make such an effort.

Among other points raised by Mr. Tomabechi in connection with a peace treaty and the possible withdrawal of American forces was the fact that there were still not adequate safeguards for peace and order within Japan itself by indigenous organizations. He intimated that the Japanese police was not strong and unified enough to cope adequately with any Communist agitation which might arise and that hence, although the time for general occupation controls to cease had come, the problem of internal peace and order was a real one. This same point of view was expressed by many other Japanese, in particular by Mr. Okazaki, Chief Cabinet Secretary, who spoke to

[6] Inejiro Asanuma, Secretary-General of the Social Democratic Party.

Allison at the June 26 reception mentioned above, and by an officer of the National Rural Police, who would not wish to be identified, who during a private dinner with us and some other Japanese expressed great concern at the inadequacy of the police organization. This concern over the organization of the Japanese police and its inability to deal with internal troubles without the backing of American armed forces was one which was common in almost all circles in Japan except official SCAP circles. There was only slight evidence in talks with SCAP officials of a realization that perhaps the decentralization of the Japanese police had gone too far.

Members of the Diplomatic Corps with whom we talked were often as vague as the Japanese. During a long conversation with British Ambassador Gascoigne, no really new thoughts were expressed concerning British policy which were not already known to us and to the Department. The Ambassador reiterated that the security problem could be settled by a bilateral agreement outside the treaty between the United States and Japan and seemed to assume that the whole defense burden would fall upon the United States. The Ambassador attempted to draw us out on specific items of a possible treaty and, though we did not respond, he expounded some of his own ideas. The only one which went further than anything we had had officially so far was his definite statement that the United Kingdom did not insist on a treaty containing limitations on the size and speed of Japanese merchant ships nor apparently on the total tonnage of the Japanese merchant marine. However, he did say specifically that the United Kingdom would oppose Japan's having any shipbuilding capacity in excess of that required for its own needs. In other words Japan should not be allowed to engage in shipbuilding for foreign account. Most of the members of the Diplomatic Corps believed that an early treaty was necessary and possible, but this view was violently opposed by Australian Ambassador Hodgson who frankly took a position in opposition to that of his Government. He assumed that any treaty would mean either the withdrawal of U.S. forces, which he deemed unwise, or else active Soviet opposition, which would have at least a shade of legal justification.

American missionary leaders, both Protestant and Catholic, with whom we talked agreed that in many respects Japanese customs and history made them more susceptible to Communism than western people. They also seemed to feel that democracy had not taken sufficient root in Japan to justify complete withdrawal of U.S. forces at an early date. One of the missionaries went so far as to say there would be a civil war between the right and left in Japan if the country were left to itself. While other members of the missionary group seemed to agree, they also expressed the opinion that there was inherent contradiction in using a dictatorial political and military occupation

to teach democratic ways and that this contradiction was becoming apparent to the Japanese. The view was strongly expressed that if Japan was to be kept on the side of the Free World it would be necessary for the western nations to adopt much more liberal attitudes toward racial differences and such matters as restrictions on immigration of Japanese to the United States.

A representative group of American businessmen was unanimous in agreeing that occupation controls, except in the most general form, should go. They were also, generally speaking, pessimistic about Japan's economic prospects unless it could trade with the Asiatic continent. There was but little optimism expressed about the possibility of Japanese increasing exporting of capital goods, mainly because of the poor quality of the Japanese product. This was illustrated by the fact that Korea had recently purchased a cigarette manufacturing machine from the United States rather than from Japan, although the price was almost double, due to the fact that rejects from the Japanese machine were 1 in 20, whereas those from the American machine were only 1 in 10,000. There was some hope expressed that Japan might regain its former rayon trade, but it was pointed out that the Japanese rayon industry now had only 17 plants compared with 47 before the war. The one industry which all agreed should be revived was tourism, but it was pointed out that this would be difficult as long as the United States Army continued to occupy 27 out of the 32 finest hotels in the country. As did Japanese businessmen and the economic officers of SCAP, the Americans stressed the importance of the revival of the Japanese merchant marine. It was claimed that one-third of every export dollar goes to American shippers. However, American businessmen were skeptical about any early favorable results, even if restrictions were removed at once—for Japan would either have to buy or build a new merchant marine—and she would not have the money to do the former and the latter would take many years. An acute shortage of capital funds and excessive interest rates were said to be the chief restrictions on capital developments.

The final interview of importance was had by proxy. On one evening, through the courtesy of an American journalist, we were invited to a dinner with four representative Japanese who were encouraged to speak freely, and who did so, because of the fact that at this meeting as in the case of few other meetings, there were no occupation officials present. Among those present was Marquis Matsudaira of the Imperial Household. As a result of his participation in the meeting, we received a message the afternoon before our departure from Tokyo that Matsudaira had come to our journalist friend and given him an oral message from the Emperor to be conveyed to us. The main point of this message was that, generally speaking, when officials from the United States came to investigate conditions in Japan they only saw

Japanese in the Government or Japanese who had been officially approved by SCAP and that many intelligent Japanese were not available for consultation. According to this message SCAP apparently feared contacts with some of the older Japanese because of their alleged former militaristic outlook; and it was pointed out that the Imperial Household had in the past had considerable experience with the Japanese military and certainly had no desire to see its revival or the revival in Government of people with militaristic and aggressive tendencies. Nevertheless, many of the older people, the majority of whom have been purged, would be able to give most valuable advice and assistance to Americans interested in future relations between our two countries. It was suggested that before any final action with regard to the peace treaty, particularly with regard to the detailed provisions of a peace treaty, be taken there should be set up some form of advisory council of Japanese who would be truly representative of the people in Japan, both official and non-official, and who would be able to be of real aid in helping to obtain a peace settlement which would be lasting and in the interest of both countries. Mr. Dulles agreed that such an advisory council would be of value, but pointed out that obviously the initiative for such action must come from the Japanese as any American attempt to set up such a council of Japanese would defeat the purpose for which it was being formed, that of being a funnel for the expression of true Japanese opinion.

Lot 54D423

Memorandum by the United States Representative on the Far Eastern Commission (Hamilton) and the Director of the Office of Northeast Asian Affairs (Allison) to the Consultant to the Secretary (Dulles)

SECRET [WASHINGTON,] July 10, 1950.

Subject: Japanese Peace Treaty

Attached at Tab A is a proposed "Outline of Procedural Steps for a Japanese Peace Treaty". As indicated in item II of the outline, the date by which agreement with the Defense Department on the security aspects of the treaty may be hoped for may depend in large degree on the progress of events in Korea. Except for this unknown the proposed schedule seems within the range of practicality. Possibilities of being able to hold the Preliminary Peace Conference while the General Assembly is in session seem so remote that that idea has been abandoned in the outline. The suggestion is advanced, however, that the U.S. publicly announce in mid-September that treaty terms and procedures are being discussed among the concerned governments and that the U.S. is proposing that a peace conference be convened in January. Though an earlier conference date would be desirable if the

Assembly session did not prevent, the knowledge that concrete steps for a treaty are being taken should satisfactorily compose the situation in Japan until January. It would also take the wind out of any Soviet proposal for a peace conference during this period.

As indicated in item I of the outline, there are a half dozen political and economic articles in the December 29 treaty draft [1] which were not fully agreed at the time of preparation of the draft or about which questions have been raised since. Agreed language on three of these articles involving relatively minor issues is now being worked out, but it is hoped that on the other three you may be able to meet with us at your convenience to reach the necessary decisions.

The first of these major unresolved articles is Article I. In this Article, following a reference to the high purposes, principles and standards of the United Nations Charter and to Japan's progress under the occupation in the direction of the standards of conduct prescribed in the Charter, Japan undertakes to apply forthwith for membership in the UN, to accept the Charter as its guide and inspiration pending its admission to membership, to observe and protect for all persons under its jurisdiction the fundamental human rights and freedoms, and "to observe the high principles relating to human rights and social justice embodied in legislation enacted in Japan during the last five years, . . ." [2] Although the Article is phrased as much to make it an appeal and a challenge to the Japanese as it is to make it a legally enforceable treaty obligation, it nevertheless stands as a treaty requirement that Japan preserve the essential elements of the political and social reforms introduced during the occupation.

Doubt has, as you know, been expressed by Mr. Kennan and others whether such a requirement should be made. It is contended that the decision whether the reforms are to be preserved must, and in the last analysis will, be made by the Japanese themselves in their own way and in their own time, and that a treaty stipulation would merely lead to difficulty between the Allies and Japan. Those believing that the existing general requirement in the Article should, on the contrary, be retained argue primarily that the Japanese have not yet had sufficient experience with the reforms to enable them to make an intelligent decision whether or in what degree they wish to preserve them, and that a treaty requirement is necessary to ensure that they gain added experience before taking that decision. It is also held that omission of the requirement would be interpreted by the Japanese as evidence that the Allies did not care whether the reforms were kept or abandoned, further prejudicing their prospects of becoming a permanent feature of Japanese life.

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[1] Not printed.
[2] Omission in the source text.

The second unresolved article is Article 4 on the disposition of Formosa, a problem related to and partly dependent on the question of China's participation at the peace conference. In his statement of June 27 the President said that "the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations".[3] It would seem that preliminary decisions on the Formosa and Chinese participation questions should now be reached.

The third major unresolved article is Article 32 with its accompanying Annex V. As Annex V now reads Japan is required to pay 50 percent compensation to nationals of the Allied and Associated Powers whose property in Japan was lost or damaged as a result of the war. The percentage in the treaties with the German satellites was 66⅔. In commenting on an earlier Japanese treaty draft General MacArthur recommended (on the basis of what is believed to have been an exaggerated conception of the probable amount of the compensation bill) that Japan not be required to pay any compensation for such loss or damage. This recommendation was rejected by the economic offices of the Department so far as the economic basis of General MacArthur's argument is concerned. The economists' position was that the compensation bill would at the most be 40 billion yen (1 dollar equals 360 yen) rather than the 117 billion yen figure General MacArthur had cited, and that payment of this amount spread over a number of years would not be a serious burden on Japan. Doubts regarding the wisdom of requiring such compensation were later expressed by some higher officers of the Department, however, and two months ago the matter was put up to Mr. Butterworth (Tab B)[4] with the suggestion that he might wish to have the question decided at a high level.

It was Mr. Butterworth's view that it would be more consistent with our general position that Japan could stand no further reparations or other extraordinary economic burdens and should be afforded maximum opportunity to revive its economy if the U.S. took the position, at least initially, that no compensation should be required. If it appeared advisable during the treaty negotiations this position might be relaxed to some extent. Mr. Butterworth's position was subsequently discussed with representatives of the economic and legal offices. The former maintained that the compensation program proposed in the treaty draft was entirely feasible economically but that the question whether our original proposal should be partial compensation or no compensation was a political one. The legal represen-

[3] In this same statement the President had said in part that he had ordered the United States Seventh Fleet to prevent any attack on Formosa and was calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. For text, see Department of State *Bulletin*, July 3, 1950, p. 5.

[4] Not printed.

tatives favored leaving the draft as it is in view of the similar treatment given other comparable situations after both the first and second World Wars. From a negotiating point of view it has been contended in opposition to Mr. Butterworth's position that while a no-compensation stand has the merit of consistency with our overall position for the protection of the Japanese economy, it carries that position to extreme lengths. Those of this view fear that presentation to the British and others of a U.S. draft which makes no concessions whatsoever to their point of view may turn them against the draft as a whole and increase the difficulty of our negotiating task.

It would be appreciated if you would set a time when we might have, say, an hour with you to discuss these questions.

[Tab A]

SECRET JULY 7, 1950.

OUTLINE OF PROCEDURAL STEPS FOR A JAPANESE PEACE TREATY

By July 20

I. Obtain Departmental agreement on a draft security chapter and on procedural questions, particularly the question of Chinese participation; reach decisions on unresolved treaty articles (basic principles, disposition of Formosa, compensation for damage to Allied property in Japan, repayment of US aid, aviation and narcotics); coordinate treaty with German Affairs.

By August 10; meeting of this date will probably be dependent in large degree on when the tide of battle turns in Korea.

II. Discuss draft security chapter, other treaty provisions having security implications, and time schedule with the Defense Department, explaining the considerations which make it advisable for the US to proceed with a treaty. Secure the Defense Department's agreement if possible to the sections of the draft relating to security, namely the security chapter, disposition of Formosa and the Kuriles, and aviation.

By August 15

III. Present to the NSC a proposed policy decision—if possible a joint State–Defense proposal—covering the main points of content of the treaty draft and the planned procedural steps.

By August 20

IV. Present our position on the main points of content (not the US draft itself) on a confidential basis to the British in London, preferably by sending a special representative from the Department.

By September 1

V. Present our position on the main points of content (not the US draft itself) in a confidential communication to the other non-Communist FEC Governments.

VI. Consider issuing shortly after V a public statement that treaty terms and procedures are being discussed among the concerned governments and that the U.S. is proposing that a preliminary peace conference be convened in January.

VII. Be prepared to utilize the meeting of three Foreign Ministers now scheduled to be held in New York September 13, and the meeting of the General Assembly in New York now scheduled to begin September 18, for the discussion of treaty issues with representatives of non-Communist FEC governments.

VIII. Modify US substantive ideas as may be desirable in light of the discussions with other governments; the object would be an understanding with the great majority of FEC nations on the general nature of the treaty and the principal points of content but not formal or complete agreement on detailed texts.

IX. Call Preliminary Peace Conference in January on the following bases:

a) Composition—FEC Members plus Indonesia and, possibly, Ceylon, South Korea and Indochina (one vote); Chinese participation to be in accordance with decision under I above; Japanese Government representative to be available to the Conference.

b) Voting—Majority vote on procedural matters, two-thirds on treaty terms.

c) Site—Hawaii.

X. Convene Plenary Conference at Tokyo of all nations at war or in a state of belligerency with Japan. Members of the preliminary conference would consider proposals for alteration of the draft proposed by a majority of the nations represented. The voting procedure of the Preliminary Peace Conference would be utilized in passing on the proposals.

694.001/7–1150

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Consultant to the Secretary (Dulles)[1]

TOP SECRET [WASHINGTON,] July 11, 1950.

The attached draft security clauses for a Japanese peace treaty are based on a previous draft prepared by Mr. Howard and a discussion among Messrs. Dulles, Howard and Allison this morning. The lan-

[1] Addressed also to Messrs. Rusk, Hamilton, Howard, and Fearey.

guage in Article V is a paraphrase of language used by General MacArthur in his supplementary memorandum of June 23.

The paper will be discussed at the 4:30 meeting in Mr. Dulles' office this afternoon.[2]

J[OHN] M. A[LLISON]

[Attachment]

Draft JULY 11, 1950.

OUTLINE OF MAJOR SECURITY CLAUSES

ARTICLE I

Japan undertakes to apply for admission to the United Nations, which application will be supported by the other Parties.

ARTICLE II

Pending admission to the United Nations Japan undertakes to act in accordance with the principles of Article 2 of the Charter of the United Nations for the maintenance of international peace and security and the other parties undertake to assure to Japan the corresponding benefits and protections of those principles.

ARTICLE III

In view of the possibility of a delay in Japan's admission to the United Nations and also in view of the fact that the Security Council is not yet in a position to exercise its responsibilities under Article 42 of the Charter, in order to carry out the obligations of Article II above and in the interest of maintaining international peace and security, Japan on its part will provide such facilities and the United States will provide such forces on behalf of the other treaty powers as may be determined by the United States after consultation with the Japanese Government.

ARTICLE IV

At such time as the arrangements referred in Article 43 of the Charter come into effect the arrangements in Article III above will be merged with the arrangements under Article 43 of the Charter.

ARTICLE V

Japan shall retain its national sovereignty over the facilities furnished in accordance with Article III and the forces furnished by the United States shall not have, except in time of hostilities or im-

[2] No minute of this meeting has been found in State Department files.

minently threatened hostilities, any responsibility or authority to intervene in the internal affairs of Japan.[3]

ARTICLE VI

During the period this agreement is in effect Japan will not grant military facilities to another power except in accordance with Article III.

ARTICLE VII

Until another arrangement is made, the United States will bear all expenses incurred in the maintenance of the armed forces referred to in Article III and Japan will bear all expenses incurred in the maintenance of the facilities referred to in Article III.

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[3] In a draft of July 14 this language is rewritten as follows: "Japan shall retain its national sovereignty over the facilities furnished in accordance with Article III and the forces furnished by the United States shall not have any responsibility or authority to intervene in the internal affairs of Japan. In time of hostilities or imminently threatened hostilities, however, the United States forces shall have authority under the terms of an agreement to be concluded with Japan to enlist the cooperation and assistance of the Japanese Government and people for the defense of Japan." (694.001/7–1450)

In the course of a memorandum of July 17 to Mr. Allison, Mr. Fearey commented as follows on the language just quoted: "In order to avoid a conflict between the concept of 'authority' and the concept of 'cooperation' in the second sentence as I previously suggested it, I would propose the following:

"'In time of hostilities or imminently threatened hostilities, however, the Japanese Government and people shall afford the United States forces cooperation and assistance in accordance with the terms of an agreement to be concluded between the Government of the United States and the Government of Japan.'" (794.5/7–1750)

694.001/7–1950

Memorandum by the Consultant to the Secretary (Dulles) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] July 19, 1950.

As soon as there is opportunity I think the President should come to a decision as to what, if anything, to do about Japan and a treaty.

My impression is that the Korean attack makes it more important, rather than less important, to act. The Japanese people have been in somewhat of a postwar stupor. The Korean attack is awakening them and I think that their mood for a long time may be determined by whether we take advantage of this awakening to bring them an insight into the possibilities of the free world and their responsibility as a member of it.

If matters drift because of total preoccupation with the Korean war, we may lose in Japan more than we can gain in Korea.

It has always been a weakness of United States policy that when war breaks out we abandon political aims and concentrate wholly upon

military aims. The Soviet Union continues, even in time of war, to seek to consolidate political gains. It is interesting that, without awaiting the outcome of the Korean battle, they are planning quickly to hold elections in the temporarily conquered territory, with a view to making it a political part of the North Korean regime.

I hope that we can be as alert to press for political objectives even while we are engaged in a difficult war effort.[1]

J[OHN] F[OSTER] D[ULLES]

[1] A handwritten marginal note reads: "I agree. Meeting is called for Friday July 21. D[ean] A[cheson]." No minute or other summary of this meeting has been found in State Department files.

Attached to the file copy of this memorandum is a draft dated July 21, not printed, of the security clauses of the prospective Japanese peace treaty. A draft of July 25 is printed, p. 1260.

694.001/7–1950

Memorandum by the Officer in Charge of Japanese Affairs (Green) to the Director of the Office of Northeast Asian Affairs (Allison)

CONFIDENTIAL [WASHINGTON,] July 19, 1950.

Subject: Limitations Imposed by FEC Decisions on Japanese Rearmament and Remilitarization [1]

There are three FEC decisions bearing on the above subject: (1) FEC–014/9 of June 20, 1947 entitled "Basic Post-Surrender Policy for Japan";[2] (2) FEC–084/21 of August 18, 1947, entitled "Reduction of Japanese Industrial War Potential",[3] and (3) FEC–017/20 of February 17, 1948 entitled "Prohibition of Military Activity in Japan and Disposition of the Japanese Military Equipment".[4]

Copies of these three papers are attached [5] with the most pertinent sections marked.

You will note that the limitations imposed by FEC decisions on Japanese rearmament are sweeping. The Japanese cannot have a *gendarmerie* or para-military organizations and cannot have any weapons except the use of small arms by the police. The Japanese cannot develop, manufacture, import or export arms, ammunition and

[1] In a memorandum of July 6 to the Secretary, H. Freeman Matthews, who had the previous day become Deputy Under Secretary of State, stated in part that Secretary of the Army Frank Pace was "being briefed" to raise in the National Security Council the possibility of limited military armament for Japan. (794.5/7–650) although documentation on when or whether the matter was taken up by the NSC during 1950 has not been found in State Department files, documents in files 794.5 and 894.501 from July 1950 indicate that officials within the Department gave the question intensive consideration.

[2] For text, see Department of State *Bulletin*, August 3, 1947, p. 216.

[3] Text printed in Department of State, *The Far Eastern Commission: Second Report by the Secretary General*, July 10, 1947–December 23, 1948 (Washington: Government Printing Office, 1949), pp. 25–30.

[4] Text is printed *ibid.*, pp. 19–22.

[5] None printed.

implements of war. The construction or conversion of any vessels for military purposes is prohibited.

There are two important loopholes, however. The FEC decision reducing Japan's industrial war potential allows (paragraph 10) the Supreme Commander "to except temporarily from the provisions of this paper particular primary war facilities, secondary war facilities and facilities in war-supporting industries, insofar as such facilities are required to meet the needs of the Occupation". (In such cases an explanation to the ACJ is called for.) The other loophole is the FEC Terms of Reference [6] which states (paragraph II, B): "The Commission shall not make recommendations with regard to the conduct of military operations nor with regard to territorial adjustments."

The question now arises whether standing FEC policy decisions would obstruct any plans which the U.S. might have for turning over to the Japanese increased responsibility for maintaining internal security and defense. These plans might range anywhere from an improved police force to the defensive rearmament of Japan.

FEC decisions impose no restriction on the full implementation of present agreed U.S. policy for strengthening the Japanese police and coast guard, namely for (1) improving their numbers, equipment and training standards; (2) creating an adequate mobile police reserve; (3) establishing an investigative and surveillance agency similar to the FBI; and (4) reorganizing the police on a more efficient centralized basis.

FEC policies would, furthermore, appear to provide leeway for the procurement of civilian type items from Japanese sources for the defense of South Korea. Admittedly paragraph 3 of FEC–017/20 prevents the "exportation of materials intended for military use", but, operating on the theory that the Japanese are under immediate threat—which is indeed the case—a liberal interpretation of the two "loopholes" cited above would give General MacArthur the authority to use the output of at least certain Japanese industries for emergency defensive measures. The broadest interpretation of these "loopholes" might confer upon General MacArthur not only the authority to allow Japanese industry to supply civilian-type items for military end-use but to permit the mobilization of Japanese armament [7] industries for the same objective. However, it would seem highly advisable that prior understandings and agreements be reached with most FEC member governments before using Japanese industry as a source of

[6] For text, see Department of State, *The Far Eastern Commission: Report by the Secretary General*, February 26, 1946–July 10, 1947 (Washington: Government Printing Office, 1947), pp. 36–39.

[7] In the source text the word "armament" is inked in above the crossed-out term "war supporting."

non-armament items for Far Eastern areas other than Korea (shipment of such items to Korea is already taking place and there is obviously no need to justify CINCFE's action to FEC countries) or before using Japanese industry as a source of armament items for Korea.

The arming or mobilization of Japanese people (other than the police) is specifically prohibited by virtue of Japan's constitution and of the FEC decisions noted above. Any move on our part, therefore, to turn over to the Japanese people such responsibilities for internal security or defense as the possession and use of arms larger than rifles and pistols, the training of non-police units for defense purposes, the equipping of Japanese coast guard vessels with torpedo tubes or even depth charges would, in my opinion, impose upon the U.S. or SCAP an obligation to amend FEC policies accordingly or to confer, through a new FEC policy decision, special emergency powers on General MacArthur to waive during the period of emergency certain provisions contained in standing FEC policies.

Provided the Soviets did not return to the FEC [8] to fling their veto against such revisions or supplements to FEC decisions, it is believed that the FEC countries could be induced to accept certain limited, temporary, closely-supervised measures for increasing the capacity of the Japanese people to assist General MacArthur's Command in the matter of internal security and defense, particularly at a time when that Command has been deprived of a major segment of its combat strength for supporting UN operations in South Korea. It is emphasized, however, that such agreed measures might be so limited as to be unsatisfactory from the point of view of our security requirements.

[8] The Soviet Union boycotted the FEC from January 18, 1950, on the ground that body had failed to expel the Representative of the Republic of China and to seat a representative of the Chinese People's Republic. Documents in file 690.00 FEC for 1950 indicate that it was United States policy to regard the question of Chinese representation in the FEC as dependent on the outcome of the question of Chinese representation in the United Nations.
The Soviet Representative returned to the FEC beginning with the session held October 19, 1950.

794.5/7–2050

Memorandum by the Consultant to the Secretary (Dulles) to the Director of the Policy Planning Staff (Nitze)

TOP SECRET [WASHINGTON,] July 20, 1950.

I attach hereto a memorandum in which I have put down a few thoughts with reference to developing military strength in Japan. You may want to consider this from the policy standpoint and with a view to relevant action.

I have asked Mr. Allison to consult with Mr. Hamilton as to existing FEC decisions with a view to seeing whether there are any possibilities of developing some military strength consistently therewith.[1]

[Attachment]

JULY 20, 1950.

From the standpoint of general war and who wins it, Germany and Japan are of prime importance. If the Soviet Union could augment its present strength by adding the manpower and industrial resources of these two areas, it would have reason to feel that it could sustain a long war and have a good chance of winning it.

It is prudent to assume that there will be increasing Soviet effort to get these two assets. Indeed, the Korean attack may be the beginning of such an effort as regards Japan.

I have not been following closely the German situation. As regards Japan, far distant from us and close to the Soviet Union, the United States would assume an almost impossible burden in attempting its defense without any help from the Japanese themselves.

National rearmament by the Japanese government at this time would encounter serious and understandable objections on the part of former victims of Japanese aggression and, indeed, from the Japanese themselves. A solution might be found in a combination of (1) recreating a strong federal police force and coastal patrol, and (2) recruiting Japanese individually as part of an international force.

(1) Today, in Japan, there is a numerically substantial police force (approximately 200,000 after the newly authorized 75,000 increase),[2] but it is decentralized to an extreme degree and is not armed (other than pistols) or trained so that in an emergency it could be quickly converted into an armed unit usable for defense against attack. There are only a few unarmed boats for coastal patrol. The transformation of the police into a para-military force and the arming of the Coast Guard vessels is at present impossible due to standing F.E.C. policy decisions. If these were ended by treaty or otherwise, there could be developed a police force with the potentiality mentioned above as well as a small torpedo boat navy for coast guard and antismuggling pur-

[1] In a memorandum of August 8 to Mr. Johnson, Mr. Fisher stated in part that L concurred in the conclusion of George H. Blakeslee, political adviser to the Far Eastern Commission, that the phrase "other small arms" in FEC–017/23 authorized SCAP to allow Japanese civil police to use submachine guns and tear gas in addition to rifles and pistols. (794.5/8–850) (FEC–017/23 is identical to FEC–017/20, cited in footnote 4, p. 1244.)

However, for L's general answer to the question raised here by Mr. Dulles, see footnote 1 to Mr. Allison's memorandum of December 2 to Mr. Dulles, p. 1355.

For L's opinion on the question of allowable armament for the Japanese Coast guard, another matter repeatedly discussed in the Department during 1950, see footnote 2 to Mr. Allison's memorandum of December 7 to Mr. Dulles, p. 1358.

[2] See the attachments to Mr. Allison's memorandum of a conversation held July 24, p. 1251.

poses which would also be effective to oppose a landing operation. I understand NA is discussing with the Department of the Army methods of strengthening the police within the framework of existing FEC policies.

(2) The present possibility of action in the Security Council without Soviet veto may make it possible to establish contingents under Article 43 which could presumably include individual Japanese (even though Japan is not a member of the U.N.) and make these recruits subject to the direction of a command chosen by the Security Council rather than subject to political direction from the Japanese government.

If action were taken along these lines, it presumably should be done quietly and gradually, as any publicly-announced intention to rearm Japan might precipitate Soviet action of a preventive character. At best there would be some risk of this, but subject to further study it would seem that this risk was less than the risk of perpetuating an indefensible position as regards this area which is one of those which may constitute the decisive balance of strength between the communist world and the free world.

Lot 54D423

Memorandum by the Counselor of the Department of State (Kennan) to the Consultant to the Secretary (Dulles)

SECRET [WASHINGTON,] July 20, 1950.

Referring to the memorandum of July 10 from Mr. Hamilton and Mr. Allison [1] concerning the Japanese Peace Treaty, I should like to say the following.

1. While the procedural steps outlined on Tab A of the reference memorandum may be irreducible, it seems to me that the situation calls for even more rapid action. The schedule allows for a month for us to agree within the U.S. Government on a draft of treaty terms. While admitting that this is optimistic in the light of past experiences, I think the situation calls for more rapid action here, and we can take such action if we really want to. Perhaps the President's authority should be invoked to get immediate decision on the points involved rather than further wrangling among working parties.

It does not seem to me that we should require long and involved consultations with the other FEC countries before going into the general negotiations. I should think that a simple notification to the friendly countries of the proposals we intended to make, with an invitation for their comments, would be sufficient in all cases except perhaps the British and the French. As far as those governments are

[1] *Ante*, p. 1237.

concerned, I would suggest that if we can prepare our position at an early date, we try to clear it with them through the ordinary diplomatic channels at once, and not wait for the meeting of the Foreign Ministers in September.

I do not see why we need to call the initial conference a "Preliminary Peace Conference". Let us avoid designations and simply ask the other FEC members, together with the Japanese, to join us for a discussion of this subject.

I have never been able to understand why we must have some special voting procedure for this conference. We are all sovereign governments, and nobody can make us do anything about this matter which we do not wish to do. When we get our partners to the table, can we simply not place on the table the terms which we are proposing and ascertain to what extent they are acceptable to the others? After going as far as we can to meet the views of the others, we can then ascertain how many governments will probably be willing to join us in concluding such a treaty and how many will not. If the delegates lack instructions, they can seek them as the conference goes along. We can then suggest that those who find the terms acceptable associate themselves with us in the final signature of such a treaty with the Japanese. Those who do not can be left to do what they please. It seems clear to me that the treaty with us, provided it is the first treaty signed, will be the only one which the Japanese will sign on the basis of unconditional surrender.

2. As for the content of the treaty, it fills me with dismay to think that it has got to be one of these long, legalistic documents, containing paragraph after paragraph concerning matters which are of extremely minor importance—if any. The European satellite treaties and the Austrian draft,[2] as worked out to date, stand as examples of the sort of treaty which one should *not* conclude with the defeated enemy. In the case of Japan, I would really recommend that the treaty be extremely brief, succinct, and in the nature of a simple termination of the state of war and expressing confidence in the Japanese people to cope with the responsibilities of sovereign independence in the future. A great many of the matters treated in the peace treaty concepts which have become traditional since Versailles are ones which, in the case of the Japanese treaty, might better be placed in an annex not intended for attention by the wider public. The text of the treaty should be regarded as an instrument in political warfare, and not as a legal document.

3. Mr. Hamilton's memorandum correctly observes that I am against binding the Japanese to anything in the field of domestic policy. I

[2] For the text of certain articles of a draft Austrian peace treaty as of September 1, 1949, see *Foreign Relations*, 1949, vol. III, p. 1131.

think our reform program in Japan, taken in its entirety, has been of dubious wisdom and see no reason for trying to perpetuate the memory of something which has been at least partially a mistake. Furthermore, we have no means of enforcing such injunctions on the Japanese; and in my opinion it is high time we stopped saying things we are not able to back up or asking others to make promises to us in instances where we are not able to compel their obedience.

4. In general, I have a feeling that we have permitted ourselves to become confused in our thinking by traditional concepts about peace treaty problems. Normally a peace treaty was a contract between victor and vanquished, defining the terms on which a state of war would be terminated. In the present instance, however, we have had five years of actual U.S. administration of the country in question. This has given us ample opportunity to establish by fiat all the initial conditions of the peace. All that remains is to terminate the state of war, define the future military arrangements governing the protection of Japanese territory, and give the Japanese the best possible psychological boost for their entry upon the new era. Anything more than that, and particularly anything reflecting a continuation of the school-masterish and smug attitude which has detracted so much from the excellent achievements of our occupation, can only be unhelpful.

GEORGE F. KENNAN

Lot 54D423

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Allison)

SECRET [WASHINGTON,] July 24, 1950.

Subject: Japanese Police Establishment

Participants: Maj. Gen. Carter B. Magruder, Special Assistant for Occupied Areas, Office, Secretary of the Army
Mr. John M. Allison, Director, Office of Northeast Asian Affairs

I called on General Magruder on Monday, July 24, and gave him a copy of the attached memorandum regarding the Japanese Police Establishment. He promised to get in touch with me after he had had time to go over the memo, but he did tell me that SCAP had requested, and the Department of the Army had approved, the arming of the Japanese police with carbines as well as pistols, and that arrangements were being made to do this as soon as possible. According to General Magruder, no action had been taken as far as he knew in connection with strengthening the organization of the police. I emphasized that in the Department's view the structure of the Japanese police organization would need strengthening, particularly in the

direction of greater centralization, if it was to be capable of carrying on efficiently.

[Attachment]

SECRET JULY 21, 1950.

MEMORANDUM FOR GENERAL MAGRUDER

JAPANESE POLICE ESTABLISHMENT

I am enclosing for your information and for whatever action you deem appropriate a memorandum summarizing the background and views of the Department of State on the question of strengthening the Japanese police establishment. With reference to the final paragraph entitled "Recommended Action", it is believed that what is needed in Washington is a full account of the measures SCAP has taken, is taking, or proposes to take to strengthen the Japanese police. It is possible that an up-to-date report of SCAP's plans in the premises would dispose of a good deal of the concern felt here about the ability of the Japanese police to cope with organized, large-scale subversion and disorders.

JOHN M. ALLISON
Director
Office of Northeastern Asian Affairs

[Enclosure]

MEMORANDUM

The Department of State is more than ever convinced that the time has come to take positive steps looking toward a real strengthening of the Japanese police and coast guard organizations. Events in the Far East, including the diversion of troop strength from Japan to Korea, underline the necessity for prompt as well as definitive action.

SCAP's recent authorization[1] for the Japanese Government to establish a National Police Reserve of 75,000 men and to expand the existing strength of the Maritime Safety Board (coast guard) by an additional 8,000 men is highly welcome, but further measures are believed to be required if Japan is to have effective police protection without the present degree of police dependence on the occupation forces for maintaining internal security.

Eighteen months ago, the National Security Council, on the recommendation of the State Department, adopted the following policy:

[1] In a public letter of July 8 to Prime Minister Yoshida. The complete text is in telegram 77 from Tokyo, July 9, not printed. (894.501/7–1050)

"The Japanese police establishment, including the coastal patrol, should be strengthened by the reenforcing and reequipping of the present forces and by expanding the present centrally directed police organization." (NSC 13/3, paragraph 7).[2] This paragraph was supplemented by a State–Army cable to SCAP of November 22, 1948 [3] which set forth the following principles as basic to the achievement of Japanese internal security:

(*a*) Improvement in numbers, equipment and training standards of the police and coast guard.
(*b*) Creation of adequate mobile police reserves for handling disaster or civil violence.
(*c*) Establishment of an investigative and surveillance agency (similar to the FBI) for advising the national Government on the state of internal security.
(*d*) Provision for broadening the powers and responsibilities of the National Police (as opposed to the more numerous autonomous local police) in order that there may be standardized police enforcement of national laws and coordination of activities of all police organizations, both local and national, at all times.

SCAP has implemented the foregoing principles to the extent that he has equipped almost every policeman with side arms and ammunition, has turned over surplus US transportation and communications equipment to the Japanese police and has now authorized an appreciable increase in the size of the police force. As far as the Department is aware, however, no effect has been given by SCAP to the organizational changes recommended by the State and Army Departments as expressed in paragraphs (*c*) and (*d*) above. It is understood that these organizational changes have been opposed on the ground that the principle of police decentralization must be rigorously observed if a return to the old Japanese police state is to be averted.

The Department has viewed the degree of Japanese police decentralization with some apprehension, for it is a disorganized police structure which invites such hazards as poor cooperation between police units, exposure of local police to corruption, infiltration of extremist elements into police units, inadequate financing, poor training and variable standards. Excessive decentralization has no geographic justification in a small and integrated country like Japan. It presents particular dangers in a country totally disarmed. The possibility of a revival of the old Japanese police state is not overlooked but it is felt that the best way to avoid such a revival is to provide Japan

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[2] Text of paragraph 7 is identical in NSC 13/2, October 7, 1948, and NSC 13/3, May 6, 1949. Text of NSC 13/2 is printed in *Foreign Relations*, 1948, vol. VI, p. 857. For NSC 13/3, see *ibid.*, 1949, vol. VII, Part 2, p. 730.
[3] Not printed.

with an effective, respected police force well-grounded in democratic police methods, notably in the safeguarding of civil liberties. A revival of the old police state could result from a police system so lacking in effectiveness that extremist elements proceeded to take the law into their own hands.

The internal striking potential of the Communists in Japan is not limited to the 200,000 members of the Party nor to the many sympathizers of North Korea among the 600,000 Koreans residing in Japan. The Communist potential in Japan is augmented by the fact that there are some 200,000 Japanese soldiers unaccounted for in Siberia, a sizeable percentage of whom may now be under arms and preparing for infiltration into Japan. A further danger is the affinity between the Communists and the ultra-rightists whose mentalities have been so warped that they can easily embrace Communism with its similar philosophy of violence, terrorism, chauvinism and conspiracy. In this connection Communism may have a dangerous appeal to ex-members of the Japanese Army which was largely drawn from the underprivileged classes and through which a communal spirit has pervaded. Parades, demonstrations, martial songs, flag-waving and other Communist techniques may find an emotional response among many ex-soldiers.

The preceding factors are not enumerated for purposes of creating undue alarm but are cited to show the vital need for creating a Japanese police force which is unified, well-trained and is prepared to cope with large-scale internal disorders without dependence upon the Occupation. For the use of Occupation forces against Japanese—even though they be extremist Japanese—will raise the ugly prospect of a racial conflict wherein the sympathies of many Japanese will be naturally drawn to their embattled compatriots. This, of course, is a Communist objective.

The organizational changes recommended by State and Army are ones which evidently have the full support of major political forces in Japan except the leftists. The most significant expression of this fact is to be found in the Joint Resolution, passed on May 17, 1949 by a large majority of the Diet, recommending immediate improvement in the coordinating and investigating machinery of the police establishment.

Top Japanese police officials have long had in mind the introduction of certain specific modifications in the present Police Law which would extend the authority of the National Rural Police in various ways without altering the basic organizational pattern of the present police system. Heretofore these proposed modifications have been blocked by SCAP. If SCAP were now to indicate that he has no objection

to Japanese Government legislation which would provide for better coordination of police activity while observing basic police reform measures, the Japanese Government would in all likelihood introduce and pass the desired legislation without delay. Since the Diet will be meeting in extraordinary session until the end of July and will then be in recess until November, immediate measures would appear to be indicated.

RECOMMENDED ACTION

It is recommended that the Department of the Army request full information from Headquarters concerning what measures the latter has taken, or is taking, to ensure that full effect is given to the early implementation of NSC 13/3 paragraph 7, including State–Army cable of November 22, 1948, especially as it relates to the establishment of an investigative agency and to broadening the responsibilities of the national police. It is also requested that information be furnished whether any immediate changes are contemplated in the Japanese police law.[4] Talks with members of the National Rural Police have made clear that the elimination of the word "Rural" from their title, would add greatly to their morale and it is therefore also recommended that this be suggested to SCAP.

[4] Documentation on implementation of these two requests is lacking in Department of State files for 1950. For comment on the new National Police Reserve, see the memorandum of September 15 from Douglas W. Overton of the Office of Northeast Asian Affairs to Mr. Johnson, p. 1305.

694.001/7–2450

Memorandum by the Ambassador at Large (Jessup) to the Secretary of State

TOP SECRET [WASHINGTON,] July 24, 1950.

Subject: Japanese Peace Treaty

In our talks with the U.K.,[1] Bradley stated that he thought we were very close to a U.S. national position on the Japanese Peace Treaty and that we would have already firmed it up had it not been for the preoccupation caused by the Korean aggression. He agreed with me privately that it ought to be possible to have an agreement in principle very shortly which would enable us to make some public announcement about plans for a Peace Conference even before an exact text was agreed upon. I told the British that we would want to be in touch with them again as soon as we were prepared to move. The important

[1] Staff conversations between the two governments are scheduled for publication in volume III.

thing is the apparent readiness of Bradley to move forward on the first steps without delay.[2]

[2] In a memorandum of a conversation held with General Bradley July 12, Ambassador Jessup had reported in part:

"In connection with the discussion of a Pacific Pact, General Bradley touched on the question of a Japanese Peace Treaty. He said that General MacArthur's written memorandum cleared up a misunderstanding about his views and showed that there was no real difference of opinion on what was meant by the maintenance of 'bases.' He thought the views of State and Defense were not now very far apart. He noted that the maintenance of American forces in Japan by agreement with the Japanese would be very different from a continuation of the occupation on the present basis. He doubted whether we could indefinitely refuse to permit the Japanese to get in a position to defend themselves, but this problem could not be settled for some time because of the strength of the feeling of Australians and others about Japanese rearmament." (Council of Foreign Ministers Files: Lot M–88)

Full text of this conversation is scheduled for publication in volume III.

Lot 53D444

Memorandum of Conversation,[1] *by the Secretary of State*

SECRET [WASHINGTON,] July 24, 1950.

JAPANESE PEACE TREATY

I discussed with the President the desirability of proceeding at once to work out with the Pentagon a plan for a Japanese peace treaty. This would cover the main points in the treaty and the procedure to be adopted. The President agreed that it was important to get on with this matter and approved our suggestion of how to do it.

I assured the President that before any steps were taken with other countries, the matter would be laid before him formally for his approval.

DEAN ACHESON

[1] In a briefing memorandum to the Secretary of July 24, not printed, W. J. Sheppard, Deputy Executive Director of the Executive Secretariat, said in part: "You may wish . . . to explore with the President the situation with respect to a peace treaty for Japan. Mr. Dulles' memorandum to you of July 19th, together with the attachment [apparently the draft security clauses of July 21], is at Tab A. There is also attached a note from Dr. Jessup re Genl. Bradley's position." (Lot 65D238) These papers are, respectively, p. 1243, not printed, and *supra*.

Lot 56D527

Unsigned Memorandum by the Policy Planning Staff

TOP SECRET [WASHINGTON,] July 26, 1950.

ASSUMPTION BY JAPAN OF A GREATER MEASURE OF RESPONSIBILITY FOR ITS OWN SECURITY, BOTH INTERNAL AND EXTERNAL

The Policy Planning Staff welcomes and endorses (*a*) various memoranda prepared by the Office of Northeast Asian Affairs pressing

for a greater degree of centralization and a strengthening of the Japanese police, (*b*) Mr. Kennan's memorandum of July 18, 1950 in the same vein,[1] and (*c*) the memorandum prepared by Mr. Dulles, dated July 20, 1950, regarding the development of military strength in Japan.

The established position of the Staff since the formulation of PPS 49 (NSC 13 series)[2] has been that the United States should develop internal security forces in Japan adequate to deal effectively with subversive activities. The Staff has felt and continues to be of the opinion that this policy recommendation has not been adequately implemented. It is our conviction, in view of the current crisis in Northeast Asia, that the centralization and augmentation of Japanese internal security forces is of greater importance than ever before.

Heretofore the Staff has not pressed for the immediate re-militarization of Japan.* It has been our opinion that the Japanese people themselves were not prepared to take such a step and that the other members of the FEC would strongly oppose such a proposal. The Staff has, however, envisaged the likelihood that, following a peace settlement and the gradual phasing out of United States occupation troops, Japanese defense forces would be brought into being. We have not felt that this development could provide military strength adequate in itself to defend Japan against direct aggression by a great power. But we did believe that it would be desirable from many points of view that the Japanese themselves should contribute to their own defense, in collaboration with whatever forces we might commit to the protection of the islands.

The Korean conflict and the deep uncertainties regarding the future now make it imperative, in the opinion of the Staff, that we proceed forthwith to create Japanese forces designed to contribute to the defense of the islands. We realize that there are many serious impediments to the implementation of this objective, perhaps the most serious of which is the collective commitments undertaken by ourselves and our allies, predominantly in the FEC, regarding Japanese demilitarization. At the same time we must recognize that all peoples of good will, including the Japanese, are through no fault of their own confronted with a new situation radically different from that envisaged in

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[1] To Mr. Rusk, not printed. (894.501/7–1850)

[2] PPS 49, which dealt with economic relations of the United States and Yugoslavia, is apparently not the intended reference. The NSC 13 series grew out of PPS 28, March 25, 1948, which is printed in *Foreign Relations*, 1948, vol. VI, p. 691.

*The original position of S/P (PPS 28, March 25, 1948, page 1) was "If Russia has not been extensively weakened and sobered by that time [a peace treaty] or if Japanese society still seems excessively vulnerable in the political sense, we should either postpone the treaty or insist on a limited remilitarization of Japan, preferably under U.N. guidance and supervision." [Footnote, including bracketed insertion, appears in the source text.]

the Potsdam Proclamation and the Post-Surrender Policy. On this basis we are justified in resorting to extraordinary measures to enable Japan to contribute to its own defense.

Mr. Dulles' memorandum of July 20 suggests the possibility of establishing Japanese military contingents under Article 43 of the United Nations Charter and placing them under the direction of a command chosen by the United Nations Security Council. The Staff feels that this suggestion should be carefully examined and alternative possibilities looked into. By way of illustration, a possible alternative device might be for SCAP to accept in the occupation forces the services of qualified Japanese in much the same manner that McCloy has recommended for Germany. For example, the Government might turn over to SCAP destroyers and smaller patrol craft, over and above those now being activated, to be manned wholly by Japanese crews and to be employed in preventing infiltration of the Japanese coast. To maintain the position that these vessels are controlled and operated by the occupation forces, each ship would be commanded by an American officer and fly the American flag.

RECOMMENDATIONS

The Departments of State and Defense should immediately seek means (*a*) to strengthen the Japanese internal security forces, and (*b*) to provide for a contribution by the Japanese themselves to the defense of their own country.

As this is a tactical planning question. NA should be designated as the office responsible for the implementation of these recommendations. S/P is prepared to participate in this study.

If the results of this study reveal that effective measures can now be undertaken, the findings should be submitted to the NSC, with a recommendation that they be issued as national policy directives.

694.001/7–2650

Memorandum by the Special Assistant to the Secretary (Howard)[1] *to the Assistant Secretary of State for Far Eastern Affairs (Rusk)*

TOP SECRET [WASHINGTON,] July 26, 1950.

Subject: Japanese Security Clauses

Because I am responsible to you in my work on the Japanese security clauses, I feel that I should give you a frank statement of my views formed over the past several months.

Following your departure from the meeting in Mr. Dulles' office yesterday afternoon, Mr. Dulles inquired whether the working group

[1] On August 1, 1950, Mr. Howard assumed new duties as Regional Planning Adviser in the Bureau of Near Eastern, South Asian, and African Affairs.

present at the meeting regarded as latest draft of the security clauses as ready for presentation to the Secretary. I said that I was one of those who held the view that the security arrangement should be based on an agreement with Japan rather than on the unilateral determination by the United States of the assistance, facilities, and rights of passage which Japan should furnish. I added, however, that this point had been thoroughly discussed and there was no need to discuss it further since Mr. Dulles believed that any such modification of the present draft must await clearance of the first hurdle, the Pentagon. I also mentioned your suggestion that the security clauses be incorporated in a separate agreement in order that countries such as India might be enabled to sign the main treaty and be in a position not to have to express opposition to the separate security arrangement into which Japan would enter voluntarily. Mr. Dulles replied that he thought the security clauses should be an integral part of the treaty, that this suggestion would involve an important change, and that since this was a problem concerning Nehru we could defer consideration of it until after we had cleared the Pentagon hurdle.

Accordingly, if the Secretary approves the present draft,[2] the security clauses will go to the Pentagon in a form which I regard as seriously deficient from the political standpoint. With due allowance for tactical considerations we do not wish to adopt a position on principle from which it may be embarrassing later to have to withdraw. The present draft appears to me to seek to achieve the military but not the political objectives of the United States in respect of Japan. It appears to favor the conclusion of a peace treaty per se regardless of the political consequences of the military blank check we ask of Japan as its price, notwithstanding the general consensus to the contrary that a peace treaty should be an integral part of our over-all political policy toward Japan and the Far East. Its outstanding virtue is said to be that it is a saleable product. Personally I have difficulty in making myself believe that it would be acceptable to General MacArthur because it is so contrary to his previously expressed views regarding the necessity of continuing Japanese consent. However, I was not a party to the conversations with him.

I believe that the security arrangement should be squarely based on an agreement with Japan. Such an agreement might well include a provision to the effect that inasmuch as the United States is assuming a considerable responsibility in terms of American men and resources, Japan would accept the judgment of the United States as to what was necessary in time of emergency or in circumstances which the United States regarded as giving security considerations overriding importance. It is not sufficient to draw upon many fine principles

[2] Apparently that of July 25, enclosed with the memorandum, *infra*.

about international peace and security while constructing an unqualified freedom of decision for the United States.

The mutuality of the agreement underlying the security arrangement would be greatly reenforced by a request from Japan for such an arrangement. It is not sufficient merely to have the phrase "Japan requests" buried in the midst of a treaty. The request should be of a formal and unmistakable character. If conditions in Japan are such as to make such a request unsound from the domestic political standpoint then the time is not yet ripe for such a security arrangement. The mutuality of the agreement would be further reenforced if the arrangement were contained in a separate agreement in order that it would not appear to have been imposed upon Japan as a part of the treaty. This consideration far outweighs the illusion that by being an integral part of the treaty the security arrangement achieves wider international backing.

Features such as these can make the difference between a successful and a heavy-handed diplomacy, between an agreement that will stick and one that will be a source of increasing irritation and an exposed target for hostile propaganda.

If the security arrangement cannot be based on agreement, then it seems to me that the political prerequisites for a political solution of the security problem are not yet present. Under such circumstances the preferable course of action is for the United States to obtain the agreement of friendly powers and Japan to the establishment through a formal international instrument or otherwise of the conditions of a *de facto* peace while continuing to maintain our forces in Japan.

694.001/7–2750

Memorandum by the Consultant to the Secretary (Dulles) to the Secretary of State

TOP SECRET [WASHINGTON,] July 27, 1950.

I attach a draft of prospective articles on "International Peace and Security" which might be used in a treaty with Japan. They are designed to give, in a form as inoffensive as possible to the Japanese, the broad power in the United States to place military forces wherever in Japan the United States may determine to be desirable from the standpoint of maintenance of international peace and security in the Japan area.

This draft has now been cleared by the various Department officials who would be interested and is now given to you for the purpose of transmission to the Department of Defense for its study.

I would suggest transmission by you to Secretary Johnson, and in view of the talks which Secretary Johnson and I have had about the

subject both in Tokyo and in Washington, I might concurrently want to say a personal word to Secretary Johnson about it.

[Attachment]

[JULY 25, 1950.]

INTERNATIONAL PEACE AND SECURITY

ARTICLE I

As a prospective member of the United Nations, Japan accepts in advance the obligation to act in accordance with the principles of Article 2 of the Charter of the United Nations for the maintenance of international peace and security, and the other Parties as members of the United Nations undertake reciprocally to be guided by those same principles in their relations with Japan.

ARTICLE II

In order further to contribute to the establishment and maintenance in the Japan area of conditions conducive to international peace and security in accordance with the principles of the Charter of the United Nations[1] and subject to the transfer of this responsibility to the United Nations under the conditions foreseen in Article IV, Japan requests and the United States agrees that it will provide such armed forces on behalf of the Treaty Powers, and the Japanese Government on its part shall provide such assistance and facilities, including rights of passage, as may be determined by the United States in consultation with the Japanese Government. The Treaty Powers other than the United States that are willing to contribute to such forces for the above purposes may do so by agreement with the United States. The forces furnished by the United States or other Treaty Powers shall not have any responsibility or authority to intervene in the internal affairs of Japan.

ARTICLE III

During the period this chapter[2] is in effect, Japan will not permit another Power to have military facilities in Japan except in accordance with the provisions of this Chapter or Article 43 of the Charter of the United Nations.

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[1] Handwritten in the margin for insertion at this point is the phrase ", and having regard for the fact that irresponsible militarism is not yet ended in the world,".

In a memorandum of July 28 to the Secretary, Mr. Dulles said in part that the reference to "'irresponsible militarism'" formerly in Article IV had been shifted to Article II at the suggestion of Ambassador Jessup. (694.001/7–2750)

[2] The four articles together were meant to be one chapter of a draft treaty.

ARTICLE IV

The provisions of this Chapter shall remain in effect until Japan has been admitted to the United Nations and until the coming into force of such special agreements referred to in Article 43 of the Charter as, in the opinion of those Treaty Powers providing forces under the terms of Article II, will enable the Security Council to exercise its responsibilities under Article 42 of the Charter for the maintenance of international peace and security in the Japan area and to end irresponsible militarism in the world.[3]

(*Note:* It is contemplated that there shall be concluded, effective with the coming into force of the present Treaty, an agreement between the United States and Japan, to which any other Parties providing forces under Article II may adhere, governing the stationing and employment of the forces provided under Article II, including the manner in which the signatory powers shall share the financial burden of the armed forces and the assistance and facilities provided under that Article.)

[3] In the file copy the words "and to end irresponsible militarism in the world" have been crossed out and a period placed after "area." In a memorandum of July 27 to Mr. Dulles, Ambassador Jessup had in part recommended this change: "The criterion suggested would imply that this Chapter will remain in force until the millennium." (Lot 54D423)

Lot 54D444

Memorandum of Conversation, by the Consultant to the Secretary (Dulles)[1]

SECRET [WASHINGTON,] July 29, 1950.

Subject: Japanese Peace Treaty

Present: Prime Minister Menzies [2]
Ambassador Makin [3]
Secretary Acheson
Mr. Harriman [4]
Mr. Jessup
Mr. Dulles

Mr. Menzies said that he favored proceeding promptly with a Japanese Peace Treaty and he felt that it should be a generous and not a punitive treaty. He referred to the fact that after the last war we had adopted half-way measures as regards Germany, being neither punitive nor liberal, and that, in his opinion, largely explained the rise of Hitlerism. He felt it important to avoid repeating that mistake this time as regards Japan and Germany.

[1] The conversation took place at a dinner at the Australian Embassy on July 28.
[2] Robert Gordon Menzies was in the United States on an official visit from July 27 to August 7, 1950. For other documentation, see pp. 189 ff.
[3] Norman O. Makin, of Australia.
[4] Ambassador Averell Harriman was Special Assistant to the President.

He did not believe that the treaty should impose economic or military restrictions upon the Japanese except possibly restricting their right to build a navy with offensive capabilities.

Secretary Acheson said he was glad to hear this expression of the Prime Minister's views as that coincided very largely with those of the United States and we are now giving active consideration to the policy of proceeding with the kind of a peace treaty that the Prime Minister had outlined. Secretary Acheson said he doubted the efficacy of even naval restrictions as in practice it became extremely difficult to enforce them.

Mr. Dulles expressed the hope that the Prime Minister would return via Japan and acquaint himself personally with the situation there.[5] He said that the Australian Ambassador, Colonel Hodgson, had indicated opposition to a peace treaty at this time, being apparently the only one of the allied diplomatic corps at Tokyo to feel that way. The Prime Minister indicated that Colonel Hodgson's views would not carry great weight with his government.

[5] In telegram 399 from Tokyo, August 15, Mr. Sebald reported on his conversation held there the preceding day with the Prime Minister. He stated in part:

"Regarding Japanese peace treaty, Menzies definitely convinced treaty should be negotiated without further delay, not only because Japan in present anomalous position unable contribute its share toward stability and peace in Asia, but because of long-range necessity making Japan firm ally of West. Quoting Chamberlain as saying in 1936 that Britain's greatest mistake was abrogation of Anglo-Japanese alliance, Menzies felt best hold we could have over Japan would be firm partnership with Japan, designed to stabilize situation in Northeast Asia. He of course, fully aware of difficulties to be faced in Australia in "selling" this concept to people, but plans immediately after arrival Australia call together every important newspaper publisher and editor for off-the-record briefing session and plea for assistance in swinging public opinion around to realities of Japanese situation, with special emphasis upon necessity denying Japan and its industrial complex to Soviets. While expressing alarm over potentialities of Sovietized Japan as aggressive force, especially as revived naval power, he felt Communist SEA would pose no immediate threat to Australia for reason that those countries lack naval and air power. He concluded that Japan must at all costs be brought firmly into Western camp and that urgent problem today is definitive action regarding Japan." (694.001/8–1550)

Lot 56D527

Memorandum by the Officer in Charge of Japanese Affairs (Green) to the Director of the Office of Northeast Asian Affairs (Allison)[1]

SECRET [WASHINGTON,] August 2, 1950.

YOSHIDA'S REPORTED VIEWS ON MILITARY BASES IN JAPAN

On July 29 the Prime Minister is reported to have told the Upper House Foreign Affairs Committee: "I am against leasing military bases to any foreign country", and he proceeded to deny reports that

[1] Mr. Allison handed this memorandum to Mr. Rusk on August 3.

the Government had been requested to lease bases, asserting the "Allied powers do not intend to present such a demand, as it is the desire of the Allied powers to keep Japan out of war." On August 1 Mr. Sebald reported that he was informed by the Vice Minister of Foreign Affairs (Mr. Ohta) that the above statement was considered one of the most important made to date of the Prime Minister. In reply to Mr. Sebald's inquiry how Japan expects to have security, Mr. Ohta replied that Japan would rely upon UN protection as in the case of the Republic of Korea. Under further questioning, Mr. Ohta said that the Prime Minister was opposed to any foreign troops remaining in Japan upon the conclusion of a peace treaty.

It is difficult to determine what Yoshida had in mind in making the foregoing statement. He has previously implied in many public statements, and privately through his emissary, Mr. Shirasu,[2] that he did not believe neutrality answered Japan's security problem which required protective US bases in Japan in the post-treaty period. While it is possible that the Prime Minister issued the above-quoted statement for political reasons, hedging against a future date when US bases might prove unpopular in Japan, it nevertheless seems curious that Yoshida should not have taken this position earlier, during the recent election campaign for the Upper House, when political considerations were supervening. To make his statement now is all the more mystifying in view of the Korean war which has pointed out the true character of Communist aggression and the need for first-class armament and bases to stave off aggression. That the withdrawal of US bases from Korea was followed by the Red invasion of that country provided a clear-cut object lesson to Japan. As reported in a PolAd despatch dated July 11, 1950,[3] Mr. Ohta informed Mr. Sebald that the hostilities in Korea resulted in the question of security no longer presenting a problem to Japan, inasmuch as Japan would now gladly accept any reasonable proposition which the United States might put forward regarding Japanese security.

A possible explanation of why Yoshida made the above-quoted statement at this time is provided by Mr. Sebald in his August 1 cable.[4] He speculates that the Prime Minister and the Foreign Office "appear to be laying the groundwork for future bargaining."

The war in Korea has pointed up the need for US bases in Japan. Just as US bases in Japan made it possible for the US to go to the defense of South Korea, so it is now clear that US bases in Japan will prove a critical factor in protecting the whole US position in the Far

[2] Mr. Jiro Shirasu was in the United States for two weeks ending on or about May 9, 1950. In a memorandum of a conversation held with Mr. Shirasu that day, Mr. Green had stated in part that Mr. Shirasu had said permanent neutrality for Japan was illusory. (694.001/5–950)

[3] Not printed.

[4] Telegram 294 from Tokyo, not printed. (794.00/8–150)

East. Japanese leaders must be fully aware of this fact, and it would be logical for the Japanese (who have never hesitated to play power politics on a grand scale) to intimate that the price for these all-important bases in Japan is greater than the US had perhaps reckoned. Certainly the Japanese are in a position to refuse a treaty imposing any disabilities on Japan. They are also in a position to seek—and to obtain—treaty terms recognizing Japan's right to self-defense. Because acceptance of US bases is the price Japan knows she must pay for an early treaty, Mr. Yoshida is probably prepared to accept them at least for a defined short period of time, provided the other treaty terms and supplementary concessions (such as economic aid) are adequate.[5]

[5] In a memorandum of August 3 to Mr. Rusk, Mr. Allison said in part that Mr. Yoshida's reported statement indicated at least superficially an about-face from the Japanese position as revealed in the Ikeda–Dodge conversation of May 10 (p. 1194). Mr. Allison stated that both he and Mr. Kennan urged further clarification of the matter. (794.00/8–350)

694.001/8–350

Memorandum of Telephone Conversation, by the Consultant to the Secretary of State (Dulles)

TOP SECRET [WASHINGTON,] August 3, 1950.

Subject: Japanese Peace Treaty

Participants: Secretary of Defense Johnson
Mr. Dulles

I said to the Secretary that I would like, at his convenience, to talk with him about the Japanese treaty situation. Secretary Johnson said that they had a war on and didn't have time to talk about that now. I said that even though there was a war on in Korea we should continue to pursue political objectives, that in the past our failure to do so had meant that we had won wars but lost the peace and this time I felt it essential that we should deal politically with such problems as Japan and Germany while the war was on or otherwise we would find at the end that we had lost both of these vital areas. Secretary Johnson said that he agreed with that, and merely meant that they were not able to discuss the memorandum at the moment. I said I had not asked for, or expected, immediate discussion.

Secretary Johnson then said that the draft received[1] from the Secretary did not carry out the views of the Joint Chiefs of Staff or General MacArthur. He said that MacArthur had reversed his original position as a result of the talks that he and Bradley had had with him

[1] Apparently the draft security articles as they stood on July 28. (See the draft of July 25 and its footnotes, p. 1260.) Secretary Acheson had transmitted the draft security articles under cover of a letter of August 1 to Mr. Johnson, not printed. (694.001/7–2750)

and that MacArthur's present position was embodied in a second, highly secret, memorandum which MacArthur had given Johnson but which we had not seen. He said it seemed that the State Department had proceeded on the basis of MacArthur's first memorandum, but not the second one.

I said that I was entirely familiar with the second memorandum, that it was dated June 23rd and it followed a talk which I had had earlier with General MacArthur and that the draft of treaty articles which Secretary Acheson had sent to Secretary Johnson was intended to, and I thought did, carry out the position expressed by General MacArthur in the second memorandum. I said that that draft gave the United States the right to maintain in Japan as much force as we wanted, anywhere we wanted, for as long as we wanted, and I did not see very well how the Defense Establishment could want more than that.

Secretary Johnson said that their first reading of the draft had not given them the impression that it was as broad as I described, but they had the impression that the Department was still working on the abandoned theory of "bases."

I said that that was not so, that the word "bases" was not even mentioned in the draft.

Secretary Johnson then said that the draft had been sent for study by the Joint Chiefs of Staff and that if, in fact, it was the intention of the State Department to give as broad rights as I had mentioned and as were referred to in MacArthur's second memorandum, then he thought we could "get together and go places."

I affirmed that that was our intention and Johnson said that the Defense Department would be prepared to discuss the situation with us in about a week; that the only concern of the Defense Establishment was with the matter dealt with in our draft and as regards the other features of the treaty they were political so that we could go ahead on those without being held up in any way by the Defense Establishment.

I said we were doing that, and would expect word when they were ready to discuss the draft transmitted.

894.00/8–850

Memorandum by Mr. Robert A. Fearey of the Office of Northeast Asian Affairs to the Director of That Office (Allison)

SECRET [WASHINGTON,] August 8, 1950.

Subject: Japanese Self-Support

During the past two days I have been endeavoring to determine what effect the Korean war and stepped-up U.S. and European re-

armament is likely to have on Japan's economic prospects and probable date of self-support. Although I have no doubt that you are aware of the factors mentioned below from Mr. Doherty and other sources, it may be worthwhile to note them in the treaty connection.

The Korean war and western re-armament should have a heavy net favorable effect on Japanese economic prospects for the next few years:

1. *Increased Dollar Resources of Primary Producing Areas*—It is estimated that Malaya and Indonesia alone will each increase their dollar earnings 200–300 million a year through increased U.S. and European rubber, tin and other raw material purchases. Japan's basic problem—insufficient availabilities of cereals, cotton and other products from south and southeast Asia—will not be improved by this development, but Japan should be able to earn a good many of the increased supply of dollars through exports to the southern regions, using those dollars to buy essential supplies from the western hemisphere. How large a proportion of the dollars it will be able to earn will depend on its competitive ability, a department in which Japan is standing increasingly well.

2. *Reduced U.S. and European Export Competition*—Western re-armament can be expected on the basis of past experience to bring about a reduction of exports by the re-arming countries, caused by the same forces which will bring a curtailment of civilian consumption at home. This reduced competition will facilitate Japan's acquisition of the dollars mentioned above and a general expansion of Japanese exports.

3. *Earnings for Korea Support*—Japan is being paid considerable dollar sums for the Korean support operation. According to one estimate materials have already been contracted for to the amount of 50 million dollars, and a total of 200–300 million dollars may be spent in Japan during the present U.S. fiscal year. When the fighting is over Japan expects to derive further earnings from Korean rehabilitation.

As against these favorable factors the terms of trade are moving against Japan. Prices of primary products have already risen considerably, supply being generally inelastic in face of the increased demand. Although prices of manufacturers are now beginning to rise, they will probably remain some distance behind. This factor is expected to offset only partially the gains under 1, 2 and 3, however.

As a consequence of these developments it looks as if Japan in U.S. fiscal 1951–52 would be almost bulging with dollars compared with previous years. When asked if Japan would need further appropriated aid in that year a Japanese Government economist now visiting this country said "absolutely not". If a plan of partial pay-as-you-go should be adopted this would be even better assured.

The significance in the treaty connection of Japan's probable early achievement of self-support would seem to lie in the reduced amenability to occupation controls which is likely to occur as Japan approaches and achieves self-support, and the greater bargaining power

which a self-supporting Japan would have in the negotiation of a treaty. If we are going to have a treaty at all I would say that Japan's more favorable economic prospects add to the weight of argument for having it soon.

694.001/8–950

Memorandum by the Consultant to the Secretary (Dulles) to the Assistant Secretary of State for Economic Affairs (Thorp)[1]

SECRET [WASHINGTON,] August 9, 1950.

On the theory that circumstances may make it desirable to act expeditiously to bring about peace with Japan on the basis of a *simple* Treaty, Mr. Allison and I have drawn up the annexed as a possible alternative to the long form previously circulated,[2] and on which we should appreciate your comments.

J[OHN] F[OSTER] D[ULLES]

[Attachment]

Draft #2 AUGUST 7, 1950.

PREAMBLE

The United States, _____ and _____, hereinafter called the Allied and Associated Powers, and Japan, desire that henceforth their relations shall be those of nations which, as sovereign equals, cooperate in friendly association to promote their common welfare and to maintain international peace and security.

Accordingly they have concluded this treaty.

CHAPTER I

PEACE

1. The Parties declare and agree that the state of war between them is ended forthwith.

CHAPTER II

SOVEREIGNTY

2. Subject to the provisions hereof and of any other relevant treaties, the Allied and Associated Powers accept the full sovereignty of the Japanese people, and their freely chosen representatives, over Japan and its territorial waters.

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[1] Copies of this draft had been sent to Messrs. Kennan, Rusk, Nitze, Fisher, and Hamilton on August 7.

[2] Copies of the long form draft as it had evolved by July 18 and August 3, 1950, together with extensive covering memoranda and commentaries, are filed under 694.001/7–1850. The long form draft was in 44 articles and 8 annexes. It included no security provisions.

CHAPTER III

UNITED NATIONS

3. Japan, as a peace-loving nation prepared to accept the obligations contained in the Charter of the United Nations, will promptly apply for membership in that Organization and the Allied and Associated Powers which are Members of the United Nations will support that application.

CHAPTER IV

TERRITORY

4. Japan recognizes the independence of Korea and will base its relation with Korea on the resolutions adopted by the United Nations Assembly on December ___, 1948.

5. Japan accepts whatever decision may hereafter be agreed upon by the United States, the United Kingdom, the Soviet Union and China with reference to the future status of Formosa, the Pescadores, Sakhalin south of 50° north latitude and the Kurile Islands. In the event of failure in any case to agree within one year, the parties of this treaty will accept the decision of the United Nations General Assembly.

6. Japan accepts the action of the United Nations Security Council on February ___, 1947 (?)[3] with reference to the trusteeship of former Japanese mandated islands and will accept any decision of the United Nations which extends the trusteeship system to all or part of Ryukyu and Bonin Islands.

CHAPTER V

SECURITY

[Here follow the security clauses of this draft. Though renumbered, they are identical in substance to the draft security articles of July 25, except as noted otherwise in footnotes 1, 2, and 3 thereto. Text forms the attachment to the memorandum of July 27 from Mr. Dulles to the Secretary, page 1260. The "note" to that attachment does not appear in the present draft.]

CHAPTER VI

POLITICAL CLAUSES

11. Japan will continue to be a party, or if not now a party will seek adherence, to the multilateral treaties and conventions designed to prevent the misuse of narcotics, to conserve fish and wildlife, to prevent traffic in women and children and in general multilateral

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[3] Corrected in later drafts to April 2, 1947. For documentation pertinent to the negotiation of the Trusteeship Agreement for former Japanese-mandated islands in the Pacific, concluded on that day between the United States and the U.N. Security Council, see *Foreign Relations*, 1947, vol. I, pp. 204–219.

treaties designed to promote the general welfare of the world community.

12. Pre-war bilateral treaties between the parties may be kept in force or revived at the election of either party upon its notification to the other within six months. Such bilateral treaties shall be subject, however, to the provisions of Article 102 and 103 of the United Nations Charter and the provisions of this Treaty.

13. Japan renounces all special rights or interests in China.

14. Japan will respect the sentences imposed by military tribunals of the Allied and Associated Powers on persons who are incarcerated in Japan. The power to grant clemency, reduce sentences, parole and pardon may be exercised by Japan only with the approval of the Government or Governments which imposed the sentence in each instance. In the case of the persons sentenced by the International Military Tribunal for the Far East, such power may be exercised by Japan upon the approval of a majority of the Governments represented on the Tribunal.

CHAPTER VII

CLAIMS ARISING OUT OF THE WAR

15. Except as herein provided, the Allied and Associated Powers and Japan reciprocally waive claims against each other for acts taken during the state of war hereby ended.

16. Each of the Allied and Associated Powers will have the right to retain and dispose of all Japanese property rights and interest which were within its territory at any time between December 7, 1941 and September 2, 1945 excepting: (*a*) Property used for diplomatic or consular purposes; and (*b*) Property belonging to religious, charitable, cultural or educational institutions and used exclusively for non-political purposes.

17. Japan will restore the property in Japan of the Allied and Associated Powers and their nationals and, to the extent that this property has been lost or damaged as a result of the war, will make compensation in Yen equal to _____% of the amount necessary at the time of payment (*a*) to purchase similar property, or (*b*) to restore the property to its condition on December 7, 1941.

18. Japan declares its readiness promptly to negotiate and conclude with each of the Allied and Associated Powers treaties to put on a stable and friendly basis the commercial, trading and trademark relations between them. No such treaty shall extend to any one of the Allied and Associated Powers treatment more favorable than that extended to any other. Pending the conclusion of such treaties, Japan will extend to the governments, nationals and properties, business and trade of each of the Allied and Associated Powers the most favored

nation treatment and will not take, as regards them, any discriminatory or confiscatory action.

CHAPTER VIII

SETTLEMENT OF DISPUTES

19. Any dispute between the Government of an Allied and Associated power and the Government of Japan concerning the interpretation or execution of the present Treaty which is not settled through diplomatic channels, mixed claims commission, or otherwise shall, at the request of a Party to the dispute, be referred for decision to the International Court of Justice.

CHAPTER IX

EFFECTIVENESS

20. The present Treaty shall come into force between Japan and any Allied and Associated Power signatory hereto when ratifications by such two Parties shall have been deposited with the government of the Allied and Associated Power in question.

21. Except for the provisions of Article 13, the present Treaty shall not confer any rights and benefits upon any State which shall not have executed or adhered to and ratified the present Treaty.

794.00/8–950 : Telegram

The Acting United States Political Adviser for Japan (Sebald) to the Secretary of State

SECRET TOKYO, August 9, 1950—11 a. m.

351. Redeptel 203, August 4.[1] In an informal conversation with Ohta yesterday, I expressed views suggested reftel.

Manifesting some confusion in his attempt to explain the Prime Minister's position, Ohta said that notwithstanding clearcut statement, it is now his opinion that no change has taken place in Prime Minister's attitude. He said no Japanese statesman could at this time publicly declare that he is in favor of granting bases or maintaining US troops in Japan subsequent to peace treaty. He also pointed out that questions in Diet were really divided into two parts: (1) Whether a request had been made by any power for military bases and (2) whether Prime Minister would publicly announce that he had no intention whatever lending military bases.

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[1] Not printed.

Ohta said Prime Minister's reply was cast in light of lengthy and involved questions. As to first, Yoshida replied categorically that no specific request has at any time been received from any power for military bases. Regarding second, the record shows that he said, "To express what is in my mind, I do not want to lend military bases". This was, however, qualified by further statement to effect that Socialist Party had been spreading propaganda that Prime Minister desires lend bases in return for "separate peace". Prime Minister said he did not think UN were considering a demand for military bases.

When I reminded Ohta of our previous conversation (mytel 294)[2] he replied that obviously without knowledge contents of draft treaty and specifically of security provisions, if any, it would be academic for Japanese Government at this time make any commitments with respect to maintenance of bases or troops in Japan. He felt, however, that if treaty failed contain specific and satisfactory provisions regarding Japan's security, there is every possibility that Japanese Government would ask US and UN to guarantee Japan's security, a request which might imply maintaining troops in Japan if necessary to carry out such guarantee.[3]

Examination of translation verbatim minutes of interpellation and reply by Yoshida indicates obvious intention on part Prime Minister give impression he does not desire military bases. At same time his statement is so hedged with philosophical double talk as to leave way open for later approach on problem of security.

Airmailing translation verbatim relevant interpellation and reply.[4]

SEBALD

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[2] Of August 1, from Tokyo, not printed.

[3] In his memorandum dated August 7 of the conversation with Mr. Ohta on which telegram 351 is presumably based, Mr. Sebald said in part that in connection with the security question ". . . Mr. Ohta confided in me that General MacArthur had previously upon several occasions told Mr. Yoshida that the maintenance of bases and troops in Japan proper is unnecessary so long as Okinawa and other islands would remain under the control of the United States. I said that in the light of the Korean situation, it might be possible that General MacArthur has changed his mind in this regard, although I did not, of course, know for certain. Furthermore, it appeared academic to speak of bases per se, when it might be necessary to consider Japan as a whole as a base because of possible external aggression." (Tokyo Post Files: 320.1 Peace Treaty)

[4] A copy of this translation forms the enclosure to Mr. Sebald's letter to Mr. Allison of August 10, neither printed. (794.00/8–1050)

In a memorandum of August 23 to Mr. Allison, Mr. Fearey stated in part that Prime Minister Yoshida's statements indicated his government was ". . . not going to issue a public invitation to us, at our suggestion or otherwise, to retain post-treaty bases, as appeared possible some months ago. While the opposition of the other parties to a separate peace has been crumbling Yoshida's willingness to appear as an exponent of the almost inevitable corollary of a separate peace, foreign bases, has diminished. The only explanation seems to be that for obvious political reasons he wishes to follow rather than lead on the base question until public opinion can catch up further and until the U.S. has stated its requirements." (694.001/8–2350)

694.001/8–1150

Memorandum by the Consultant to the Secretary (Dulles) to the Secretary of State

SECRET [WASHINGTON,] August 11, 1950.

In pursuance of our talk last evening, I enclose a memorandum outlining possible next steps with relation to a Japan Treaty.

[Enclosure]

AUGUST 11, 1950.

JAPAN TREATY PROCEDURE

The next steps in relation to the making of a Japanese Peace Treaty might be as follows:

1. Agreement by September 1st by the Executive Branch of the United States Government as to what it wants in the Treaty.

2. Informal discussions to be initiated by the Secretary of State at New York about September 12th with the representative of the British Commonwealth group. (They have already twice met among themselves to discuss the Treaty.) Particular attention should be paid to India.

3. After the reaction of this group has been received and any adjustments made as a result, then the draft would be informally discussed with the representatives of other FEC powers at the United Nations General Assembly.

4. Concurrently with the foregoing proceedings, a U.S. political representative would go to Japan with the draft and confidentially discuss it with the Japanese Government and also seek a procedure for Japanese participation in the Treaty-making process which will assure genuine acceptance by the representatives of all important non-communist political groups in Japan.

5. Concurrently with the two foregoing steps the draft would be discussed informally with members of the Senate Foreign Relations and Armed Services Committees.

6. At this point, presumably November, decision would be made as to future procedure. It might be decided to hold a preliminary and/or final "Peace Conference" or it might be decided to proceed by diplomatic channels. The latter course has advantages in that it would avoid the problem of Chinese participation in a Peace Conference. Also, it might facilitate slight and acceptable variations as between the different countries. For example, the India–Japan Treaty might omit security provisions which were primarily of concern to the United States and Japan.

611.00/8–1450

Unsigned Memorandum Prepared in the Department of State [1]

TOP SECRET [WASHINGTON,] August 14, 1950.

JAPANESE PEACE TREATY

1. *Responsible Officer:*

John Foster Dulles, S

2. *Interested Offices and Agencies:*

Department of State

S—John Howard

FE—Maxwell Hamilton, John Allison

William Sebald, Acting Political Adviser in Tokyo

Department of Defense

General Burns; Goldthwaite Dorr

3. *How Coordinated:*

Informally.

4. *Status of Coordination:*

Our differences with Defense are still unresolved.

[A background section is omitted here.]

6. *Recent Action Taken:*

a) The Secretary has discussed with the President the desirability of proceeding at once to work out with Defense a plan for a peace treaty. The President agreed that it was important to get on with the matter and approved our suggested procedure. Accordingly, we sent to Defense early in August for study and comment a draft of prospective articles on international peace and security which might be used in a treaty and which are designed to give the US, in a form as inoffensive as possible to the Japanese, the broad power to place military forces wherever in Japan the US may determine to be desirable from the standpoint of the maintenance of international peace and security in the area. The Secretary of Defense has informed us that the draft has been sent to the JCS for study, remarking that the proposal did not appear to carry out the views of the JCS or of General MacArthur. The latter, however, expressed his general agreement with the proposal in his recent conversation with Mr. Harriman.[2]

[1] One of several summaries of important problems prepared at this time for the use of the Under Secretary's office.

[2] Mr. Harriman held talks with General MacArthur in Tokyo on August 6 and 8; see *ante*, p. 427. In a letter to General MacArthur of August 11, Mr. Dulles had said in part: "Averell Harriman has told me of his satisfactory talks with you. I am particularly gratified that you liked the draft of the proposed 'International Peace and Security' paragraphs of a prospective peace treaty. I drew these up personally, and made a particular effort to try to reflect the spirit of our talks and of your two memoranda. If I have measurably succeeded, I am gratified." (694.00/8–1150)

b) We have now sent to the NSC with a request for urgent consideration a paper[3] which concludes that: 1) the US should now proceed with the steps necessary for a Japanese peace settlement; 2) the Department should be authorized to undertake confidential discussions with Commonwealth countries and other friendly FEC members to ascertain whether they would generally favor the type of settlement desired by the US and how they propose to proceed; 3) we would be authorized in these discussions to propose, without final US commitment, that security provisions in the settlement be along the lines of the draft provisions sent to the Defense Department; 4) a representative of the Department should be sent to Japan to discuss with General MacArthur and the Japanese government the procedures which might be desirable to insure genuine acceptance of the proposed settlement by the Japanese people; 5) we should exploit the political and diplomatic advantages of the decision to proceed with the treaty, making full use of public statements and information releases timed for their maximum effect; 6) upon completion of these steps and prior to any final arrangements, the matter will again be referred to the NSC for consideration.[4]

[Here follow brief sections devoted primarily to procedural matters.]

9. *Current Evaluation:*

We remain convinced that the early conclusion of a peace settlement with Japan is essential, participated in by all nations which declared war on Japan. While there are outstanding points of contention between the US and other nations such as reparations and level of industry, these are well defined and understood and, we believe, will be importantly affected by the type of security arrangements which are finally undertaken. The importance of the nature of these security arrangements has, of course, been highlighted by the present situation in Korea, which Mr. Dulles observed on his recent trip to the Far East had had considerable influence on Japanese thinking with regard to US bases in Japan.

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[3] This paper, headed "Peace Settlement with Japan," was forwarded by Ambassador Jessup on August 15 to Mr. Webb, who sent it on to the NSC on the following day. (Lot 63D35: Folder "NSC 60 memoranda")

[4] With regard to the steps summarized here, the paper identified in the preceding footnote read in part: "The informal steps contemplated in this paper may take from five to six months. Upon completion of these informal steps, the matter will again be referred to the National Security Council. If it should then be decided to proceed formally, as much as another nine months might be required for ratification of a treaty. The date of the final act of ratification would be wholly within United States control and, until ratification, the present occupation rights would continue."

10. *Plans for Future Action:*

We will continue our efforts to reach an agreed US position so that we may proceed with treaty negotiations.

794.0221/8–1550

Memorandum by the Deputy Director of Mutual Defense Assistance (Ohly) to the Director of the Office of Military Assistance in the Department of Defense (Lemnitzer)

TOP SECRET [WASHINGTON,] August 15, 1950.

Subject: Possible Contribution by SCAP to MDAP in South and East Asia

Reference is made to my memorandum dated June 9, 1950, subject: Possible Contribution by SCAP to MDAP in South and East Asia.[1]

This memorandum listed certain foreign policy considerations which argued against the use of Japanese industry as a source of procurement of non-armament items to be transferred to eligible countries under the MDAP. Briefly summarized, these considerations were as follows:

1. Policy decisions adopted by the Far Eastern Commission, and contained in

a. Part IV, paragraph 1, of the Basic Post Surrender Policy for Japan, adopted June 19, 1947;

b. Policy decision dated February 12, 1948, entitled "Prohibition of Military Activity in Japan and Disposition of Japanese Military Equipment".

2. The desire of many, probably most, Japanese to observe strict neutrality.

3. The fears of the Philippines and possibly other East Asian recipients of MDAP of revived Japanese militarism, and the fact that these countries regard Japanese equipment as second rate, especially in reference to comparable United States products.

My memorandum also stated that, "if there are specific projects which would appear not to be subject to the foregoing objections, the Department would give sympathetic consideration thereto with the view to finding a basis for approval".

The Department of State has kept this problem under examination and has determined that such projects as the procurement in Japan for the MDAP (1) of trucks, motorcycles, radios and other normal peace-time goods, or (2) of such services as the utilization of Japanese

[1] Not printed.

facilities in the repair of ships or airplanes, would not seem to be precluded by the legal or policy objections previously mentioned.

JOHN H. OHLY

Lot 56D527

Memorandum by the Deputy Director of the Executive Secretariat (Sheppard) to Mr. Windsor G. Hackler of the Bureau of Far Eastern Affairs

TOP SECRET [WASHINGTON,] August 21, 1950.

Subject: NSC Meeting, August 17

Quoted below for information is a section from a memorandum dictated by Mr. Webb after he returned from the NSC meeting Thursday, August 17:

"*Item 5.* Secretary Johnson raised the question of the Japanese Peace Treaty, security section, and was critical of the Department's desire to put this on the agenda prior to reaching an understanding on the wording with the Defense Department. He stated that he had been prepared for over a month to discuss this with the Secretary of State, that the State Department had not been prepared to go into the matter and that Defense would prepare a memorandum which would be available to the State Department early next week. The discussion here was somewhat heated, as I told him I was not prepared to accept the charge that the State Department had delayed this matter and I could not make out whether he was suggesting it was not a proper matter for discussion in the Security Council. It was left that we would receive his paper early next week and discuss it at the next NSC meeting. One of Secretary Johnson's points was that he felt there was no disagreement between the two Departments as to what we wished to do, but that the language prepared by Mr. Dulles did not state the thing clearly and in terms which would not be misunderstood from a military standpoint. He also made the point that some of this language seemed to be related to some of the older treaties with Japan and would, therefore, be subject to misunderstanding."

W. J. SHEPPARD

694.001/8–2150

Memorandum by the Counselor of the Department (Kennan) to the Consultant to the Secretary (Dulles)

SECRET [WASHINGTON,] August 21, 1950.

Your memorandum of August 15 [1] about the short form of the Japanese Peace Treaty which you had drawn up makes it necessary for me to put forward my views at somewhat greater length.

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[1] In it Mr. Dulles had said: "Referring to my memorandum of August 7, 1950 with reference to a short form Japanese Peace Treaty, I understand that such comments as you wish to make were expressed to me orally and that you are in general agreement." (694.00/8–2150) With the memorandum of August 7, not printed, Mr. Dulles had enclosed a copy of the treaty draft of August 7, p. 1267.

1. I am not sure that I am full conversant with the framework of governmental decisions and assumption within which this draft was formulated. If the question is: whether in general I approve of this type of treaty, as part of a basic policy toward Far Eastern countries, there would be a great deal to say which I think would go far beyond what you had in mind wth your inquiry. If, on the other hand, it is regarded as accepted that we must have a treaty with Japan allowing for the continued presence in that country of American armed forces, coupled with their freedom to move anywhere in Japan and to make use of Japanese facilities at the will of the United States Commander, and that these obligations must be anchored in the peace treaty itself, then, while I have misgivings about the success of such a general policy, I think that the draft of the key provisions, namely those dealing with the stationing of forces in Japan, is as good as any I could devise, and I have no suggestions for improvement.

2. I would, however, even on this assumption, question paragraph 5, dealing with the future status of Formosa, the Pescadores, South Sakhalin, and the Kurile Islands. As drafted, this paragraph seems to make it inevitable that within a year after entry into effect of the treaty the disposal of these territories must become a bone of contention in the Assembly of the United Nations, and one of such a nature that any agreement on it in that body, except by a majority averse to the Soviet Union, is hardly thinkable. Since I do not approve of the policy of trying to use the United Nations Assembly to alter power relationships in the world in present circumstances, I do not feel that this course would be really desirable. It seems to me that it would be better to restrict ourselves here to a formula under which Japan would simply reiterate, as part of the peace treaty, her agreement that "Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

This would leave the Japanese with no responsibility for the disposal of these territories farther afield; and that would probably be desirable in more than one respect.

3. With respect to property rights, I am not informed as to the present status of allied property in Japan. However, on May 26, 1948, I made the following recommendation to the Secretary of State:

"SCAP should be advised to expedite the restoration or final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of United States policy to have all property matters straightened out as soon as possible and certainly well in advance of a treaty of peace in order that they may not hamper treaty negotiations." [2]

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[2] The quotation is of paragraph 7, section IV, P/PS 28/2, *Foreign Relations*, 1948, vol. VI, p. 775.

I still consider that it would be preferable to instruct General MacArthur to see to it that all property matters are liquidated by the time the peace treaty enters into effect and have the peace treaty clause merely register that completed fact.

4. Aside from these comments, I highly approve of this brief form of treaty, and consider it definitely preferable to the longer and more detailed type of draft.

GEORGE F. KENNAN

694.001/8–2250

Memorandum by the Secretary of State to the Ambassador at Large (Jessup)

TOP SECRET [WASHINGTON,] August 22, 1950.

MR. JESSUP: The Secretary of Defense gave me the attached memorandum from the JCS. He has given a copy to the President.

He believes that this memorandum is entirely in accord with the second memorandum of General MacArthur,[1] a copy of which Mr. Dulles brought home. If there are differences in it, he will discuss them with us and is prepared to act himself to bring us into accord. Will you please read this at the earliest opportunity and talk with me tomorrow morning. I have not yet had a chance to read the paper carefully.

D[EAN] A[CHESON]

[Attachment]

WASHINGTON, August 22, 1950.

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Proposed Japanese Peace Treaty.

1. The Joint Chiefs of Staff have studied the draft of prospective articles on "International Peace and Security" relating to a treaty with Japan, enclosed with your memorandum dated 8 August 1950.[2] They have formulated the following views on both the general question of a Japanese peace treaty and on the subject paper.

2. As an approach to the general question of a Japanese peace treaty and the future status of Japan, the Joint Chiefs of Staff consider it essential to the security of the United States that control of Japan be denied to the USSR, and, as a corollary, that the security of a

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[1] Presumably that of June 23, p. 1227.

[2] Memorandum not printed. The mentioned draft security articles are those enclosed with Mr. Acheson's letter of August 1 to Mr. Johnson, not printed; see footnote 1 to Mr. Dulles' memorandum of August 3, p. 1264. (Information obtained from the Department of Defense.)

Western-oriented Japan, for the time being, be assumed by the United States. It is inevitable, however, that the time will come when Japan must resume its status as a sovereign state, able and willing to exercise all of the privileges and to assume all of the responsibilities thereof. In the light of the world situation existing today we must realistically concede that these rights must include that of self-defense. No sovereign state can forever avoid its responsibilities for its own security by relying upon an aura of good will among others when peaceful conditions are so seriously threatened as they are today.

3. A military vacuum is a short-lived anomaly. The United States is not in a position, either under United Nations auspices or unilaterally, to continue indefinitely to meet over-all United States security requirements and at the same time fill such a vacuum as would otherwise exist in a neutral and unarmed Japan. On the contrary, the availability to the United States, in the event of a global war, of the war potential of Japan would be very important to United States strategy, and probably to the bringing of a global war to an ultimately successful conclusion. Equally important is the requirement, in the event of war, for the denial to the USSR or its allies, of the war potential of Japan.

4. In view of the factors set forth in paragraphs 2 and 3 above, the Joint Chiefs of Staff consider that:

a. The necessity of a Japan eventually adequately rearmed for effective self-defense must be faced;

b. All measures undertaken by the United States toward Japan should be interim steps leading to a rearmed and friendly sovereign Japan; and

c. If global war eventuates, the war potential of Japan should be available to the United States.

5. The Joint Chiefs of Staff recognize the present potentially dangerous security situation of Japan, owing primarily to the reduction in occupation forces below safe limits. Recent events in Korea have caused concern among the Japanese people over their security. The people are aware of the threat of communism; nevertheless, they apparently desire an early peace treaty. In this connection certain of their leaders have publicly recognized the need that Japan provide at least a measure of its own protection. In the light of the unstable situation in the Far East in general, the Western Powers would be seriously embarrassed if the USSR in the near future forced the issue of a peace conference with Japan or negotiated a separate peace at a time when the Western Powers were not prepared to accept the possible results of such action.

6. In the light of the present world situation and of the portentous events of the past two months, particularly in the Far East and in the United Nations, and in view of the insecurity of the United States

military position in the Far East, the Joint Chiefs of Staff withdraw their objection to the conclusions of a peace treaty with Japan without the USSR and the Chinese Communists as party signators to the document. In connection with the foregoing, it should be noted that under the terms of the treaty between the government of the USSR and the Central Peoples' Government of the Chinese Peoples' Republic,[3] as made public on 15 February 1950, the parties agreed to undertake "jointly all necessary measures at their disposal to prevent any repetition of aggression and violation of peace . . . ." [4] against a "state which directly or indirectly would unite with Japan in acts of aggression. . . ." The Joint Chiefs of Staff would point out that this provision of the treaty might legally be invoked against the United States were a peace treaty with Japan to be concluded without the USSR and the Chinese Communist government as party signators. On the other hand, the USSR has demonstrated that its decisions are based upon political expediency and military capabilities. The USSR has evidenced little regard for prior commitments, and has used legalistic justification primarily for argument for the benefit of the USSR. The Joint Chiefs of Staff realize that some risks are implied in the terms of the treaty between the USSR and the Chinese Peoples' Republic but consider that such risks will be minimized if the Japanese treaty is not ratified until after favorable resolution of the present United States military involvement in Korea.

7. In point of time the Joint Chiefs of Staff believe that the evolution of Japan should be viewed generally as follows:

a. Distant future. The outline of the world situation in the distant future is clouded with uncertainty. A prerequisite to world peace and security will be the resolution of the present conflict between the United States and the USSR. Although the favorable resolution of the present conflict is one which must be considered to be within the capabilities of the free world, the United Nations has not demonstrated potentialities of becoming adequately effective on a world-wide scale. Indeed, the United Nations, as now constituted, is not intended to be capable of acting as a guarantor of peace and security in the face of a major threat. As has been pointed out above, neither can the United States forever guarantee Japan's security, loss of which might otherwise result from such a major threat. In the distant future, therefore, Japan must be expected to join the family of sovereign nations as an independent state with attendant privileges and responsibilities, including those of self-defense.

b. Intermediate and foreseeable future. The intermediate and foreseeable future holds promise of a peace treaty for Japan embodying, under the Potsdam Declaration, some form of security reservation for the duration of such "irresponsible militarism" in the world as

[3] For the text of the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance signed in Moscow February 14, 1950, see 226 United Nations Treaty Series (UNTS) 12.

[4] Omissions in the source text.

would be a threat to "peace, security and justice." From the United States security point of view, such a security reservation must provide that initially Japan will be garrisoned by forces acceptable to the United States and under a United States military command. These garrisons are essential if Japan is to be denied to the USSR. As the exercise of the sovereignty of the Japanese government increases, Japanese security forces should be gradually increased and appropriately armed in anticipation of the assumption by the Japanese government of the full burden of its own security and defense. As effective increases are made, the garrison forces under the United States military commander should be gradually phased out in accordance with the world situation existing at the time. If global war eventuates during the intermediate and foreseeable future, the war potential of Japan should be available to the United States.

c. Immediate future. In view of the present situation in the Far East, the Joint Chiefs of Staff consider that, at least for the immediate future, the existing arrangement of a Supreme Commander for the Allied Powers (SCAP), together with the controls exercised by him, and the military occupation must be continued. If political considerations are compelling, however, the Joint Chiefs of Staff, from the military point of view, could accept the initiation of negotiations leading toward a Japanese peace treaty, provided that SCAP and his authority continue until the treaty comes into effect, and provided further that the negotiations are not brought to a conclusion until after the favorable outcome of United States involvement in Korea. In any event, if global war should eventuate, the war potential of Japan should be available to the United States.

8. The Joint Chiefs of Staff consider, from the military point of view, that security requirements of the United States dictate the following with respect to any Japanese peace treaty:

a. It must not become effective until after favorable resolution of the present United States military situation in Korea;

b. It must assure that Japan is denied to the USSR;

c. It must provide that, initially, Japan will be garrisoned by forces acceptable to the United States under a United States military command;

d. It must provide that foreign forces unacceptable to the United States not be permitted in any of the Japanese islands to the southward of Sakhalin and the Kurile Islands;

e. It must provide that the United States will eventually withdraw its garrison forces, the manner and method of phasing to be determined in accordance with United States estimates both of the nature and extent of threat to the peace and security of Japan and to the free world existing at the time, and of the extent to which Japan is able to assume the burden of defense against that threat.

f. It must not contain any prohibition, direct or implicit, now or in the future, of Japan's inalienable right to self-defense in case of external attack, and to possess the means to exercise that right.

g. Its terms must provide that the garrison forces not be restricted within limited base areas, and that the individuals thereof enjoy the same rights of free passage in Japan, and bear the same responsibilities as to law and order there, as they do in the United States. In this

connection, Japan in the post-treaty period should be fully responsible for its own internal affairs, and should not be expected to pay the costs of the garrison.

h. It must not disturb the United States strategic trusteeship over the Marianas, Caroline, and Marshall Islands; and,

i. Its terms must secure to the United States exclusive strategic control of the Ryukyu Islands south of latitude 29° north, Marcus Island, and the Nanpo Shoto south of Sofu Gan.

9. Specific comments addressed to the draft of the prospective articles of "International Peace and Security," prepared in the Department of State and forwarded with your memorandum, are as follows:

a. The Joint Chiefs of Staff are convinced that the security interests of the United States are not adequately safeguarded therein. In this connection, the draft articles do not meet the minimum security requirements of a treaty as set forth in paragraph 8 above.

b. The Joint Chiefs of Staff consider unsound any formula which seeks to rest United States security interests on the United Nations alone. While recognizing the importance of the continued existence and the United States support of the United Nations, and while wholly supporting its aims and objectives, the Joint Chiefs of Staff feel strongly that the United Nations now and in the foreseeable future must, under no circumstances, be the sole instrumentality for any of the essential security interests of the United States.

For the above reasons, the Joint Chiefs of Staff regard as unacceptable the draft of prospective articles of "International Peace and Security," which was prepared by the Department of State.

10. The Joint Chiefs of Staff recommend that you inform the Secretary of State of the substance of this memorandum as representing the minimum requirements to provide adequate security to the United States in a treaty with Japan.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

Lot 56D424

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison)[1] *to the Secretary of State*

TOP SECRET [WASHINGTON,] August 24, 1950.

Herewith the revised memorandum of comment on the Joint Chiefs' Memorandum concerning the proposed Japanese Peace Treaty.

[1] In a memorandum to the Secretary of August 17, Mr. Dulles had indicated in part that he was about to go on 2 weeks' vacation.
Also in the course of this memorandum, Mr. Dulles had mentioned speaking casually with the President that day about several matters and had stated the latter had indicated ". . . he felt there ought to be a political decision to proceed lest we lose our influence in Japan." (694.001/8–1750)

I have had an original and one copy made which you could leave with the Secretary of Defense. Attached to these copies is a copy of the August 18 draft [2] of the peace treaty as a whole which can be left for the information of the Joint Chiefs. It should be made clear that this draft is not final and has not received final approval within the Department. However, it incorporates the comments of all of the offices concerned within the State Department and in general expresses agreed ideas. Article 5 of the draft does not have general approval and will probably be changed somewhat. This is the Article which deals with the disposition of Formosa and the Kuriles.[3] There also may be added an Article setting up mixed claims commissions or an arbitral tribunal for the settlement of disputes arising under the treaty. This problem is now under discussion between my Office and that of the Legal Adviser.

You will note that I have left unchanged in paragraph 3*g* on page 3 of the memorandum the statement that we agree with the Joint Chiefs that "Japan in the post-treaty period should be fully responsible for its own internal affairs." I believe it is important to have the military recognize this principle and I do not see how we can spell out in the Treaty the exact definition of the phrase or what would happen in case of internal riots of a serious nature. Normally we would hope such disturbances could be handled by the Japanese police, but obviously if they got out of hand it would be necessary for our own forces to take part. I believe we must leave this problem open for settlement on an *ad hoc* basis should it arise. Given good will on the part of the Japanese Government, which we should be able to count on after a peace treaty, and given good sense on the part of American diplomats and military in Japan, there should be no real difficulty in this connection. In my opinion it would be better not to raise the issue with Secretary Johnson at this time.

You will note that there are two phrases used in the Joint Chiefs' Memorandum upon which we request specific clarification. The first of these appears in paragraph 2 of my memorandum and is the phrase, "the war potential of Japan should be available to the United States". It would seem to me that we obviously cannot include in a general multilateral peace treaty such a provision. However, with the United States forces in Japan and accepting the military judgment, as most recently stated in a General Staff Intelligence study on "Soviet and Communist Capabilities in the Far East" dated August 11, 1950,[4] that in the event of a global war Japan would be attacked by the USSR, we can be certain that as a practical matter Japan's war potential would

[2] Not printed.

[3] The language of this article is substantively identical to that in numbered paragraph 5 of the draft of August 7, p. 1268.

[4] Not found in Department of State files.

be made available to the United States. There certainly is nothing in the Treaty as drafted by this Department to prevent it.

In paragraph 3*g* on page 3 of my memorandum, we also request clarification concerning a phrase about individual members of the United States forces remaining in Japan enjoying the same rights and bearing the same responsibilities as to law and order in Japan as they do in the United States. I do not suggest a lengthy discussion of this point at this time, but I believe it would be made clear that the State Department cannot agree to complete extraterritoriality for United States forces in a post-treaty Japan, should that be the Defense Department's desire. In our negotiations with Defense over rights of our military in Austria and in Korea, it has become evident that the Defense Department wishes to obtain agreement that no member of the United States armed forces in those areas can be sued in a civil court for actions taken in his private capacity. Inasmuch as the Army itself will not assume civil jurisdiction over its members this would apparently leave them subject to no law whatsoever and would probably be a source of constant friction and embarrassment to this Government in its relations with the Japanese should such rights be insisted upon.

There is one minor point which you should have in mind. After writing my memorandum, I obtained a copy of your covering letter of August 1 to Secretary Johnson transmitting the Treaty draft [5] and I note that it makes no reference to the time of going into effect of the Treaty as stated in paragraph 3*a* of my memorandum. However, in the covering memorandum to the NSC [6] which transmitted the draft Security Chapter,[7] this was made clear and inasmuch as it was sent in the name of the Secretary of State I believe the phraseology in 3*a* is substantially correct.

I am making copies of this revised memorandum available to Messrs. Matthews, Jessup, Dulles and Rusk.

JOHN M. ALLISON

[Attachment]

AUGUST 23, 1950.

MEMORANDUM

1. The Department of State has studied carefully the Memorandum for the Secretary of Defense from the Joint Chiefs of Staff, dated

[5] No letter of the Secretary to Mr. Johnson of August 1 transmitting the entire text of the treaty has been found in State Department files. Mr. Acheson did enclose with his letter of August 1 to Mr. Johnson, not printed, a draft of the security chapter (apparently the draft of July 25 as modified July 28, p. 1260).

[6] Transmitted to NSC August 16, not printed, but see the summary of a portion thereof in paragraph (6.*b*.) of the unsigned memorandum of August 14, together with footnote 4 thereto, p. 1273.

[7] Unchanged from the draft of security articles mentioned in footnote 5 above, but lacking the "note" thereto.

22 August 1950 on a Proposed Japanese Peace Treaty and has the following comments.

2. The Department of State is in substantial agreement with the Memorandum of the Joint Chiefs in so far as paragraphs 2 through 8, inclusive, are concerned. There are certain phrases in these paragraphs which, in the opinion of the Department of State, require clarification but in most cases these are minor matters. The most important point upon which clarification would be helpful is that which appears in several places: "the war potential of Japan should be available to the United States."

3. The Department of State disagrees with the statement in paragraph 9*a* of the Joint Chiefs' Memorandum that "the draft articles do not meet the [minimum] security requirements of a treaty as set forth in paragraph 8 above." In the opinion of the Department of State the draft security chapter of the Treaty forwarded to the Secretary of Defense by the Secretary of State does meet the requirements of the Joint Chiefs of Staff either explicitly or by implication. There is given below a detailed justification of this opinion in the following sub-paragraphs, lettered to correspond with the sub-paragraphs in paragraph 8 of the Memorandum of the Joint Chiefs of Staff:

a. The Department of State agrees that any peace treaty with Japan should not come into effect until after favorable resolution of the military situation in Korea. It was made clear in the Secretary of State's covering letter that the time of going into effect of the Treaty should be controlled by the United States through the ratification procedure and by the use of diplomatic techniques during the negotiation. In any event it is not contemplated that the Treaty would go into effect for at least a year from the time negotiations begin. This obviously cannot be spelled out completely in the Treaty terms themselves but it is believed that the Joint Chiefs may be assured that the Treaty would not go into effect until such time as the United States Government determined it should, in its own interest. In so far as such matters can be fixed in the Treaty itself, Article 21 of the State Department's draft No. 4 of August 18, 1950, of the full Treaty [8] (not just the Security Chapter) does so. A copy of this draft not previously available to the Joint Chiefs is attached.

b. No treaty can completely guarantee that Japan is denied to the USSR but in so far as that is possible, it is believed the State Department's draft does so. It provides that United States troops shall be garrisoned in Japan in the post-treaty period and that troops of no other power shall be given facilities in Japan except "by agreement with the United States" (Article 8)[9] or "in accordance with the pro-

[8] This article reads as follows in the only copy of this draft found in Department of State files: "The present Treaty shall come into force between Japan and the Allied and Associated Powers which have ratified the Treaty when ratifications by _____ shall have been deposited with _____." (694.001/8–1850)

[9] Articles 8, 9, and 10 of the August 18 draft treaty are equivalent to Articles II, III, and IV of the draft of security articles mentioned in footnote 5 above.

visions of . . .[10] Article 43 of the Charter of the United Nations" (Article 9)[11] and in the latter case the United States has a veto and can block any action inimical to it. In the opinion of the Department of State an early treaty concluded on the initiative of the United States and its friendly Allies making it possible for Japan to associate itself on terms of equality with the free world will of itself do much to assure Japan's orientation toward the West. Accompanied by the safeguards mentioned above the Treaty will do all humanly possible to deny Japan to the USSR.

c. The statements in *b* above seem to answer this point. Perhaps it should be made more clear that the forces in Japan will be under United States Command and such a provision could easily be added if it is deemed vital. However, there is considerable political advantage to not spelling this out so that the Treaty will look to the Japanese and to the world as little as possible like a grab for power on the part of the United States.

d. As stated above, Articles 8 and 9 of the State Department Draft assure that forces not acceptable to the United States shall have no facilities or rights in Japan.

e and *f.* It is not believed that the Treaty itself should provide for the eventual withdrawal of United States forces any more explicitly than now provided in Article 10.[11] That Article assures to the United States the decisive voice as to when the security arrangements shall be terminated. As stated under *g* below it is contemplated that a separate bilateral agreement between the United States and Japan will be concluded simultaneously with the conclusion of the Treaty in which all the various details regarding the implementation of the security arrangements will be worked out. Under this agreement it will be possible to spell out in detail if desirable the methods for any possible phasing out of United States garrison forces. It is not believed desirable at this time to have anything in the Treaty implying the recreation of Japanese military forces, as from the political point of view any such provision would undoubtedly ensure that many, if not all, of our friendly Allies would not go along with us in concluding a Treaty. On the other hand, the Treaty as drafted by the State Department contains *no* provisions inhibiting Japan's inalienable right of self-defense. The Department of State agrees that provision must at an early date be made for Japan to begin to assume some of the burden of its own defense and agrees with the sense of paragraphs *e* and *f* of the Joint Chiefs' Memorandum and will cooperate in working to achieve the ends therein described. However, it does not believe that it is either necessary or desirable to include provisions for such matters in a Treaty. As long as there is no prohibition in the Treaty, as there is not, of the eventual establishment of Japanese defense

[10] Omissions in this document occur in the source text.

[11] Articles 8, 9, and 10 of the August 18 draft treaty are equivalent to Articles II, III, and IV of the draft of security articles mentioned in footnote 5 above.

forces, the Department of State is confident the ends desired by the Joint Chiefs can and will be achieved and in a manner consistent with the overall political interests of the United States.

g. It is believed that Article 8 of the State Department draft gives sufficient basis for the United States to station its forces wherever in Japan and in whatever numbers it may desire. As pointed out in a note to the draft Security Chapter, it is the intention of the Department of State that a separate agreement be concluded between the United States and Japan, simultaneously with the conclusion of the Treaty, which will spell out the detailed provisions deemed necessary by the Joint Chiefs. The Treaty itself provides the broad framework and the foundation for such special agreement. It in no way limits what the United States may obtain. The Department of State would appreciate clarifications with respect to the phrase, "that the individuals thereof enjoy the same rights of free passage in Japan, and bear the same responsibilities as to law and order there, as they do in the United States". The Department of State agrees with the Joint Chiefs that "Japan in the post-treaty period should be fully responsible for its own internal affairs.". With respect to paying "the costs of the garrison" it may be deemed advisable for Japan initially to continue to pay a portion of such costs, but this is a matter which would be resolved in the supplementary bilateral U.S.–Japan agreement and does not need to be spelled out in the Treaty itself.

h and *i*. The provisions of the State Department's August 18 draft of the Treaty as a whole (attached hereto) provide in Article 6 [12] for the recognition by Japan of the U.S. strategic trusteeship of the Marianas, Caroline and Marshall Islands and control by the United States "of the Ryukyu Islands south of 29° north latitude, the Bonin Islands, including Rosario Island, the Volcano Islands, Parace Vela and Marcus Island". The Department will be glad to discuss these provisions with the Joint Chiefs at their convenience.

4. With respect to paragraph 9*b* of the Joint Chiefs' Memorandum, the Department of State agrees that it would be unsound, under present conditions, to rest United States security interests on the United Nations alone. The provisions of the draft Security Chapter prepared in the Department of State do not do this in any way. While casting the Security provisions in the words of the United Nations Charter and in a framework roughly equivalent to that which would prevail if the United Nations were working perfectly, in all cases the final determination of what shall be done and how and when it shall be

[12] This article reads as follows: "Japan accepts the action of the United Nations Security Council of April 2, 1947 extending the trusteeship system, with the United States as the administering authority, to the Pacific Islands formerly under mandate to Japan. The United States will also propose to the United Nations to place under its trusteeship system, with the United States as administering authority, all or part of the Ryukyu Islands south of 29 North Latitude, the Bonin Islands, including Rosario Island, the Volcano Islands, Parace Vela and Marcus Island, as the United States may determine, and pending affirmative action on such proposal Japan agrees that the United States shall have full powers of administration, legislation, and jurisdiction over the territory of these islands."

done is reserved to the United States. Article 10 of the draft Treaty which discusses the transfer of security responsibilities to the United Nations specifically reserves the timing to "those Treaty Powers providing forces under the terms of Article 8. . . ." Article 8 ensures that those Treaty Powers will be the United States and such other Powers as may be agreed to by the United States.

5. For the above reasons the Department of State believes that the treaty draft presented to the Secretary of Defense meets in all essentials the criteria of the Joint Chiefs of Staff.

6. Inasmuch as the Department of State agrees in substance entirely with the point of view expressed in the Memorandum of the Joint Chiefs and is in agreement with the ends to be achieved in a Treaty with Japan, it is believed there should be no further delay in proceeding with preliminary confidential discussions with the friendly members of the Far Eastern Commission with a view to determining whether they would generally favor the type of Treaty desired by the United States and how they would propose to proceed. It is believed to be within the responsibility of the Department of State to determine the appropriate language in which the Treaty should be drafted in order to obtain the agreed United States objectives.

694.001/8–2950

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] August 29, 1950.

Subject: Japanese Peace Treaty.

In accordance with instructions,[1] I called on General Carter Magruder this morning to discuss with him in detail the memorandum from the Joint Chiefs of Staff concerning the Japanese peace treaty. I left with him an original and two copies of my memorandum of August 23[2] commenting on the Joint Chiefs' memorandum,[3] and General Magruder and I discussed these comments in detail.

There was found to be general agreement in almost every case. The section of the treaty which seemed to give General Magruder most alarm was Article 10[4] which he interpreted to mean that as soon as Japan is admitted to the United Nations, the security provisions of the treaty would be relinquished. When it was explained to him that this was not so, he raised additional objections, most of which were

[1] See Mr. Acheson's letter of September 7 to Secretary Johnson, p. 1293.
[2] *Ante*, p. 1284.
[3] Of August 22, p. 1278.
[4] Of the treaty draft of August 18. Articles 8 and 10 of this draft are identical to Articles II and IV of the draft security articles of July 25 as modified July 28, p. 1260.

apparently based upon a lack of understanding of the UN Charter and, particularly, of the meaning of Chapter VII of the Charter. After some discussion, General Magruder seemed to agree that the State Department was not conceding too much, but he continued to maintain that the language of Article 10 was obscure. He suggested minor changes in phraseology which I told him would be given consideration by the Department. The other chief cause for concern was the last sentence in Article 8 [5] of the treaty which General Magruder feared would make it impossible for the United States Forces in Japan to take action against large-scale internal Communist riots. It was agreed that this language could be improved, and I undertook to study the matter with a view to coming up with more acceptable language. I made it clear that the State Department agreed with Defense that there might be the necessity for action against internal riots and that it was not our desire to prevent such action, but only to obtain agreement to the general principle that after a treaty the Japanese Government would have responsibility for internal affairs in Japan.

General Magruder said that it would be necessary to discuss with his associates as well as with the Joint Chiefs the State Department comments, and it would be necessary to show these persons the August 18 draft of the treaty as a whole which was left with him. General Magruder also stated that in his opinion it would be necessary to cable the text of the treaty to General MacArthur for his comments before agreeing to go ahead with preliminary negotiations with other countries. I said that it was my understanding that Mr. Harriman had showed the text of the security clauses to General MacArthur and that the latter had expressed concurrence therein, but I added that I agreed that General MacArthur should have an opportunity to look at the whole treaty. At this point I endeavored to make clear that any text would have to be a tentative one until after negotiations had actually been undertaken, and that the important thing was for State and Defense to agree on a set of objectives which the treaty should bring about and on certain minimum conditions which would have to be included in a treaty. It should then be left to State to negotiate with the other powers on the basis of this agreement, and State should have the responsibility for devising language which would not only meet the necessary Defense conditions, but also be acceptable to our Allies and to the Japanese. I pointed out that there would be many changes of language during the course of negotiations but made clear that before final commitments were made we would again discuss the matter with responsible officials in the Defense Department.

I explained to General Magruder the background thinking of the August 18 draft and he agreed that a short general treaty was desirable. I also explained the necessity for speed in considering this

[5] See footnote 4 above.

matter in view of our desire to discuss the treaty with our friendly Allies during the early part of the coming session of the General Assembly. General Magruder agreed to work urgently on the matter but emphasized that it would be necessary for him to clear with the Joint Chiefs as well as his other colleagues. He, at first, stated that he thought it would be two weeks before any decision could be reached but finally agreed to come and see me on Friday, September 1, and said he hoped that we would be in such close agreement at that time that we would be able to progress speedily from then on. In parting I reemphasized that what we wanted was agreement on general principles and minimum conditions which should be included in a treaty and not agreement to a certain set of words which probably would have to be changed later as a result of negotiations with other countries. General Magruder was noncommittal about this but implied agreement.

Unless instructions to the contrary are received, I shall make no further attempt to see General Magruder until 11 a. m., September 1, when he has agreed to come to my office.

694.001/9–450

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] September 4, 1950.

Subject: Japanese Peace Treaty

As indicated in my memorandum to the Secretary of August 29, General Magruder agreed to discuss with me further on September 1 the question of a Japanese peace treaty. As a result of the discussion on September 1,[1] practically complete agreement was achieved and it was decided that I would prepare a joint memorandum to the President from the Secretaries of State and Defense, setting forth their agreement as to the desirability of proceeding with negotiations for a Japaness treaty and outlining in general terms what such a treaty would include together with other points of agreement on general problems connected with the Japanese peace treaty.

There is attached hereto a draft of such a memorandum. Certain portions of this draft memorandum to the President, namely paragraphs 2*c*, *d*, *f*, *h*, and *i*, are taken verbatim from the memorandum of the Joint Chiefs of Staff to the Secretary of Defense on a proposed Japanese peace treaty, dated 22 August 1950. The general description of an acceptable treaty contained in Tab A is based on Mr. Dulles'

[1] No full memorandum or other summary of this discussion has been found in Department of State files.

memorandum of August 18 to Mr. Jessup [2] on a Japanese peace treaty, with certain phrases added to meet points raised by General Magruder in our discussions. These points are found in paragraph 3 of Tab A where the words "or other satisfactory arrangements" were added with a view to making it possible for the United States to withdraw its forces should suitable Japanese defense forces come into being. The last sentence of paragraph 3 was also added in order to bring this paragraph more specifically in line with Defense criteria. In paragraph 6 of Tab A the phrase "with the exception of those arising out of the security arrangements" and the last sentence of the paragraph have been added to meet a point raised by General Magruder.

It is believed that this memorandum will receive the approval of the Joint Chiefs and it is hoped that it may receive prompt approval in the Department so that it may be sent formally to the Secretary of Defense as soon as possible. I am making an informal copy of this draft available to General Magruder with the understanding that it has not yet had approval in the Department, but that he may use it in an effort to expedite a decision as to its general acceptability.

During my discussion with General Magruder on September 1, he was accompanied by Colonel Stanton Babcock, who has just recently returned from Japan and who has from time to time been associated with the problems connected with a treaty in General MacArthur's Headquarters. General Magruder stated that, if possible, the Department of Defense would like to have Colonel Babcock sit in on the preliminary negotiations contemplated in the attached memorandum. I strongly recommend that Colonel Babcock be invited to do so. He is a broad-gauge military officer with long experience in Japan both before and after the recent war. I have known him personally for the past 10 years and I am convinced of his ability and cooperative spirit. I believe it would be of real advantage to the State Department to have Colonel Babcock associated with the preliminary negotiations and that his presence would make possible expeditious handling of the various problems between our two Departments.

The only matter raised by General Magruder not specifically dealt with in the attached memorandum is his suggestion that the treaty be written in such a way as to make clear that the GARIOA obligation [3] will not be eliminated. Both Colonel Babcock and I pointed out to the General that it would be inadvisable to have such a provision in the treaty as our effort to get other powers to agree to taking no

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[2] Not printed. In the covering note Mr. Dulles had said: "At luncheon we considered the possibility of a textual discussion with the British Commonwealth group while at the same time giving others initially something less. I have drafted the annexed to illustrate what could be given to the others." (611.941/8–1850)

[3] The obligation of Japan to repay a portion of the advances made under the heading "Government Assistance and Relief in Occupied Areas."

reparations from Japan would be made much easier if no specific demand for repayment of GARIOA expenses is made. In connection with the Department's tentative belief that at least in the initial phases there should not be full "pay-as-you-go", but that Japan should contribute at least a portion of the expenses of garrison forces, it should be possible to reach an agreement with the Defense Department whereby such contributions by Japan could be counted as an offset to the GARIOA expenditures. I believe there will be no real difficulty with this point and that it should not cause a delay in reaching a decision on the attached memorandum.

[Here follows the September 4 draft joint State–Defense memorandum to the President. It differs only in one sentence from the final draft of September 7, page 1293. The second sentence of numbered paragraph 4 originally read: "In carrying out these negotiations the Department of State will use as a guide the general description of an acceptable treaty as contained in Tab A."]

Tab A[2]

The United States proposes a treaty with Japan which would end the state of war, restore Japanese sovereignty and bring Japan back as an equal in the society of free peoples. The treaty would deal with the following specific topics:

1. *United Nations.* Membership by Japan would be contemplated.
2. *Territory.* Japan would (*a*) recognize the independence of Korea; (*b*) recognize the United States strategic trusteeship of the Marianas, Caroline and Marshall Islands; (*c*) accept the control by the United States of the Ryukyu Islands south of 29° north latitude, the Bonin Islands, including Rosario Island, the Volcano Islands, Parace Vela and Marcus Islands; (*d*) renounce all claims to Formosa, Pescadores, South Sakhalin and the Kuriles and accept the future decision regarding their disposition of the Treaty Powers or the United Nations; (*e*) renounce all special rights and interests in China.
3. *Security.* The treaty would contemplate that, pending U.N. assumption of responsibility or other satisfactory arrangements, there would, at Japan's request, be continuing cooperative responsibility between Japanese facilities and United States forces for the defense of Japan and maintenance of international peace and security in the Japan area. Forces of other Treaty Powers might also cooperate by agreement with the United States.
4. *Political Clauses.* Japan would be expected to adhere to multilateral treaties dealing with narcotics and fishing and bilateral treaties could be revived by mutual agreement. Pending the conclusion of new commercial treaties, Japan would extend most-favored-nation treatment, subject to normal exceptions.
5. *Claims.* All parties would waive war claims, except that (*a*) the Allied Powers would hold Japanese property within their territory,

[2] This document was not included with the final memorandum to the President.

and (*b*) Japan would restore allied property or, if not restorable intact, provide yen to compensate for an agreed percentage of lost value.

6. *Disputes.* Treaty disputes, if any, with the exception of those arising out of the security arrangements, would be referred to the International Court of Justice. There could be special tribunals to deal with claims. Disputes arising as a result of the security provisions would be settled by Japan and those Treaty Powers maintaining forces in Japan, through the diplomatic channel.

694.001/9–750

The Secretary of State to the Secretary of Defense (Johnson)[1]

TOP SECRET [WASHINGTON,] September 7, 1950.

DEAR MR. SECRETARY: You will recall that on August 28 during our telephone conversation regarding a Japanese Peace Treaty you suggested, and I agreed, that a detailed discussion of this problem be taken up in the first instance by General Magruder and Mr. Allison. Such discussions have taken place and I am enclosing a memorandum prepared after consultation with General Magruder recommending to the President how we should proceed. I have signed this memorandum and if you agree with it will you please also sign and forward it to the President at the earliest possible opportunity. I am particularly anxious to get the President's decision before I meet in New York next week with Foreign Ministers Bevin and Schuman. It will be appreciated if you will let me know when the memorandum has been sent forward.

Sincerely yours, DEAN ACHESON

[Enclosure]

TOP SECRET SEPTEMBER 7, 1950.

MEMORANDUM FOR THE PRESIDENT

The Secretaries of State and Defense have agreed on the following points with respect to a Peace Treaty with Japan.

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[1] In a memorandum of September 5, not printed, Mr. Allison had reviewed for Mr. Dulles those developments regarding a Japanese peace treaty which had occurred during the latter's absence. Although Mr. Allison did not indicate the exact day of Mr. Dulles' departure or return, he summarized events, and enclosed documents, of August 22 through September 4. (694.001/9–550)

In a memorandum of September 6 Mr. Battle had said in part: "Mr. Dulles called me this morning and asked if the Secretary concurred in the draft memorandum to the President. Mr. Dulles said that the only changes were one or two small verbal ones in the memorandum itself and the deletion of Tab A . . . I spoke to the Secretary about this and told him, what Mr. Dulles had told me, that the memorandum was generally cleared in the Department in FE [*sic*], with Mr. Matthews and with Mr. Dulles, and asked him if he agreed with the memorandum as drafted. The Secretary said that he did agree. . . ." (694.001/9–650)

1. The United States should now proceed with preliminary negotiations for a Japanese Peace Treaty.

2. In conducting these negotiations the following security requirements should be regarded as vital and any Treaty must take account of the following:

a. The Treaty shall not become effective until such time as the interests of the United States dictate and in no event until after favorable resolution of the present United States military situation in Korea;

b. In so far as possible in a Treaty there must be assurance that access to the natural, industrial and manpower resources of Japan shall be denied to the USSR;

c. It must provide that initially Japan will be garrisoned by forces acceptable to the United States under a United States military command;

d. It must provide that foreign forces unacceptable to the United States not be permitted in any of the Japanese islands to the southward of Sakhalin and the Kurile Islands;

e. The security arrangements, while protecting the United States from being forced out of Japan without its consent, should also make it possible for the United States to withdraw its forces whenever satisfactory alternative security arrangements are concluded;

f. It must not contain any prohibition, direct or implicit, now or in the future, of Japan's inalienable right to self-defense in case of external attack, and to possess the means to exercise that right;

g. The Treaty must give the United States the right to maintain armed forces in Japan, wherever, for so long, and to such extent as it deems necessary. Questions regarding the relationship of the armed forces to the Japanese Government, the extent to which Japan will be required to contribute to the cost of maintaining those forces, and similar questions regarding the detailed implementation of the security arrangements will be the subject of a supplementary bilateral agreement between the United States and Japan to come into effect simultaneously with the coming into effect of the Treaty. The terms of this agreement will be worked out cooperatively by the State and Defense Departments;

h. It must not disturb the United States strategic trusteeship over the Marianas, Caroline and Marshall Islands;

i. Its terms must secure to the United States exclusive strategic control of the Ryukyu Islands south of latitude 29° north, Marcus Island, and the Nanpo Shoto south of Sofu Gan;

j. There should be nothing in the Treaty which prohibits the United States garrison forces' acting at the request of the Japanese Government to put down large-scale internal riots and disturbances.

3. The Departments of State and Defense agree that provision must be made at an early date for Japan to begin to assume some of the burden of its own defense and in step with the Treaty negotiations the two Departments will consult and agree on measures to be taken to achieve the desired ends in a manner consistent with the overall political interests of the United States.

4. It is agreed that the Department of State should undertake confidential preliminary discussion through the diplomatic channel with friendly powers on the Far Eastern Commission [2] with a view to ascertaining whether they would generally favor the type of Treaty desired by the United States and how they would propose to proceed.[3] In carrying out these negotiations the Department of State will be guided by the security desiderata outlined in paragraph 2 above. If, during the course of discussion with friendly powers, the Department of State finds it helpful to submit the actual draft of a Treaty or portion thereof, it will be made clear that such draft is only suggestive and does not commit the United States Government with regard to the detailed content or language of the draft.

5. After the initial discussions with the friendly powers and at a time to be determined by the Secretary of State in consultation with the Secretary of Defense, a United States political representative will go to Japan to discuss confidentially with General MacArthur the proposed Treaty and by arrangements through and in cooperation with General MacArthur will discuss the proposed Treaty with the Japanese Government and also seek a procedure for Japanese participation in the Treaty-making process which will assure genuine acceptance by the representatives of all important non-Communist political groups in Japan.

6. During the course of the discussions envisioned in paragraph 4 above the Treaty should be discussed informally with members of the Senate Foreign Relations and Armed Services Committees.[4]

7. After preliminary discussions have been completed in accordance with the above procedures the Departments of State and Defense will consult with a view to making detailed recommendations to the President and the National Security Council as to the next steps to be taken.

8. At an appropriate time to be determined by the Department of State a public announcement will be made designed to make clear the agreement of the United States Government on the necessity of proceeding with preparations for a Treaty and the fact that discussions

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[2] An unsigned paper of September 22 on Japan, part of a briefing series for high officers of the Department, read in part: "We are disposed to discuss the [Japanese peace settlement] situation with the Soviets at the GA if they are willing, although we expect to talk first with friendly members of the FEC." ("Policy Record Guide," 611.00/9–2250 Bulky)

[3] For President Truman's statement released September 14, announcing the intention of the United States to initiate such discussions, see Department of State *Bulletin*, September 25, 1950, p. 513. For Mr. Truman's news conference of the 14th, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington: Government Printing Office, 1965), pp. 637–640.

[4] In a memorandum of a conversation held September 13, Mr. Merchant stated that he, Mr. Dulles, and Jack K. McFall, Assistant Secretary of State for Congressional Relations, had discussed a Japanese peace treaty with Senator Tom Connally of Texas, Chairman of the Senate Foreign Relations Committee, and Senators Walter George of Georgia and Alexander Wiley of Wisconsin, also of that Committee. Mr. Merchant reported in part that after a briefing by Mr. Dulles on the treaty, its security aspects, and the proposed plan of discussions with FEC powers, each of the three Senators individually stated his support of the general line and the planned procedure. "Mr. Dulles then pointed out the importance of making the Japanese believe that they are in fact full members of what they tend to regard as the 'Club of the Western Nations'. In this connection, he emphasized the importance of amending our immigration laws to remove the present discrimination against the Japanese as compared to the Indians and the Chinese." (694.001/9–1350)

through the diplomatic channel are underway. The text of this announcement will be agreed with the Department of Defense.

It is recommended that the President give his approval to the above and that the Secretary of State immediately take the necessary steps to carry out these recommendations.[5]

DEAN ACHESON
Secretary of State
LOUIS JOHNSON
Secretary of Defense

[5] The following is handwritten in the margin: "Approved Sept 8, 1950 Harry S Truman."
In a memorandum of September 8 to the NSC, James S. Lay, Jr., its Executive Secretary, stated in part that the President had approved the joint memorandum (now NSC 60/1) after it had been concurred in by the other members of the NSC and the Acting Secretary of the Treasury and that the President had directed the Secretary of State immediately to take the necessary steps to implement it. (Lot 63D35: Folder "NSC 60 Memoranda")

694.001/9–1150

Unsigned Memorandum Prepared in the Department of State[1]

SECRET [WASHINGTON,] September 11, 1950.

There is given below a brief general statement of the type of Treaty envisioned by the United States Government as proper to end the state of war with Japan. It is stressed that this statement is only suggestive and tentative and does not commit the United States Government to the detailed content or wording of any future draft. It is expected that after there has been an opportunity to study this outline there will be a series of informal discussions designed to elaborate on it and make clear any points which may be obscure at first glance.

The United States proposes a treaty with Japan which would end the state of war, restore Japanese sovereignty and bring back Japan as an equal in the society of free peoples. As regards specific matters, the treaty would reflect the principles indicated below:

1. *Parties.* Any or all nations at war with Japan which are willing to make peace on the basis proposed and as may be agreed.
2. *United Nations.* Membership by Japan would be contemplated.
3. *Territory.* Japan would (*a*) recognize the independence of Korea; (*b*) agree to U.N. trusteeship, with the U.S. as administering authority, of the Ryukyu and Bonin Islands and (*c*) accept the future decision of the U.K., U.S.S.R., China and U.S. with reference to the status of Formosa, Pescadores, South Sakhalin and the Kuriles. In the event of no decision within a year after the treaty came into effect,

[1] This memorandum was prepared to be handed to representatives of the FEC powers during the series of informal bilateral discussions of a Japanese peace settlement, most of which were held in New York during the fall of 1950. On November 24 the Department of State released the memorandum to the press.

the U.N. General Assembly would decide. Special rights and interests in China would be renounced.

4. *Security.* The Treaty would contemplate that, pending satisfactory alternative security arrangements such as U.N. assumption of effective responsibility, there would be continuing cooperative responsibility between Japanese facilities and U.S. and perhaps other forces for the maintenance of international peace and security in the Japan area.

5. *Political and Commercial Arrangements.* Japan would agree to adhere to multilateral treaties dealing with narcotics and fishing. Prewar bilateral treaties could be revived by mutual agreement. Pending the conclusion of new commercial treaties, Japan would extend most-favored-nation treatment, subject to normal exceptions.

6. *Claims.* All parties would waive claims arising out of war acts prior to September 2, 1945, except that (*a*) the Allied Powers would, in general, hold Japanese property within their territory and (*b*) Japan would restore allied property or, if not restorable intact, provide yen to compensate for an agreed percentage of lost value.

7. *Disputes.* Claims disputes would be settled by a special neutral tribunal to be set up by the President of the International Court of Justice. Other disputes would be referred either to diplomatic settlement, or to the International Court of Justice.

Tokyo Post Files : 320.1 Peace Treaty

Draft of a Peace Treaty With Japan

SECRET [WASHINGTON,] September 11, 1950.

PREAMBLE

————, hereinafter called the Allied and Associated Powers, and Japan, are resolved that henceforth their relations shall be those of nations which, as sovereign equals, cooperate in friendly association to promote their common welfare and to maintain international peace and security.

Accordingly they have concluded this treaty.

CHAPTER I

PEACE

1. The state of war between the Allied and Associated Powers and Japan is ended.

CHAPTER II

SOVEREIGNTY

2. The Allied and Associated Powers accept the full sovereignty of the Japanese people, and their freely chosen representatives, over Japan and its territorial waters in accordance with and subject to the provisions hereof.

CHAPTER III

UNITED NATIONS

3. Japan will promptly apply for membership in the United Nations and the Allied and Associated Powers which are Members of the United Nations will support that application.

CHAPTER IV

TERRITORY

4. Japan recognizes the independence of Korea and will base its relation with Korea on the resolutions of the United Nations General Assembly and Security Council with respect to Korea.

5. Japan accepts whatever decision may hereafter be agreed upon by the United Kingdom, the Soviet Union, China, and the United States with reference to the future status of Formosa, the Pescadores, Sakhalin south of 50° north latitude and the Kurile Islands. In the event of failure in any case to agree within one year from the effective date of this treaty, the parties to this Treaty will seek and accept the recommendation of the United Nations General Assembly.

6. Japan accepts the action of the United Nations Security Council of April 2, 1947 extending the trusteeship system, with the United States as the administering authority, to the Pacific Islands formerly under mandate to Japan. The United States will also propose to the United Nations to place under its trusteeship system, with the United States as the administering authority, the Ryukyu Islands south of 29° north latitude, the Bonin Islands, including Rosario Island, the Volcano Islands, Parece Vela and Marcus Island, and pending affirmative action on such proposal the United States will have full powers of administration, legislation, and jurisdiction over the territory of these islands.

CHAPTER V

SECURITY

7. As a prospective member of the United Nations, Japan accepts in advance the obligations to act in accordance with the principles of Article 2 of the Charter of the United Nations for the maintenance of international peace and security, and the other Parties as members of the United Nations undertake reciprocally to be guided by those same principles in their relations to Japan.

8. In order further to contribute to the establishment and maintenance in the Japan area of conditions conducive to international peace and security in accordance with the principles of the Charter of the United Nations, and having regard for the fact that irresponsible militarism is not yet ended in the world, and subject to the transfer of responsibility to the United Nations or otherwise under the condi-

tions foreseen in Article 10, Japan requests and the United States agrees that it will provide such armed forces on behalf of the Treaty Powers, and the Japanese Government on its part shall provide such assistance and facilities, including rights of passage, as may from time to time be determined by the United States in consultation with the Japanese Government. The Treaty Powers other than the United States that are willing to contribute to such forces for the above purposes may do so by agreement with the United States. The forces furnished by the United States or other Treaty Powers shall not have any responsibility or authority to intervene in the internal affairs of Japan, or, without the request of the Japanese Government, to deal with internal violence except in their own defense.

9. During the period this Chapter is in effect, Japan will not permit another Power to have military facilities in Japan except in accordance with the provisions of this Chapter.

10. The provisions of this Chapter shall remain in effect until the coming into force of such United Nations arrangements or such alternative security arrangements as in the opinion of those Treaty Powers providing forces under the terms of Article 8 above will satisfactorily provide for the maintenance by the United Nations or otherwise of international peace and security in the Japan area.

11. Any dispute between the Government of Japan and any other government providing armed forces pursuant to this Chapter concerning the interpretation or execution of this Chapter shall be settled by the governments concerned through diplomatic channels.

Chapter VI

POLITICAL AND ECONOMIC CLAUSES

12. Japan declares its intention to secure to all persons under Japanese jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religion, of political opinion and of public meeting.

13. Japan will continue to be a party, or if not now a party will seek adherence, to the multilateral treaties and conventions designed to prevent the misuse of narcotics and to conserve fish and wildlife.

14. Pre-war bilateral treaties between Japan and any of the Allied and Associated Powers may be kept in force or revived upon mutual agreement of the two parties within six months.

15. Japan renounces all special rights or interests in China.

16. The power to grant clemency, reduce sentences, parole and pardon with respect to the sentences imposed by military tribunals of the Allied and Associated Powers on persons who are incarcerated in Japan may be exercised jointly by Japan and the Government or

Governments which imposed the sentence in each instance. In the case of the persons sentenced by the International Military Tribunal for the Far East, such power may be exercised jointly by Japan and a majority of the Governments represented on the Tribunal.

17. *a*) Japan declares its readiness promptly to conclude with each of the Allied and Associated Powers treaties to put on a stable and friendly basis the commercial and trading relations between them. In the meantime the Government of Japan will, during a period of three years from the coming into force of the present Treaty, accord most-favored-nation treatment to each of the Allied and Associated Powers with respect to customs duties, charges and all other regulations imposed on or in connection with the importation and exportation of goods, and will accord national treatment or most-favored-nation treatment, whichever is more favorable, with respect to the vessels, nationals and companies of the Allied and Associated Powers and their property, interests and business activities within Japan. In respect of any of the above matters the Government of Japan may withhold from any Allied and Associated Power the application of more favorable treatment than such Power, subject to the exceptions customarily included in its commercial agreements, is prepared to accord Japan in that respect.

(*b*) Notwithstanding the provisions of paragraph (*a*) of this Article, the Government of Japan will be entitled to apply measures dictated by its balance-of-payments position or by its essential security requirements, and to reserve the exceptions customarily contained in commercial agreements.

Chapter VII

CLAIMS ARISING OUT OF THE WAR

18. Except as in this Treaty otherwise provided, the Allied and Associated Powers and Japan reciprocally waive claims against each other for acts taken during the state of war hereby ended, prior to September 2, 1945. Japan declares its readiness to enter into similar reciprocal undertakings with nations which broke off diplomatic relations with Japan.

19. Japan waives all claims arising from the presence, operations or actions of forces or authorities of any of the Allied and Associated Powers in Japanese territory prior to the coming into force of the present Treaty.

20. Each of the Allied and Associated Powers will have the right to retain and dispose of all Japanese property, rights and interests within its territory at any time between December 7, 1941, and the coming into force of the present treaty, except (1) property of Japanese nationals permitted to reside in the territory of one of the Allied and Associated Powers, except property subjected to special measures

prior to September 2, 1945; (2) tangible diplomatic or consular property, net of any expenses incident to its preservation; (3) property of non-political religious, charitable, cultural or educational institutions; (4) property located in Japan, despite the presence elsewhere of paper or similar evidence of right, title or interest in such property, or any debt claim with respect thereto; and (5) trade-marks identifying products originating in Japan.

21. (*a*) Japan will restore, upon demand, within six months from the effective date of this treaty, the property, tangible and intangible, and all rights or interests of any kind in property, in Japan of the Allied and Associated Powers and their nationals, unless the owner has freely disposed of his property without duress or fraud, and, to the extent that such property and interests, whether or not taken under the control of the Japanese Government, has been lost or damaged as a result of the war, will make compensation in yen equal to _____% of the amount necessary at the time of payment (1) to purchase similar property, or (2) to restore the property to its condition on December 7, 1941. Compensation shall not be made to persons whose activities and property were not subjected to special Japanese wartime restrictions applicable to Allied nationals generally. Claims of each of the Allied and Associated Powers and its nationals for compensation will be presented by its Government to the Japanese Government within eighteen months from the effective date of this treaty.

(*b*) If agreement on compensation is not reached within six months after the filing of a claim, either of the governments concerned may refer the matter to the Arbitral Tribunal provided for in Article 22 of this treaty.

(*c*) For the purposes of this article rights or interests in property shall include directly and indirectly held ownership interests in juridical entities which are not nationals of an Allied or Associated Powers, but which have suffered loss of or damage to property in Japan as a result of the war. Compensation with respect to such loss or damage shall bear the same proportion to compensation payable to an owner under subparagraph (*a*) as the beneficial interests of such nationals in the corporation or association bear to the total capital thereof.

22. (*a*) Any dispute between any of the Allied and Associated Powers which may arise in giving effect to the provisions of this Chapter and which is not settled through the diplomatic channel or otherwise may be referred by any Government party to the dispute to an Arbitral Tribunal, consisting of three jurists to be designated by the President of the International Court of Justice on request of the depository government made within three months from the effective date of this treaty. The designations shall be made from nationals of countries which were neutral in World War II. Vacancies on the

Tribunal will similarly be filled by designation by the President of the International Court of Justice upon request of the depository government. Decisions of the Tribunal shall be by majority vote and shall be final and binding.

(*b*) The salaries of the members of the Arbitral Tribunal shall be fixed by the President of the International Court of Justice, in consultation with the Government of Japan. The Government of Japan shall pay the costs and expenses of the proceedings, including salaries of members and employees of the Tribunal, but not including costs incurred by other governments in the preparation and presentation of cases.

(*c*) The authority of the Tribunal, and the terms of office of its members, shall terminate at the expiration of ten years from the effective date of the present Treaty, unless Japan and a majority of the Allied and Associated Powers agree to fix an earlier or later termination date.

Chapter VIII

SETTLEMENT OF DISPUTES

23. (*a*) Except as otherwise provided in this Treaty, any dispute between the Government of an Allied and Associated Power and the Government of Japan concerning the interpretation or execution of the present Treaty, which is not settled through diplomatic channels shall, at the request of a Party to the dispute, and without special agreement, be referred for decision to the International Court of Justice.

(*b*) Japan and those Allied and Associated Powers which are not already parties to the Statute of the International Court of Justice, will deposit with the Registrar of the International Court of Justice, on the date of the deposit of their ratification of the present Treaty, a general declaration accepting the jurisdiction, without special agreement, of the Court generally in respect of all disputes of the character referred to in paragraph (*a*) of this Article.

Chapter IX

EFFECTIVENESS

24. The present Treaty shall come into force between Japan and the Allied and Associated Powers which have ratified the Treaty, when ratifications by _____ shall have been deposited with _____.

25. Any state which is at war or in a state of belligerency with Japan and is not a signatory to the present Treaty may adhere to the

Treaty after it comes into force by depositing an instrument of adherence with _____, and, upon adherence, shall be deemed, for the purposes of the present Treaty, to be one of the Allied and Associated Powers.

26. Except for the provisions of Articles 15 and 18, the present Treaty shall not confer any rights and benefits upon any state which shall not have executed and ratified or adhered to the present Treaty.

Lot 56D527

The Deputy Director of the Office of Northeast Asian Affairs (Johnson) to the Acting United States Political Adviser for Japan (Sebald)

TOP SECRET [WASHINGTON,] September 14, 1950.

DEAR BILL: A telegram [1] has just gone out to you quoting the text of an announcement to be made by the President in a couple of hours regarding a Japanese peace treaty.[2] I am sorry that we could not inform you of the announcement earlier but word that the President had approved and planned to make the statement today was only just received.

As pointed out in the telegram, the announcement is being made pursuant to a joint memorandum from the Secretaries of State and Defense, copy enclosed, approved by the President on September 8. This memorandum is the product of a series of exchanges during the last few weeks with Defense which finally brought the two Departments together on a security formula patterned on a memorandum furnished Mr. Dulles and Secretary Johnson by General MacArthur last June. With the security provisions agreed, the Defense Department withdrew its objection to our initiating treaty discussions with the friendly Allies, but insisted that a treaty not become effective until the Korean war had been brought to a favorable conclusion. Since it will probably be over a year before a treaty can be negotiated and ratified the Department was willing to accept this condition. The Secretary will discuss the matter briefly with Messrs. Bevin and Schuman [3] during the current Foreign Ministers Conference, and Mr. Dulles and John Allison will hold a series of meetings in New York during the coming weeks with representatives of all the FEC nations except the U.S.S.R. to exchange views on the procedures and the substance of a treaty.

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[1] Not printed.
[2] See footnote 3 to the joint State–Defense memorandum of September 7, p. 1295.
[3] Robert Schuman, Minister of Foreign Affairs of France.

Also enclosed is a copy of the Department's latest treaty draft.[4] It was Mr. Dulles' view on studying the August 3 draft,[5] a copy of which was left with you by Mr. Harriman, that the draft contained a considerable amount of technical material which was not essential and tended to reduce its value as a political instrument. He accordingly personally prepared another draft, taken for the most part from the August 3 draft but reduced to eight double space pages without any annexes. This draft has subsequently become somewhat longer through the reintroduction in condensed form of material which the legal and economic offices and NA have felt essential for a reasonably precise and comprehensive treaty, but the process has not been permitted to go so far as to compromise the document's desired very brief and general character. The fact that the discussions with other nations will probably result in the addition of further material has been considered an additional reason for starting out with the shortest draft possible.

The main substantive change from the earlier draft has been the deletion of the requirement that Japan preserve the essentials of the reform programs. The principal reason for this change has been Mr. Dulles' reluctance to include any obligations in the treaty which are not clear and readily enforceable or which, outside of the security field, would constitute an infringement of sovereignty. It is possible that the best means of ensuring Japan's continuation on a democratic course will be one of the matters discussed with Japanese political leaders during the trip to Japan, envisaged in paragraph 5 of the joint memorandum, of a United States political representative.

You will notice that the joint memorandum has been drafted in brutally frank terms, a concession to the military's desire to avoid any possibility of future misunderstanding within the U.S. Government as to the terms of the agreement reached. Public disclosure of a document so phrased could be disastrous for the whole treaty project. It is therefore requested that the memorandum be kept under closest security and no copies whatever be made thereof. It is understood that a copy has been provided General MacArthur by the Defense Department.

Sincerely yours, U. Alexis Johnson

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[4] *Supra.*

[5] See footnote 2 to the memorandum of August 9 from Mr. Dulles, p. 1267.

794.56/8–2550

Memorandum by Mr. Douglas W. Overton of the Office of Northeast Asian Affairs to the Deputy Director (Johnson)

SECRET [WASHINGTON,] September 15, 1950.

Subject: Tokyo's Despatch No. 326, August 25, 1950 [1]

In this despatch Sebald and Spinks [2] review the entire history of Japan's disarmament and Japanese public opinion on the subject. Their opinion is that notwithstanding official denials and public confusion on the issue, there exists in Japan a large body of opinion which, in the light of the Korean conflict, would be in favor of establishing a Japan defense force.[3]

Their own conclusion, based on careful consideration of all the factors involved—the change in the world situation, the immediate threats of Communist aggression, the heavy burden placed upon the United States in preserving the peace, and the acknowledged risks involved in entrusting Japan with an armed force, is that Japan must be partially rearmed. This view is shared not only by a large number of Japanese but also by others, including General MacArthur, General Eichelberger,[4] Walter Lippmann, and William Courtenay.

Observing that events in Korea have invalidated the entire premise of our policy of disarming and demilitarizing Japan, they believe that only by the political application of military power can Japan's security be safeguarded, for the USSR cannot be trusted to abide by any guarantee she might give with respect to Japan's security even if such a guarantee could be negotiated. This leaves two alternatives: either the US assumes the full burden of defending Japan or it must enlist Japan's assistance in helping to provide such defense. The latter alternative is by far the better, it is more effective from the point of view of morale and it provides a large source of intelligent and courageous manpower with its own supporting industrial complex.

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[1] Not printed.

[2] Charles N. Spinks, First Secretary in the Mission at Tokyo.

[3] In the despatch mentioned Mr. Sebald had said in part: "It is believed that the Japanese are fully aware of the military implications already evident in the new Police Reserve. No serious concern has been expressed except as to the degree to which the Police Reserve will operate as an armed force. It is universally recognized that Japan needs a security force of some kind over and above the present police system. The Korean conflict has left no doubt that a nation without adequate defense is doomed and has destroyed the vision of Japan's permanent neutrality."

[4] Lt. Gen. Robert L. Eichelberger, a former Commander of the Eighth Army in Japan.

As for the nature of the armed forces which must be developed, the two officers recommend that consideration be given to expanding the new Police Reserve into a highly mobile ground force trained specially to meet amphibious and air assaults, to creating an armed coast guard to supplement the Maritime Safety Patrol, and to establishing eventually a limited air force of fighter units.

They believe that Japan's rearmament should be designed to make maximum use of Japan's large manpower reserve and thereby supplement the heavier ground, naval, and air components which the US and UN could furnish in the event of an attack.

Editorial Note

On September 21, 1950, the FEC adopted a policy decision restoring to Japanese courts (at the discretion of SCAP) the exercise of criminal jurisdiction over United Nations nationals with exception of occupation forces and related categories. Text of the policy decision and of the draft directive which resulted from it are attached to a letter of September 21 from Nelson T. Johnson, Secretary-General of the FEC, to Mr. Webb, Acting Secretary. (None printed; 690.00–FEC/9–2150)

The United States had initiated this action. In telegram 66 to Canberra, September 15, the Department had stated in part: "In view Korean crisis US considers approval of this paper as matter urgency in order to reduce burden on occupation forces in Japan." (690.00–FEC/9–1550)

694.001/9–2250

Memorandum of Conversation, by Colonel Stanton Babcock of the Department of Defense

SECRET [NEW YORK, ?] September 22, 1950.

Subject: Japanese Peace Treaty

Participants: Mr. Dening—Chief, Far East Division, Foreign Office
Mr. Tomlinson—Far East Division, Foreign Office
Mr. Graves—British Embassy, Washington
Mr. Dulles
Mr. Allison
Colonel Babcock

1. Mr. Dulles handed the British a short memorandum[1] outlining the tentative views of the United States with respect to a Japanese

[1] Presumably the 7-point memorandum of September 11, p. 1296.

Treaty. He then talked at some length on our desire for a truly liberal treaty that would restore Japan fully to the family of nations, contain no political, economic, or military restrictive clauses and give the Japanese every encouragement to adhere to the free world and remain opposed to the Communist bloc.

2. Mr. Dening gave no direct indication of the British attitude but pointed out that certain of the Dominions would object to the U.S. attitude regarding no demilitarization provisions. He said that he would take our paper back to London, discuss it there and communicate the British views to their Embassy in Washington.

3. Some concern was expressed by the British, after learning that ratification of the treaty by the U.S. might be postponed a year or eighteen months, lest SCAP accelerate his current "decontrol program" and leave the Allies with nothing left to do but ratify a "fait accompli". In particular they seemed worried lest Japanese diplomatic missions be allowed to go abroad.

4. Mr. Tomlinson asked whether the U.S. memorandum was "exhaustive" and, on being told that it was, indicated Britain's concern over Japan's re-emergence as a commercial Power by saying that provisions should be included in the treaty which would "reduce Japan's impact on the commercial relations existing in the Far East."

5. There appeared to be no opposition to the U.S. position in regard to security in the Pacific and Far East other than a natural tendency to sympathize with the concern of Australia and New Zealand.

6. At the conclusion of the meeting the U.S. group was handed a copy of some notes [2] regarding the Japanese Treaty which were made during the Commonwealth Conference in May 1950.

C. S. B[ABCOCK]

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[2] These notes have not been found in Department of State files. A copy of the "Report" of the Commonwealth Working Party on a Japanese Peace Treaty, London, May 17, 1950, was transmitted by the British Embassy in Washington to the Department on September 20, 1950. (Lot 54D423)

The section concerning preliminary talks with FEC powers in a briefing memorandum prepared for the use of President Truman at the Wake Island Conference held October 14 read in part: ". . . Mr. Dulles and Mr. Allison have held preliminary talks . . . with representatives of the United Kingdom, Australia, Philippines, and India, and Mr. Allison has had working level conversations with Pakistan and Canada.

"All of the talks have been of a very preliminary and tentative nature and none of the countries has thus far indicated much concern or sense of urgency over the early conclusion of a peace treaty.

"In general, the reactions of the United Kingdom appear to be the most favorable and closely aligned to the United States views. . . .

"No reactions of any kind have yet been received from India.

"No firm trends of opinion with regard to the procedural problems have yet emerged."

Another portion of this memorandum is quoted in the editorial note under date of September 22, *infra*.

Editorial Note

On September 22, in New York, Mr. Dulles and other United States officials discussed a Japanese peace settlement with Mr. Percy Spender, Minister of External Affairs and External Territories of Australia. No full memorandum of this conversation has been found, nor is it listed in the section headed "Conversations with FEC Nations" in an undated, unsigned document titled "Major Papers Regarding Japanese Peace Treaty and Pacific Pact." (694.001/1–1651) This document covers the period July 20, 1950, through January 13, 1951.

In a briefing paper on the Japanese peace settlement, prepared for President Truman's use at the Wake Island Conference of October 14, the following paragraph is part of a section devoted to the results of preliminary talks with FEC powers:

"Australia has indicated that it would be politically impossible for any Australian Government to enter into a 'liberal' Japanese peace treaty without firm guarantees against Japanese aggression. Although there is reason to think that there are differences of view between Prime Minister Menzies and Minister of External Affairs Spender on the point, the latter has expressed the intent of his Government to hold out for a Pacific Pact as the price for a liberal treaty with Japan." (795.00/10–1250)

In his memoir, Sir Percy states in part that at the September 22 conversation he was shown the seven-point memorandum (of September 11, page 1296), and then told Mr. Dulles ". . . Australia would not, under any circumstances, accept such a treaty." For his full account, see Sir Percy Spender, *Exercises in Diplomacy* (New York, New York University Press, 1969), pages 44–48.

For conversations held between American and Australian officials with regard to a Pacific Pact, see pages 1 ff. For certain other conversations in which that subject is mentioned, see pages 189 ff.

694.001/9–2750

Memorandum of Conversation, by Colonel Stanton Babcock of the Department of Defense

SECRET [NEW YORK,] September 27, 1950.

Subject: Preliminary consideration of Japanese Peace Treaty

Participants: General Carlos P. Romulo, Philippine Delegation [1]
Mr. Dulles, USA Delegation
Mr. Allison
Colonel Babcock

[1] General Romulo was Foreign Minister of the Philippines as well as Chief of the Philippine Delegation to the United Nations.

1. Mr. Dulles opened the discussion by explaining to General Romulo the philosophy underlying the United States attitude towards a Treaty of Peace with Japan. He emphasized the need for genuine and wholehearted support on the part of Japan and its people for the ideals and concepts endorsed by the free peoples of the world. He pointed out that the United States and its Pacific friends have not the power to continue indefinitely to exert the necessary force to keep Japan restrained under the terms of a punitive or restrictive treaty. Our aim, therefore, must be to take a calculated risk and produce such a treaty as will encourage Japan of her own free will to cast her lot with us and not seek revenge through association with the Communist bloc.

2. General Romulo emphasized certain points during his remarks:

a. That the Treaty should be a multilateral one to include all Far Eastern Commission nations that are willing to come to an agreement with respect to a Treaty, and not a series of bilateral treaties with Japan.

b. That all agreements should be a two-thirds majority vote with no veto.

c. That the United States give due consideration to the reasonable claims of other states (reparations) and proper weight to their fears of Japanese aggression.

d. That the work already accomplished by the Far Eastern Commission in regard to the democratization of Japan, etc. be carried forward, in so far as possible, by the terms of the Treaty. (See General Romulo's "Memorandum on the Japanese Treaty" attached.)

3. During later discussion of the security points, which seemed uppermost in Romulo's mind, it was pointed out that the security of the Philippines rested primarily on the willingness of the United States to stand by a long-time friend, on the presence of American forces in Japan and on the fact that it was militarily infeasible for Japan to commit an act of aggression against the Philippines without jeopardizing the security interests of the United States. On the other hand a restrictive treaty would be effective only so long as the victorious powers were willing to provide sufficient force to enforce it and would have the additional disadvantage of producing in Japan a body of opinion which would have as its primary aim the eradication of those restrictive provisions.

4. Towards the end of the conversations Romulo seemed to concede that there was some merit to the above point of view, but made it clear that serious difficulties would be encountered in convincing the Philippine Government and people.

[Attachment]

CONFIDENTIAL

MEMORANDUM ON THE JAPANESE PEACE TREATY

I. There are three alternatives:

a. A multilateral treaty between Japan and all the victorious Powers, including the USSR.

b. A multilateral treaty between Japan and the victorious Powers who agree to such a treaty, and therefore most likely to exclude the USSR.

c. A series of bilateral treaties between Japan and each of the victorious Powers.

From an overall point of view, considering the present world situation, the first of these alternatives must be ruled out. We want to conclude a peace treaty as speedily as possible, and the presence of the USSR at this time would almost certainly prolong, delay and exacerbate the negotiations.

Our choice is therefore between the two latter alternatives.

II. The Philippine position:

The conclusion of any treaty is a supreme act of sovereignty. The conclusion of a peace treaty on the part of a victorious Power is doubly so, for the reason that the State sovereignty which was threatened and has emerged triumphant by force of arms would have the duty and opportunity to ensure its survival and possible advantage vis-à-vis the defeated State.

Let us consider, first, the proposal for a series of bilateral treaties. The proposal is open to several objections, from the Philippine point of view:

1. The objection that the Philippines, being of itself a smaller and weaker nation than Japan, would suffer a certain disadvantage in the course of the negotiations. This disadvantage would be magnified by the feeling which has developed among the Japanese that they have the support of the United States in many of their objectives of industrial and economic revival and even of potential military rebirth.

2. There would arise the possibility of each victorious Power securing the best terms it could get from Japan to the probable detriment of the other Powers. A certain spirit of rivalry and competition among the victorious Powers might ensue, and thus unduly strengthen the hand of Japan during the separate negotiations.

3. The separate Powers, especially the smaller ones, would find it harder to compel observance of the individual treaties by their own separate means instead of by their combined forces.

Therefore, the Philippines must support the proposal to conclude a multilateral treaty between Japan and the victorious Powers that are

ready to come to agreement, which is to say, all the members of the Far Eastern Commission, with the exception of the USSR.

III. Points to be previously agreed upon:

1. There should be no veto, and all agreements should be by a two-thirds majority of all the participating States.
2. That the United States give a pledge to give due consideration to the reasonable claims of the other States, and the proper weight to their natural apprehensions arising from the re-emergence of Japan as an industrial and military power in the region.
3. That the Peace Conference carry forward as much as possible the important work that has been accomplished by the Far Eastern Commission, in particular, its policy decisions on the democratization of Japanese institutions, the break-up of the great monopolies, and the strict limitation of its industrial war potential.

IV. The Philippine Government reiterates its invitation to hold the Peace Conference in Baguio City, Philippines.

694.001/10–250

The Acting United States Political Adviser for Japan (Sebald) to the Director of the Office of Northeast Asian Affairs (Allison)

PERSONAL AND SECRET TOKYO, October 2, 1950.

DEAR JOHN: I have waited in replying to your letter of September 16, 1950,[1] until an opportunity might present itself for me informally to discuss the Treaty part of your letter with General MacArthur. I called on the General today and raised a number of questions with him regarding the general problem of consultation with the Japanese on the question of the Treaty.

First of all, I asked the General regarding his views as to who would be the best person or persons to come to Japan to discuss the Treaty, presumably in a general way, with the Japanese. Without hesitation the General said that he thought Mr. Dulles should come accompanied by you, as you and Mr. Dulles are fully conversant with the entire problem and already have the confidence of the Japanese as well as of General MacArthur and his Headquarters. I entirely agree with the General's views, and also feel that the preliminary approach and discussions are so important that we should have the best talent available for this purpose. In this connection, when I mentioned Dean Rusk's name as an alternative, the General thought not, as, in so far as the Japanese are concerned, his name has been connected with the Peace Treaty only in a peripheral manner and, in consequence, a great deal of ice-breaking would be necessary before the Japanese would accept him as an individual with whom they could speak frankly.

On the question of approach to the Japanese, I pointed out to the General various choices, such as limiting the Japanese side to Prime

[1] Not found in State Department files.

Minister (and Foreign Minister) Yoshida and such governmental people whom he might select, or, alternatively, dealing with the Prime Minister, leaders of his party, and leaders of the other major (opposition) parties. General MacArthur immediately said that he thought it would be a mistake to attempt to discuss the Treaty with political party leaders, firstly, because there could be no such thing as discussions on a confidential basis; secondly, because Yoshida, as leader of the Liberal Party, would strenuously object; and thirdly, because the opposition party leaders would seize upon the conversations for use as ammunition to embarrass the Government. General MacArthur said that he thought the best method to follow would be to have a first meeting on an informal basis in his office with the Prime Minister. At that meeting subsequent methods of approach would without doubt suggest themselves, and further lines of action could be taken up from there.

In any event, General MacArthur is of the opinion that if you and Mr. Dulles come to Japan, the announced purpose of your visit should be to discuss Peace Treaty matters with General MacArthur and me. He feels that the purpose of discussing the Treaty with the Japanese should not be made public or even suggested, and that such discussions should evolve as a natural course of events after your arrival here.

I fully agree with the General's views as indicated above.

On the question of Japanese participation in the Peace Conference itself, I told the General that my tentative recommendation to you would be that an effort should be made to have the Japanese Delegation invited to attend the Conference in the capacity of "observers"—to gain their entrance to the Conference—and that it should be understood that the Japanese will be given ample opportunity to present their views and observations on any subject germane to the Treaty negotiations. They would not, of course, be entitled to negotiate in the strict sense of the word, nor would they at any time be entitled to a vote. General MacArthur said that he agreed entirely with this concept, except that he foresaw considerable difficulty in gaining admittance for the Japanese to the Conference during the negotiating stage. He felt, however, that any workable formula should be evolved to gain admittance for the Japanese as a delegation.

On the question of whether any of our Allies should be consulted in Tokyo at such time as you and Mr. Dulles approach the Japanese, the General said that he felt, and I agree, that your discussions should be unilateral and carried out on behalf of the United States alone. It is my view that by the time you are ready to come to Japan, you will have fully ascertained the attitudes of the various FEC nations, and will know what particularly difficult obstacles must be overcome. Further consultation would therefore appear to be unnecessary.

I hope it will be possible for you to keep me informed concerning your progress in your preliminary approaches to various Allied Governments. I note a headline in the *Nippon Times* of today reading "U.S. Officials Hit Snags in Parleys on Japanese Treaty". I hope the snags are not too troublesome.

Please give my best regards to Mr. Dulles, to whom you may wish to show this letter.

Sincerely yours, W. J. SEBALD

794C.00/10–450 [1]

Memorandum Approved by the Joint Chiefs of Staff

CONFIDENTIAL WASHINGTON, October 4, 1950.

JCS 1231/14

DIRECTIVE FOR UNITED STATES CIVIL ADMINISTRATION OF THE RYUKYU ISLANDS [2]

PREAMBLE

As a result of the terms of surrender of the Empire of Japan, and the principles of international law governing the rights and duties of the occupying powers, the Government of the United States is responsible for the civil administration of the Ryukyu Islands, south of latitude 29 degrees north.

This directive is issued without prejudice to the rights and duties of the United States as an occupying power until such time as the ultimate international status of the islands is determined.

It is the policy of the United States to retain the Ryukyu Islands on a long-term basis by reason of their importance to the security of the United States, to develop and maintain military facilities on the islands, and to conduct the civil administration of the islands so as to foster the economic and social well-being of the civil population subject to the necessity for military security.

A. *Responsibility:*

1. The United States is responsible for the civil administration of the Ryukyu Islands south of latitude 29 degrees north. This respon-

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[1] This document, and accompanying memoranda, not printed, were obtained from the Department of Defense. Copies are filed under the number given here.

[2] The initial draft was prepared by the Department of the Army for the purpose of bringing existing military government directives for the Ryukyu Islands into conformity with paragraph 5 of NSC 13/3 (*Foreign Relations*, 1949, vol. VII, Part 2, p. 731). When submitted to the Joint Chiefs of Staff on September 9, 1950, the draft directive had received the informal concurrence of the Department of State, although two changes suggested by the Department had not been incorporated. One of these, involving the avoidance of the title "Military Governor," was among the amendments adopted by the Joint Chiefs of Staff before approving the directive on October 4, 1950. JCS 1231/14 was forwarded to the Commander in Chief, Far East (MacArthur) on October 11, 1950.

sibility will be executed pursuant to this directive and other instructions from the United States Government. The government of this area by the United States will be termed "United States Civil Administration of the Ryukyu Islands".

2. This responsibility is delegated to the Commander in Chief, Far East, who is hereby appointed Governor of the Ryukyu Islands and who is authorized to appoint a subordinate official who will be known as the Deputy Governor of the Ryukyu Islands. The Deputy Governor will be a member of the armed forces and he may also be Commanding General, Ryukyu Command (RYCOM). The Governor (Commander in Chief, Far East) will issue to the Deputy Governor appropriate instructions consistent with this and subsequent directives and is authorized to delegate to the Deputy Governor such authority as he desires except the authority to appoint judges of the court of last resort.

B. *Objectives:*

3. The United States Civil Administration will, subject to the requirements of military security, further

a. The establishment of a standard of living in the Ryukyu Islands comparable to that existing prior to the war to the extent that GARIOA * funds are available. However, improvement in the standard of living above that existing prior to the war will be accomplished through the efforts of the Ryukyuans themselves, without the assistance of U.S. appropriated funds. To the extent that health standards are now at levels above the pre-war standards and such continued level is necessary for the health of United States personnel stationed in the Ryukyus, a higher level in this respect is authorized with available GARIOA funds for necessary imported materials.

b. The establishment of a sound government financial structure, including a budget and taxation system designed to permit the placing of the government on a self-supporting basis by the end of fiscal year 1952. This does not preclude a request for a GARIOA appropriation to make up any deficit in the external balance of payments in 1953.

c. Self-government through legislative, executive and judicial organs established in accordance with democratic principles, subject to the final authority of the Governor.

d. Cultural and educational development with due regard to the existing culture of the inhabitants.

C. *Civil Administration:*

4. At the earliest practicable date provision will be made for the establishment under democratic processes by the inhabitants of the Ryukyus of the following governmental structure, which shall be subject to general supervision of the United States Civil Administration:

a. Responsible government at the municipal level.

b. Responsible government at the provincial level, if desired.

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*Government and Relief in Occupied Areas. [Footnote in the source text.]

c. Responsible central government. Pending the establishment of a central government a Ryukyuan Advisory Council may be established to make recommendations on questions referred to it by the United States Civil Administration.

5. Courts established in accordance with paragraphs 3 and 4 above will include civil and criminal courts and appellate tribunals with clear delineation of their jurisdiction and procedures. The jurisdiction of these courts will include the adjudication of controversies involving title to real estate and will further include condemnation proceedings. Subject to such regulations as may be prescribed by the Governor such courts will have civil jurisdiction over all persons in the Ryukyu Islands, and will have criminal jurisdiction over other than nationals of the United Nations. Such criminal jurisdiction may be extended at the discretion of the Governor to include all persons other than members of the occupation forces, persons serving with the occupation forces, and their dependents.

6. In addition, the Governor will establish a court of last resort having authority to review decisions of the aforementioned courts. Judges of this court will be appointed by and serve at the pleasure of the Governor. The Governor will prescribe necessary codes of procedure. The Governor will have the authority in his discretion to review, approve, remand, suspend, commute, remit or otherwise to modify or set aside any decision, judgment or sentence of such court established. The Governor shall have the power of pardon.

7. The Ryukyuan people will be guaranteed, as far as is consistent with the military occupation, the basic liberties of democratic countries, including freedom of speech, assembly, petition, religion and the press; and security from unreasonable searches, seizures and deprivation of life, liberty or property without due process of law.

8. The Governor will retain power to:

a. Veto, or to prohibit or suspend the operation of, any laws, ordinances or regulations enacted by any of the above governments;

b. Order the promulgation by any of the above governments of any law, ordinances or regulations he may deem advisable;

c. Resume, in whole or in part, the exercise of full authority in the Ryukyus if instructions by him are not carried out, or if he considers such action essential to security.

The Governor will exercise the above powers with the greatest restraint.

D. *Supplementary Instructions to the Governor:*

9. Pending the establishment of a Ryukyuan Central Government the Governor will initiate immediately the review and codification of existing laws in effect in the Ryukyus, both of the Japanese and of the military government. He will also provide for the amendment,

revision, or rescission of such legislation in conflict with the objectives of this directive.

10. Pending the establishment of a Ryukyuan Central Government the Governor will give priority to the completion of registration and/or determination of land titles, including the establishment of judicial machinery essential for the settlement of disputes in connection therewith.

11. The Governor will develop and initiate a long-range economic plan. This plan will provide for maximum participation by the Ryukyuans, with the initial objective of achieving Ryukyuan self-support at that level specified in subparagraph 3 *a* of this directive. It should include:

a. Participation by the Ryukyuans in all suitable forms of agriculture, fishing, industry and commerce under a system of free, competitive enterprise.

b. Sound policies for the utilization and conservation of Ryukyuan natural resources, including land reclamation and improvement.

c. A program for developing on a long-range basis those Ryukyuan industries which can be sources of exports or reduce import requirements.

d. Reasonable compensation by United States forces, and other United States Government agencies stationed on the islands for the contribution to their support by Ryukyuan labor and other economic resources, including real estate.

e. Development of foreign trade, initially on a government basis but with the aim of restoring private trade as early as is feasible.

f. Measures designed to stabilize the financial Structure of the economy, e.g., an adequate and equitable system of taxation to support necessary Ryukyuan governmental activities without recourse to deficit financing; a sound banking and currency system, including a single rate of exchange appropriate for all foreign transactions with the ultimate objective of free convertibility.

g. The establishment of a counterpart fund in which all funds obtained from the sale of GARIOA supplies will be deposited. Control of this fund shall be exercised by the Governor. Subject to the availability of United States appropriated funds for the purchase of land needed permanently by the United States Government as provided in paragraph 16 below, this fund shall be used for the following purposes:

(1) Pending the establishment of an adequate tax system, minimum necessary funds may be expended for the operation of the central government, but in no event will such use of these funds be made subsequent to 31 March 1952.

(2) Local currency expenses of the United States Information and Educational Program.

(3) To promote economic rehabilitation, including the extension of long-term loans to agriculture and private enterprises which will increase domestic production and promote economic self-support.

(4) Payment of rental for private property used by the United States prior to 1 July 1950. Such payments will be made at the times and in the amounts determined by the Governor.

It is not expected that any obligation will be placed on the people of the Ryukyu Islands to repay to the United States funds used for the prevention of disease and unrest, for government of the area, and economic recovery (i.e., expenditures from GARIOA appropriations).

12. The Governor will permit travel and communication to and from the Ryukyus subject to requirements of military security and availability of facilities. He will encourage emigration.

13. The Governor will encourage the establishment of the following:

a. Facilities for education with particular emphasis on personnel and physical equipment.

b. Facilities for wide dissemination of public information.

c. A program to develop intelligent participation in responsibilities of democratic citizenship.

14. The Governor will have prepared and will transmit to the Department of the Army from time to time, as requested, estimates, with complete justification, of appropriations from United States funds for the U.S. Civil Administration of the Ryukyu Islands and for relief and economic rehabilitation in the Ryukyu Islands. He will be responsible for the expenditure under approved procedures of funds made available for such purposes.

15. Title to Japanese Government-owned real property in the Ryukyu Islands is expected to remain in Japan until the coming into effect of a treaty of peace or until the state of war between the United States and Japan is otherwise terminated. It is the intention of the United States to accept at such time a United States trusteeship under the United Nations. At present the United States is an occupying power under international law. The rights of such power include the right to reduce to possession and to utilize, without paying compensation therefor, the public property of the former government or governments of the occupied territory other than that of municipalities. Accordingly, the Governor will reduce to possession such public property belonging to the Japanese Government or to Ryukyuan governmental instrumentalities other than municipalities as may be required by the United States Government, such property to be utilized without the payment of compensation. He will allocate the possession of such property to appropriate agencies of the United States. Upon the coming into force of a treaty of peace or upon the termination of the state of war between the United States and Japan, the Governor will take action to the extent authorized by the treaty or the instrument terminating the state of war to secure the title to such property in the name of the United States Government. Thereupon the Governor will re-

lease the permanent possession thereof to the agencies to which such property has been allocated.

16. The Governor will secure title to any additional real estate or facilities required permanently by the United States Government by purchase from the owners, either Ryukyuan, Japanese or other nationality, or through condemnation. This property will be acquired through negotiated purchase if possible. If it cannot be purchased at reasonable terms or if the owners refuse to negotiate, condemnation proceedings will be instituted.[3] The Department of the Army, the Air Force, or the Navy or other interested United States agencies will request a specific authorization and appropriation to effect purchase of such property, subject to an equivalent reduction in GARIOA funds. If the appropriation is not granted counterpart funds to the extent available will be used for the purchase of such land as is required—this acquisition being already authorized under existing law. Such use will have priority over all other uses specified in subparagraph 11 *g* above, except for the operation of the central government during fiscal year 1951–52 and the payment of the yen cost of the most essential portions of the Information and Education Program.

17. The Governor may requisition or rent such property as is required temporarily by the United States Government or pending the purchase of property per paragraph 16 above. Using United States agencies will be required to pay rent for such property from appropriated funds on and after 1 July 1950.

18. The Governor will take possession of all Japanese Government-owned real estate not required by the United States Government. He may release to Ryukyuan governmental instrumentalities without compensation such part of this property as is required for governmental use. Should the United States secure legal authority to convey the title of this property, the Governor will convey such title to the Ryukyuan Government or its instrumentalities. The remainder will be rented, primarily to Ryukyuans, with the rental being placed in a special account and used for such governmental purposes as the Governor may direct. For the purpose of encouraging the tenants to effect permanent improvements, it will be proper for the Governor to provide in any such lease that should the United States secure legal authority to convey the title of lands leased, the lessee will have the option to purchase at a price determined when the lease is executed and upon the conditions to be set out therein.

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[3] In a memorandum of a conversation held July 29 with Major Paul Cullen of the Department of the Army, Mr. Johnson had indicated in part that both CINCFE and the Department of State had preferred long-term leasing arrangements to outright purchase of such lands (794C.0221/7–2950). However, other documents in file 794C.0221 for 1950 indicate that the Department did not carry its position in the matter to the point of non-concurrence in that portion of the draft directive.

19. Japanese individuals or corporations resident in Japan who own property in the Ryukyu Islands not needed by the United States Government may continue to control such property provided it is reasonably utilized to the benefit of the Ryukyuan economy. Where such owners decline to permit property necessary in the Ryukyuan economy to be so used, the Governor will cause condemnation proceedings to be instituted by the native courts, and when title is secured the property will be offered for sale to acceptable purchasers.

20. The Governor will encourage the owners of Japanese private owned real property in the Ryukyus to sell that property which is not needed by the United States Government to natives of the Ryukyu Islands.

21. The Governor will make arrangement with the Supreme Commander for the Allied Powers (SCAP) whereby Ryukyuan yen, including counterpart yen, which is used to purchase Japanese privately owned real property can be converted into Japanese yen for any purpose useful to SCAP and under appropriate procedures established by SCAP with the result of Japanese yen payment being made to the seller.

22. Any provisions of present directives conflicting with the foregoing are to be regarded as modified accordingly.

694.001/10–650

Memorandum by the Director of the Bureau of German Affairs (Byroade) to the Deputy Under Secretary of State (Matthews)[1]

SECRET [WASHINGTON,] October 6, 1950.

Subject: Relation of Japanese Peace Treaty to German Problems.

GER has been following with interest the various drafts of a proposed Japanese peace treaty. In view of the stage which this project has now reached, I think it is our duty to record for the Department some of the effects which a treaty of the character now being planned will have with respect to our German policy.

The aspects of the Japanese treaty which are going to cause us trouble are perhaps three in number.

First, there is the fact that the proposed Japanese peace treaty will return full sovereignty to Japan. It is not possible to foresee precisely what effect this will have on the position in Germany because this will depend largely on the timing. Our ultimate goal in Germany is, of course, also full sovereignty and the recent New York decisions [2]

[1] According to a handwritten, marginal note originating in G, copies of this memorandum were sent for information to Mr. Dulles, FE, and EUR.

[2] Documentation regarding the September meetings of the Foreign Ministers of France, the United Kingdom, and the United States, held in New York, September 12–19, 1950, is scheduled for publication in volume III.

represent another significant step forward. If Germany is brought into the integrated defense scheme, we believe that it will be necessary to move forward even more rapidly toward a restoration of sovereignty. It may be, therefore, that Japanese sovereignty will not greatly precede German sovereignty and will not cause any difficult repercussions. If Japan should receive full sovereignty, however, next summer or fall, and Germany should still be many months or even several years away from full sovereignty, I believe that the political repercussions in Germany will be considerable and may be difficult to handle.

Secondly, the Japanese treaty is notable for an absence of security controls. It has, on the other hand, been a consistent part of our policy toward Germany to impose many security controls ranging from the prohibition of an Army through the agreement on PLI, control over civil aviation, to the creation of a Military Security Board. While it is widely recognized that it will not be possible to maintain all of these security safeguards, especially if German units are formed in an integrated defense force, it has been our policy to plan for at least some restrictions of a semi-permanent nature. We believe that it will be difficult to adhere to this policy in the event that the Japanese are freed from all restrictions, as it will be difficult to convince the Germans that they are less trustworthy than the Japanese.

Third, we note that the proposed Japanese treaty contains reciprocal waiver of claims arising out of the war. The settlement of the German claims problem, while under recent intensified study, has not advanced very far, but it is being shaped along lines quite different from that planned for Japan. In the case of Germany, the settlement planned is less palatable and less generous both in its general and specific aspects.

I call these matters to your attention, not because we are seeking to influence the drafting of the Japanese peace treaty. We believe that must go forward on whatever lines are indicated by the general needs of our policy in that part of the world. I do want the higher officers of the Department to be aware, however, of the fact that this Japanese peace settlement is going to set precedents which may make it very difficult for us to adhere to certain well-established aspects of our German policy.

Editorial Note

In a memorandum to Mr. Rusk of October 7, John C. Ross, an Alternate United States Representative to the Fifth Session of the U.N. General Assembly, had reported on his conversation held that day with K.C.O. Shann, First Secretary of the Australian Mission to the United Nations. Mr. Ross had said in part, with reference to a

Pacific Pact: "Shann said Spender felt that if the work being done on a Japanese peace treaty involved an easy peace for Japan then Australia must have something in place of a strong peace treaty.

"Shann said Spender was leaving for home in a week or ten days and that he considered it essential that he give his people at home a definitive indication of United States views regarding a Pacific Pact. What Spender wants, Shann summarized, is an 'unequivocal' reaction from the United States." (790.5/10–750) For documentation on talks with Mr. Spender which resulted from this conversation, see pages 1 ff.

694.001/10–1350

Memorandum of Conversation, by Colonel Stanton Babcock of the Department of Defense

SECRET [NEW YORK,?] October 13, 1950.

Subject: Japanese Peace Treaty

Participants: Mr. van Roijen, Netherlands [1]
Mr. Dulles
Mr. Allison
Col. Babcock

1. Mr. Dulles handed Ambassador van Roijen a memorandum [2] outlining those points which the Department feels should be included in a Treaty with Japan. He pointed out that this memorandum was both "inclusive" and "exclusive" and explained at some length the philosophy underlying the United States views.

2. The Ambassador said that he felt sure that his government would be in sympathy with the kind of treaty desired by the United States but would no doubt make suggestions with regard to certain details.

3. He said that he felt that it was important to include Indonesia in the preliminary conversation [3] at an early date and indicated that it would be to our advantage to do so since we would probably secure support for our views from that quarter. He pointed out that the stationing of U.S. forces in Japan would make the United States vulnerable to propaganda charges of imperialism from the Communist Powers and would eventually cause resentment in Japan unless it

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[1] Jan Herman van Roijen was Ambassador of the Netherlands in Canada.

[2] Presumably the 7-point memorandum of September 11, p. 1296. In telegram 357 to Taipei, October 20, the Department stated in part that what was apparently the 7-point memorandum had been handed to FEC nations with whom treaty discussions had not yet been held.

[3] An unsigned paper of September 22 on Japan, part of a briefing series for high officers of the Department, read in part: "The Ambassadors of Indonesia and Korea have also been informed [of the preliminary treaty discussions] although, since their governments are not members of the FEC, they are not being invited to participate at this stage." ("Policy Record Guide," 611.00/9–2250 Bulky)

was clear from the beginning that those forces would be withdrawn within a definite period. He also expressed some concern lest economic pressure force Japan into the Communist orbit in spite of all that we could do but he agreed that a generous peace with no restrictions was more apt to accomplish our aims than one designed to force Japan into the orbit of the Western Powers.

C[?] S[TANTON] B[ABCOCK]

Editorial Note

On October 15, 1950, President Truman, General MacArthur, and a number of other officials met at Wake Island. Their conversations touched at several points on issues related to United States policy toward Japan. For a compilation by General Bradley of certain notes kept by the conferees from Washington, see volume VII, page 948.

694.001/10–1950

Memorandum of Conversation, by Colonel Stanton Babcock of the Department of Defense

SECRET [NEW YORK, ?] October 19, 1950

Subject: Japanese Peace Treaty

Participants: Mr. Doidge, Foreign Minister, New Zealand
Mr. Mackintosh, Deputy Foreign Minister, New Zealand [1]
Sir Carl Berendsen, Ambassador, New Zealand
Mr. Corner, New Zealand Embassy [2]
Mr. Dulles
Mr. Allison
Col. Babcock

1. At the conclusion of Mr. Dulles' explanation of United States views with regard to a Japanese treaty, and after reading a memorandum [3] which outlined the type of treaty desired by the United States, Mr. Doidge said that he appreciated the United States viewpoint and, in fact, entertained considerable sympathy for that point of view. He went on to say, however, that New Zealand was constrained to regard the problem from the standpoint of her own "precarious" security position. New Zealand therefore, before accepting the principle of no military restrictions on Japan, would want to ascertain the United States attitude towards a Pacific Pact or other form of security guarantee.

[1] A. D. Mackintosh was Permanent Head and Secretary of External Affairs.
[2] F. Corner, First Secretary of Embassy.
[3] Apparently that of September 11, p. 1296.

2. Mr. Dulles replied that an overall Pacific Pact presented difficulties in that it would commit the stronger and more responsible nations to the support of certain highly unstable and irresponsible governments regardless of how they might conduct their affairs. A limited pact would be equally undesirable since the exclusion of any nation might be interpreted by the Communists to mean that they need expect no opposition in that area. He added that the security interests of the United States and its close ties with the English-speaking world were the surest guarantees of our assistance to New Zealand in the event of an emergency and that less responsible nations in the Pacific area should be made to feel that their security was contingent in some degree on their behavior and attitudes.

3. During a later conversation between Mr. Doidge and Colonel Babcock the former again brought up the subject of a security guarantee and pointed out that New Zealand felt that it was committed to go to the assistance of Britain (and hence to assist the nations joined in the Atlantic Pact) and that he thought it unfair that there was no reciprocal guarantee for New Zealand. In reply it was suggested that if there were a legal obligation on New Zealand's part to assist the Atlantic Pact countries it could probably be made to work both ways, whereas if the obligation were merely moral or based on mutual ties, New Zealand could rest assured that a similar obligation was recognized by both Britain and the United States. Mr. Doidge admitted that New Zealand's obligation was purely moral and that it was probably illogical to expect anything but a moral obligation in return, but he added that it would be extremely difficult for New Zealand to accept a re-armed Japan without a firm security guarantee from the United States.[4]

[4] Towards the end of a courtesy call on the Secretary on October 23, Mr. Doidge in part expressed apprehension over a rearmed and vengeful Japan ". . . if the Treaty were soft enough to permit them any opportunities to rearm. . . . He made the parallel of Germany after World War I and thought the Peace Treaty must be very carefully drawn and have adequate safeguards. The Secretary reminded Mr. Doidge of the dilemma we were faced [*sic*] and the equally great dangers of a power vacuum in Japan or a too weak Japan, and said we must find some way to meet both aspects of the problem." (memorandum of conversation between the Secretary, Mr. Doidge, and other officials by Livingston Lord Satterthwaite, Deputy Director of the Office of British Commonwealth and Northern European Affairs, Lot 53D444)

694.001/10–2350

Memorandum of Conversation, by Mr. Robert A. Fearey of the Office of Northeast Asian Affairs

SECRET [WASHINGTON,] October 23, 1950.

Subject: Japanese Peace Treaty

Participants: Mr. Daridan, French Embassy [1]
Mr. Fearey, NA

[1] Jean Daridan, Minister Counselor of the French Embassy.

Mr. Daridan called at my suggestion in connection with a Japanese treaty. I explained that Mr. Allison had hoped to see Mr. Daridan while in Washington this morning but, having had to return to New York earlier than expected, had asked me to hand him the statement of tentative U.S. views which Mr. Dulles and Mr. Allison had been giving representatives of the FEC nations in New York, and to explain our background thinking on a treaty.

Mr. Daridan expressed approval of the desire of the U.S. Government to get forward with a treaty as rapidly as possible, and with the necessity for maintaining U.S. and possibly other friendly Allied forces in Japan in the post-treaty period. At the same time he stated that the assumption by Japan of a growing measure of responsibility for its own defense must be anticipated and that any other proposal would be unrealistic in light of present and prospective world conditions. In answer to his question whether our position on Formosa did not constitute a departure from the terms of the Cairo Agreement [2] I replied that the circumstances had changed greatly since that time, and that the results of the General Assembly's consideration of the Formosa problem would doubtless have an important bearing on our and other countries' final position on the question. Mr. Daridan said that he planned to send the U.S. memorandum to Paris and hoped to be in touch with us again in the matter shortly.

[2] Text of the Communiqué released to the press at the close of the First Cairo Conference held November 22–26, 1943, between the Heads of Government of China, the United Kingdom, and the United States, is printed in *Foreign Relations*, The Conferences at Cairo and Teheran, 1943, pp. 448–449.

694.001/10–2350

Memorandum of Conversation, by Colonel Stanton Babcock of the Department of Defense

SECRET [NEW YORK,?] October 23, 1950.

Subject: Japanese Peace Treaty

Participants: Dr. Wellington Koo, Ambassador of China
Dr. Tang, Chinese Embassy [1]
Mr. Dulles
Mr. Allison
Colonel Babcock

1. Dr. Koo said that he, and he felt sure his government, would support the U.S. position with regard to no military restrictions on Japan. He said that China was naturally worried about a possible resurgence of Japanese militarism but that she recognized the impossibility of enforcing indefinitely any military treaty clauses. He felt that

[1] Possibly Dr. Shao-Hwa Tan, Minister Plenipotentiary.

the presence of U.S. troops in Japan for a period was the best guarantee against Japanese militarism and was the most that anyone could hope for under conditions now existing.

2. Dr. Koo indicated that China would "like" something in the way of reparations. He said that China's economists were working on a plan which would combine reparations with a Trade Agreement over a long-term period "in a way which would be mutually helpful to Japan and China." When pressed to explain how this could be accomplished, Dr. Koo indicated that he was not thoroughly familiar with the details but that his government was hopeful of submitting a plan which the United States would find acceptable.[2]

3. Dr. Koo's principal objection to the proposed treaty was the provision that the status of Formosa should be settled by the United Nations. Mr. Dulles replied that he understood the Chinese viewpoint but that he wanted to be absolutely sure that China understood the United States stand. He pointed out that it was only because we took the view that Formosa represents a problem which should be settled by international agreement that we were able to protect Formosa with the Seventh Fleet. Were we to accept the Chinese point of view our use of the Seventh Fleet would constitute an interference in China's internal problems. Dr. Koo said that his government could not change its attitude but indicated that there would no serious attempt on China's part to embarrass the United States in "a continuation of its helpful attitude." [3]

[2] In a memorandum of a conversation held October 19 by Mr. Dulles, Mr. Allison, and himself with J. Barrington, Ambassador of Burma to the United States, Colonel Babcock stated in part that Ambassador Barrington had indicated his government would probably be disturbed over the lack of military restrictions and very much concerned over the waiving of reparations. "Mr. Dulles stressed in reply that the United States attitude was not motivated by any desire to 'forgive and forget' but was based on the realization that Japan could not pay reparations except to the extent that she received economic aid from the United States." (694.001/10–1950)

[3] For documentation on United States policy regarding the status of Formosa, see pp. 256 ff.

694.001/10–2650

Memorandum of Telephone Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET [WASHINGTON,] October 26, 1950.

Subject: Japanese Peace Treaty

Participants: John Foster Dulles—USUN
Dean Rusk—Assistant Secretary

I discussed with Mr. Dulles his proposal to hand Mr. Malik [1] an additional *aide-mémoire* (copy attached) in connection with para-

[1] See the memorandum *infra*.

graph 3(*c*) of the memorandum on the Japanese Peace Treaty.[2] The latter memorandum has been handed by him to each of the delegations with whom he discussed the Japanese Peace Treaty and it can be assumed that the Soviets have a copy or the substance thereof from press reports.

I told Mr. Dulles that our view here was that it might be disadvantageous to give the Soviets an additional *aide-mémoire* and that as a matter of negotiating procedure, it might be better to handle the matter orally. I said we looked upon this first talk as a preliminary meeting and that we should not go any further with commitments than we have to pending some expression of Soviet views. I said we thought that it might be better, rather than to mention the Cairo Declaration, to say that the question of Formosa was before the United Nations and that it might be well to see how that discussion progressed before reaching any flat formula in connection with a possible peace settlement.

Mr. Dulles said that he accepted that method of handling and had suggested an additional *aide-mémoire* in order to try to head off a violent Soviet propaganda charge that we were scrapping the Potsdam and Cairo Declarations, etc. I said that we would probably get the propaganda charge anyhow and that further pieces of paper on the subject might be interpreted by the Soviets as documentary proof that their charges were well founded.

In closing Mr. Dulles expressed some dismay at what he thought was the unnecessarily unfavorable position into which we had moved by publicly threatening the use of the veto in the matter of the Secretary General.[3]

[Attachment]

Revision 3

Aide-mémoire with respect to paragraph 3(*c*).

It could be assumed that if the Japanese Peace Treaty were multilateral and the Soviet Union a party thereto, Japan would, by the treaty, cede South Sakhalin and the Kuriles to the Soviet Union.

As regards Formosa and the Pescadores, it is believed that it is appropriate for the United Nations to consider further and if so, how, the purpose of the Cairo Declaration could be carried out consistently with the obligations of Article 73 of the United Nations Charter, which obligations have now been assumed by the nations which were allied against Japan.

OCTOBER 25, 1950

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[2] Of September 11, p. 1296.

[3] For documentation pertinent to this question, see vol. II, pp. 87 ff.

694.001/10–2650

Undated Memorandum by Mr. Robert A. Fearey of the Office of Northeast Asian Affairs [1]

SECRET [WASHINGTON]

ANSWERS TO QUESTIONS SUBMITTED BY THE AUSTRALIAN GOVERNMENT [2] ARISING OUT OF THE STATEMENT OF PRINCIPLES REGARDING A JAPANESE TREATY PREPARED BY THE UNITED STATES GOVERNMENT

1. "*Parties.*" [3]

(*a*) Would Nationalist China be a party to the Treaty?

The current preliminary discussions of a treaty are being conducted by the United States with the National Government of China. This follows from the fact that the National Government is the government which the United States recognizes and which continues to represent China on the Far Eastern Commission and the Allied Council for Japan. Whether the National Government or the Communist regime should be invited to sign the treaty for China is a question which the United States will wish to discuss with the Australian Government and other principally concerned governments.

(*b*) Would the United States proceed with a Treaty without the USSR?

This also is a matter upon which the United States will wish to obtain the views of other nations before arriving at a final position. The fact that the United States is again endeavoring to bring about a peace settlement with Japan without any indication that the USSR has altered the procedural views which caused the failure of the previous attempt stands in evidence, however, that the United States is prepared to proceed without the USSR if other interested nations are similarly minded.

(*c*) What procedures are envisaged for a peace conference?

It is not anticipated that firm procedural plans will be developed at least until the completion of the current informal discussions in New York. Conceivably the treaty negotiations might be conducted very largely through diplomatic discussions. The question of whether there will be a peace conference and, if so, when and where, has not yet been given more than the most preliminary consideration.

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[1] Undated, but attached to a memorandum of October 26, not printed, from Mr. Fearey to Mr. Allison (694.001/10–2650).

[2] It is not known when these questions were submitted. A copy of them, not printed, was found attached to Mr. Fearey's memorandum of conversation, p. 1323. Evidence of when the present document was transmitted to Australian representatives has not been found in State Department files.

[3] The questions are keyed to, and all quotations are taken from, the seven-point memorandum of September 11, p. 1296.

2. "*United Nations.*"

(*a*) Does the principle that "membership by Japan would be contemplated" imply a commitment on the part of the Allied Powers to sponsor or support Japan's application for membership of the United Nations?

United States thinking has been that Japan would undertake in the treaty promptly to apply for membership in the United Nations and that the Allied and Associated Powers which are members of the United Nations would undertake to support its application.

3. "*Territory.*"

(*a*) More precise information concerning the disposition of former Japanese territories, e.g., the Paracel, Volcano and Marcus and Izu Islands, is requested.

It is thought that the islands of the Inland Sea, Oki Retto, Sado, Okujiri, Rebun, Riishiri, Tsushima, Takeshima, the Goto Archipelago, the northernmost Ryukyus, and the Izus, all long recognized as Japanese, would be retained by Japan. The central and southern Ryukyus, the Bonins, including Rosario Island, the Volcanos, Parece Vela and Marcus would be placed under the trusteeship system of the United Nations with the United States as the administering authority. Because of the considerable population of the Ryukyus and the virtual certainty that strategic trusteeships would be vetoed by the Soviet Union, the United States would seek ordinary trusteeships for these islands. Japan would accept the United Nations Security Council action of April 2, 1947 extending the trusteeship system to the former Japanese Mandated Islands. The treaty would contain no reference to Pratas Reef and Island, over which China formally reasserted sovereignty in 1947, or to the Paracel Islands or Spratly Island, title to which has been disputed between France and China. While Japan also claimed Spratly Island before the war its claim to this uninhabited spot is not believed important enough to warrant mention in the treaty. The Japanese Government never claimed any territories in the Antarctic. It is not considered that Japan should be required in the treaty to renounce claims on behalf of Japan made by Japanese Antarctic expeditions.

4. "*Security.*"

(*a*) If this principle were included in the treaty would it commit all or any of the signatories to the treaty to guarantee Japan's security?

No signatory nation would be committed under the treaty to guarantee Japan's security. The United States and any other nations which maintained armed forces in Japan in the post-treaty period at Japan's

request would of course be committed in fact to employ those forces to the best of their ability, if need arose, for the defense of Japan.

(*b*) How precisely would the security principle be written into the treaty? For example, would detailed provisions for "continuing cooperative responsibility between Japanese facilities and U.S. forces" [*sic*] be included in the treaty?

The treaty would establish the framework of Japanese-Allied cooperation for the peace and security of the Japan area. Provisions regarding the relationship of the security forces to the Japanese Government, sharing of costs and similar questions of the detailed implementation of the security arrangements would be contained in a supplementary bilateral agreement between the United States and Japan to come into effect simultaneously with the coming into effect of the treaty.

(*c*) What "other forces" are contemplated? [4]

The reference to "other forces" refers specifically to the possibility that other friendly FEC nations may be willing to station armed forces in Japan. Such forces would be under the overall direction of the commander of the U.S. forces.

(*d*) In view of past Japanese aggression, what provision would be made in the treaty for the maintenance of international peace and security in the Pacific areas as distinct from "the Japan area."

The U.S. considers that the important military threat for the foreseeable future is not Japan, now that that country has been deprived of its empire, but the Soviet Union. It believes that the overriding security objective with respect to Japan is to ensure that it does not of its own choice or under Soviet pressure or attack fall under the control of the USSR and its industrial capacity and trained manpower become an instrument of Soviet aggression. To the extent that Japan may be considered a potential security threat in its own right, the U.S. forces retained in Japan after the treaty can be counted upon to restrain that threat. The U.S. will not remove those forces

[4] In the memorandum cited in footnote 1 above, Mr. Fearey said in part: "The most ticklish Australian question, though I am not sure they realized it, seems to me to be 4(*c*): 'What "other forces" are contemplated?' As I understand it, we have considered that the "other forces" could be Japanese, and that one of the "satisfactory alternative security arrangements" which would permit us to withdraw our forces could be the existence of adequate Japanese defense forces. If Australia had asked what the 'satisfactory alternative security arrangements' (beside 'UN assumption of effective responsibility') which we have in mind are, we would probably have to tell them that this is one of the possibilities. As it is, I think the answer I have suggested is accurate and complete, with the inclusion of the word 'specifically', without going into the matter of possible Japanese forces. It may well be, however, that you and Mr. Dulles will wish to give the Australians our complete thinking on the matter, perhaps stating that it is our expectation that any Japanese defense force maintained in Japan after we withdraw our forces would be UN forces or would be integrated with other Pacific forces in the manner proposed for Germany."

until alternative arrangements under the United Nations or otherwise have been established to provide effectively both for the security of Japan and security against a resurgence of Japanese aggression. In addition, the Australian Government is aware that the U.S. considers the security of Australia, New Zealand and the Philippines among other Pacific nations essential to its own security, and would immediately come to the assistance of any of those nations should they be threatened by Japanese attack.

5. "*Political and Commercial Arrangements.*"

(*a*) Is it contemplated that most-favored-nation treatment would be reciprocal?

Yes. Japan would be permitted to withhold from any Allied and Associated Power the application of more favorable treatment than that Power, subject to the exceptions customarily included in its commercial agreements, was prepared to accord Japan in that respect.

6. "*Claims.*"

(*a*) In view of the use of the words "in general" in section 6(*a*), what types of Japanese property would not be retained by the Allied Powers?

The types of property not retained would be substantially the types exempted under paragraph 6 of Article 79 of the Italian Treaty.[5] Examples are diplomatic and consular property, property of religious, charitable, cultural and educational institutions, and the property of Japanese nationals permitted to reside in the territory of one of the Allied and Associated Powers.

7. "*Disputes.*"

(a) What "other disputes" is it contemplated to refer for diplomatic settlement to the International Court of Justice?

It is contemplated that any dispute between an Allied and Associated Power and Japan concerning the interpretation or execution of the treaty, except disputes pertaining to security or claims matters, which is not settled through diplomatic channels would be referred to the International Court of Justice for decision. Claims disputes would be settled by an Arbitral Tribunal whose members would be designated by the President of the International Court of Justice. Disputes between Japan and any government maintaining armed force in Japan concerning the interpretation or execution of the security provisions of the treaty would be settled by the governments concerned through diplomatic channels.

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[5] For text of the Treaty of Peace with Italy, signed at Paris, February 10, 1947, see TIAS 1648 or 61 Stat. (pt. 2) 1245.

Supplementary Questions

(*a*) What is the United States view concerning the disposition of the Far Eastern Commission and Allied Council for Japan?

It is of course contemplated that the Far Eastern Commission, the Supreme Commander for the Allied Powers, and the Allied Council for Japan would cease to act on the coming into force of the peace treaty. If it is possible at that time to secure the agreement of a majority of the representatives on the Far Eastern Commission, including the United States, the United Kingdom, the USSR and China, to a decision that the Commission shall cease to function and the Office of the Supreme Commander and the Allied Council shall be dissolved, such a decision would be desirable. Presumably it will be possible to arrive at this decision if the four veto members of the FEC are parties to the treaty. If the agreement of the necessary Powers to such a decision cannot be obtained it is believed that the FEC, SCAP and the ACJ should simply be permitted to disappear after the treaty by common consent of the signatories.

(*b*) What is the United States view concerning the inclusion in the treaty of a Human Rights clause?

The United States is inclined to favor the inclusion of a human rights clause modelled on that in the Italian and Axis satellite Treaties. It considers, however, that the clause should be in the form of a declaration of intention rather than of an enforceable treaty commitment.

(*c*) What is the United States interpretation of Article 9 of the Japanese Constitution (Renunciation of War)?

The United States respects this provision as an expression of the popular will in Japan embodied in Japan's fundamental law. Interpretation of the provision as it bears on Japan's right to defend itself from unprovoked attack, and to prepare for defense against attack, is a matter of Japanese concern under procedures set forth in the Constitution. Should the requisite majorities of the Diet and the people desire to amend the provision that too would lie within their power.

(*d*) What is the United States view regarding Japan's continuing adherence to policy decisions adopted by the Far Eastern Commission, and to directives and orders issued by the Supreme Commander for the Allied Powers?

It is considered that the peace treaty will be the sole expression of Allied views binding on Japan after the treaty comes into effect. While it is to be hoped that Japan will continue to observe FEC decisions and SCAP directives of lasting value even though those decisions and directives are not specifically confirmed in the treaty, this would be a matter for the Japanese to decide.

694.001/10–2750

Memorandum of Conversation,[1] *by Colonel Stanton Babcock of the Department of Defense*

SECRET [NEW YORK,] October 26–27, 1950.[2]

Subject: The Japanese Peace Treaty

Participants: Mr. Malik, USSR Representative on Security Council
Mr. Troyanovski, USSR translator
Mr. Dulles
Mr. Allison
Colonel Babcock

1. Mr. Dulles opened the conversation by explaining that the United States attitude toward a treaty with Japan was based on the theory that the best way to assure Japan's adherence to peaceful ways and her adherence to standards of good international conduct was to conclude with her a non-restrictive and liberal peace treaty. He explained that, in the view of the United States, we were faced with two alternatives: either to impose a harsh treaty which must be backed up by force over a long period of time, or to conclude a liberal peace. While we recognize that the second alternative offers no guarantee of attaining our objectives it seems to us to offer a better chance of success than the other course of action. He then handed Mr. Malik the Memorandum [3] on the Japanese Peace Treaty which has been given to each of the nations represented on the Far Eastern Commission.

2. Mr. Dulles then pointed out (in connection with paragraph 3(*c*) of the memorandum dealing with territories) that it could be assumed that if the USSR were a party to the treaty, Japan would, by the treaty, cede South Sakhalin and the Kuriles to the Soviet Union. As regards Formosa and the Pescadores, the United States feels it is appropriate for the United Nations to consider whether, and if so how, the purpose of the Cairo Declaration could be carried out consistently with the obligations of Article 73 of the UN Charter, which obligations have now been assumed by the nations which were allied against Japan. The United States proposal in this matter could be considered as a parallel to the action taken by the four major powers when they

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[1] In a memorandum of a conversation held with Mr. Malik on October 17, Mr. Dulles had stated: "Mr. Malik has told me that the Soviet Union would like to discuss with us the matter of a Japanese Peace Treaty and that he would like it understood that the initiative in arranging a talk now rests with us. I told Mr. Malik that we would be glad to talk shortly with him or Mr. Vishinsky or both and would doubtless be in touch with them in this connection within the next week or so." (694.001/10–1750)

[2] The conversation lasted from 10:30 p. m. to 12:30 a. m.

[3] Of September 11, p. 1296.

found that they were unable to agree in regard to the disposition of the Italian colonies and referred the problem to the United Nations.[4]

3. In reply, Mr. Malik stated that the Soviet Union had opposed the consideration of Formosa by the United Nations because the status of Formosa had been settled at Cairo and confirmed at Potsdam and that, therefore, the question of Formosa was an internal problem of China. He said that he failed to understand the "parallel" drawn between Formosa and the Italian colonies since in the case of the former there had been agreement during the war among the four major powers, whereas in the latter case there had been no such agreement.

4. Mr. Malik then pointed out that the memorandum provided for reference of the Formosa problem to the United Nations in the event that the four major powers failed to reach agreement within a year, but that the United States had failed to wait for the expiration of the suggested time period and already referred this matter to the United Nations.

5. Mr. Dulles said that our experience with the problem of the Italian colonies had led us to expect considerable delay before a solution in a matter of this kind could be reached by the United Nations. He also explained that the memorandum in question had been prepared on September 11th before the Formosan problem had been placed on the U.N. agenda, and if it had been prepared later, it might have been expressed somewhat differently, but that this memorandum in its present form had been handed to each of the other nations on the Far Eastern Commission and we felt that the Soviet Union should receive the same document without change.

6. Mr. Malik then asked for a fuller explanation of paragraph 4 of the memorandum which deals with security. Mr. Dulles explained that in the present troubled state of the world the United States felt that it would be unwise to have a Japan, prohibited by her constitution from rearming, in a totally defenseless state since the result might be detrimental to peace and security in the Pacific area. The United States, therefore, intended to retain in Japan sufficient strength to serve as a stabilizing force. He emphasized that the United States forces would not be of sufficient strength to constitute an offensive threat to the Soviet Union or any other Asiatic power.

7. Mr. Malik in reply merely stated that there was no difference between the United States proposal and the present situation since United States troops stationed in Japan after the treaty would be in

[4] For documentation regarding this decision, taken by France, the United Kingdom, and the United States and the Soviet Union in accordance with Annex XI of the Treaty of Peace with Italy, see *Foreign Relations*, 1948, vol. III, pp. 891 ff.

effect the same as United States troops remaining in occupation.[5]

8. Mr. Malik then returned to the question of territories and said that since the Surrender Terms specified that the four main islands of Japan and "other small islands" as determined by the Allied Powers would remain under Japanese sovereignty he failed to understand the United States proposal with regard to a trusteeship over the Ryukyu and Bonin Islands since those islands were a part of the "other small islands' referred to in the Terms of Surrender. There had been express agreement regarding the islands to be detached, i.e. Kuriles, Pescadores and Formosa. Mr. Dulles replied that our proposal was as set out in the memorandum.

9. Mr. Dulles said that it was our hope that the treaty would be signed by all the nations represented on the Far Eastern Commission but that if any failed to participate it was our intention to proceed anyway providing the Japanese were willing to negotiate a separate peace.

10. Mr. Malik evidently misunderstood the above statement and asked if the Japanese were to determine the procedure which would be adopted by the Allied Powers. Mr. Dulles said no, but that it was not our intention to coerce the Japanese into signing a treaty which would not be signed by all the nations on the Far Eastern Commission. He said that we had not yet made up our minds as to the procedure which should be adopted and that we would probably do that after we had gotten the reactions of the other nations to our initial proposals.

11. Mr. Malik asked if we had yet received any answers to our proposals and on being informed that we had not said that he too would have to wait until after he had given further consideration to our proposals.

12. Mr. Dulles then said that he hoped very much that we would be able to produce a treaty which the Soviet Union and the United States could both sign and that he felt that if the Soviet Union were really desirous of taking a step which would lead to a relaxation of the tensions between our two countries she would adopt a realistic view towards this treaty. We had been unable to agree on a treaty for Germany and Austria to date largely because each of the four powers was afraid that it would lose a position of strength in those areas which it now held. In Japan the Soviet Union had no such position and would lose nothing by adhering to the type of treaty suggested,

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[5] In an undated supplementary document, Mr. Dulles transcribed several purported direct quotations from this conversation. One of these read:

"Mr. Malik: (With reference to Okinawa and U.S. garrisons in Japan) 'It would seem that the U.S. proposed Japanese treaty would not change very much the position of the U.S. in Japan and its islands.'

"Mr. Dulles: 'No, it would not, at least at first.' " (694.001/10–2650)

and if it took a realistic attitude, it could make a real contribution towards the relaxation of tensions without sacrificing anything of importance.

13. Mr. Malik replied by saying that he understood Mr. Dulles but felt that the realistic approach should be mutual. Ever since the end of the war, United States military power had flowed in to areas while the war had left in a state of political or military vacuum until the Soviet Union was now surrounded by United States military bases. The United States had a base on Okinawa but the Soviet Union had none in the Caribbean. American propagandists incited their people constantly to a fear of the Soviet Union whereas there was, in fact, no intention on the Soviets' part to attack the United States or do anything but live in peace and friendship. The United States, which was a believer in the "profit system" seemed, in its international relations, to be an exponent of more and more profits never satisfied with what it had attained.

14. Mr. Dulles said that, as regards American bases, sea and air power manifested themselves in a manner somewhat different from land power. He pointed out that if the cause of tension resulted from the natural expansion of two dynamic powers, we had probably attained a state of balance by now and there should be hope of a stabilization of the situation.

15. Mr. Dulles then said that he desired to make one more point. He felt that one of the causes of fear of the Soviet Union on the part of the United States was the fact that the former was using its great national power in support of a World-Wide Revolutionary idea that interfered in the internal affairs of other nations by force and other means. He felt that there were no serious problems between the Soviet Union as a nation and the United States as a nation and that neither had anything to fear from the other. He did feel, however, that we were justified in fearing the power of the Soviet Union in support of an international revolutionary movement.

16. Mr. Malik pointed out at great length that the Soviet Union had nothing but peaceful intentions and that Communism was not for export, but a doctrine for internal consumption only. At this point Mr. Dulles quoted, and Mr. Malik tried to explain, various passages from Stalin's *Problems of Leninism* which seemed inconsistent with what Mr. Malik had said. Mr. Malik emphasized that the relations of the Soviet Union with its "friendly states" was on a basis of complete equality whereas the United States was forcing higher and higher taxes on the world by its insistence not only on its own rearmament but on the armament of most of the world.

17. Mr. Malik then asked if the "United States monopolies" would be willing to trade with the Soviet Union on the basis of a "fair profit"

and not "excessive profits". Mr. Dulles said "Yes." Mr. Malik repeated the question and said: "This is very important".

18. Mr. Malik concluded by saying that he wanted to emphasize that success in our endeavors could result only from a "realistic" approach on the part of both our countries.

611.94/11–1750

The Special Assistant for Occupied Areas in the Office of the Secretary of the Army (Magruder) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET

WASHINGTON, October 30, 1950.

DEAR DEAN: I attach hereto a draft of the bilateral U.S.-Japanese treaty prepared by a working group in the Department of Defense and revised to meet suggestions of Mr. Dulles and Mr. Allison.

This draft has been forwarded to General MacArthur for his comments. It does not yet have the approval of the Department of Defense.

I would appreciate any comments you care to make at this time as to matters of substance. We will, of course, forward a final revision for the approval of the Department of State once we have agreement with the Department of Defense. At that time we will also request that the Department of State have our proposed draft phrased appropriately.

Sincerely,

CARTER B. MAGRUDER
Major General, GSC

[Attachment]

27 OCTOBER 1950.

Draft of Points To Be Included in the Formulation of the Terms of the United States-Japanese Bilateral Agreement on Security

[Here follows a table of contents.]

PREAMBLE

Recalling that Japan and the United States have this date entered into a Treaty of Peace expressive of the conviction that security against aggression in the Japan area and elsewhere in Asia is a prerequisite to the maintenance of individual liberty, free institutions, stable economic relationships, and is otherwise essential to an achievement of the objectives of the Charter of the United Nations;

Considering that both governments have agreed in the Treaty of Peace that security forces of the United States shall remain in the Japan area for this purpose until Japan possesses the means to discharge this responsibility alone and in accordance with the principles

of the Charter of the United Nations, or until a superseding security arrangement is established with the consent of the United States;

And having in mind that the security forces of the United States shall have as their purpose the defense of Japan against agression, and the further purpose of assisting in the maintenance of internal law and order upon the invitation of the Japanese government,

The Japanese government and the United States government agree as follows:

1. *Effective Date and Period of Application*

The provisions of this agreement will become effective simultaneously with the coming into force of the Treaty of Peace, and will remain effective until the withdrawal from Japan of United States security forces or until the adoption of a superseding security arrangement acceptable to the United States government with respect to the Japan area.

2. *Right of Maneuver*

The principle that the entire land mass of the Japan area will be regarded as a potential area for the defensive maneuver of military forces is accepted.

The United States military commander, acting in the normal chain of command within the United States government, shall have the unrestricted authority to make such strategic dispositions of military forces, after notice to the Japanese government, as may, in the light of existing external threats to the security of Japan, be deemed necessary. In the event of hostilities or imminently threatened hostilities, the United States military commander shall have the right to make such tactical dispositions as the military situation requires. Except in time of hostilities or imminently threatened hostilities, no major change of a permanent nature in the disposition of security forces shall be made by the United States commander in the absence of consultation between representatives of the United States and Japanese governments.*

In locating the aforesaid areas for strategic and tactical disposition, the fullest consideration consistent with military necessity shall be given to the welfare, health and economic needs of the native peoples of Japan.†

In the absence of hostilities or imminently threatened hostilities, the United States, after notice to the Japanese government, shall have the right to use land and coastal sea areas of appropriate size and

*Paraphrase of the views of General MacArthur as set forth in memorandum of 14 June, 1950. [Footnote in the source text. The memorandum is printed p. 1213.]

†See Art. v of U.S.–Denmark Agreement, April 9, 1941. [Footnote in the source text. For text of agreement for defense of Greenland, signed at Washington, and notes exchanged, see Department of State Executive Agreement Series (EAS) No. 204, or 55 Stat. (pt. 2) 1245.]

location for military exercises, for additional staging areas, bombing and gunnery ranges, and for such intermediate airfields as may be required for safe and efficient air operations.‡ Operations in such areas shall be carried on with due regard and safeguards for the public safety.§

3. *Japanese Public and Private Property Utilized by Security Forces for Garrison Purposes*

Security forces shall customarily be garrisoned at installations presently utilized by allied occupation forces, and all facilities or areas currently required by them shall remain under the exclusive control of the security forces.

Further assistance, including the use of additional land areas, installations or other facilities, as may be required from time to time by the security forces for garrison purposes, shall promptly be provided by the Japanese government upon the certification of, and following consultations with, a representative of the United States government; *provided*, however, that nothing herein shall be construed as requiring the United States to certify its requirements to, or consult with, the Japanese government or officials thereof in connection with the utilization of land areas, installations or other facilities in the event of hostilities or imminently threatened hostilities; and *provided further* that, in the event of such hostilities or imminently threatened hostilities, the Japanese government shall promptly provide, at the request of the United States military commander, such installations, facilities, materials, equipment, supplies and other assistance as he may deem necessary at the time and under the circumstances.

Japanese real and personal property utilized from time to time by security forces shall, when no longer required, be returned to the Japanese government in good condition, subject to normal depreciation or ordinary wear and tear. In cases of damage to such property during the period of use, except for losses arising directly from hostilities, compensation shall be made following agreement between the United States government and the Japanese government.

4. *Further Description of Rights*‖

The United States shall have such rights, powers and authority within installations or defense areas as are necessary for the establishment, use, operation and defense thereof, or appropriate for the control thereof, and all the rights, power and authority within the

‡Agreement between the U.S. and Philippines Concerning Military Bases [entered into force], March 26, 1947. [Footnote in the source text. For text of agreement, signed at Manila March 14, and notes exchanged, see TIAS 1775 or 61 Stat. (pt. 2) 4019.]

§*Ibid.* [Footnote in the source text.]

‖Agreement between the U.S. and Philippines Concerning Military Bases, March 26, 1947. [Footnote in the source text.]

limits of territorial waters and air space adjacent to, or in the vicinity of, installations or defense areas which are necessary to provide access to them, or appropriate for their control.

Such rights, power and authority shall include, *inter alia*, the right, power and authority:

(*a*) to construct (including dredging and filling), operate, maintain, utilize, occupy, garrison and control the installations or areas;
(*b*) to improve and deepen the harbors, channels, entrances and anchorages, and to construct or maintain necessary roads and bridges affording access to such installations or defense areas;
(*c*) to control (including the right to prohibit) insofar as may be required for the efficient operation and safety of installations or defense areas, and within the limits of military necessity, anchorages, moorings, landings, takeoffs, movements and operation of ships and water-borne craft, aircraft and other vehicles on water, in the air or on land comprising, or in the vicinity of, the installations or defense areas;
(*d*) to acquire such rights of way, and to construct thereon, as may be required for military purposes, wire and radio communications facilities, including submarine and subterranean cables, pipe lines and spur tracks from railroads;
(*e*) to construct, install, maintain, and employ in any installation or defense area any type of facilities, weapons, substance, device, vessel or vehicle on or under the ground, in the air or on or under the water that may be requisite or appropriate, including meteorological systems, aerial and water navigation lights, radio and radar apparatus and electronic devices, of any desired power, type of emission and frequency.

In the exercise of the above-mentioned rights, power and authority, the United States agrees that the powers granted to it will not be used unreasonably or in such a manner as to interfere with the necessary rights of navigation, aviation, communication, or land travel within the territories of Japan. In the practical application outside installations and defense areas of such rights, power and authority, there shall be, as the occasion requires, consultation between the two governments.

5. *Shipping and Navigation* ¶

United States public vessels operated by or for the Army or Navy Departments, the Coast Guard or the Coast and Geodetic Survey, and the military forces of the United States, military and naval aircraft and government-owned vehicles, including armor, shall be accorded free access to, and movement between, ports and United States installations and defense areas throughout Japan, including territorial waters, by land, air and sea. This right shall include freedom from compulsory pilotage and all toll charges. If, however, a pilot is taken,

¶Agreement between the U.S. and Philippines Concerning Military Bases, March 26, 1947. [Footnote in the source text.]

pilotage shall be paid for at appropriate rates. In connection with the entrance into Japanese ports by United States public vessels, appropriate notification under normal conditions shall be made to the Japanese authorities.

Lights and other aids to navigation of vessels and aircraft placed or established in the installations and defense areas and territorial waters adjacent thereto, or in the vicinity, shall conform to the system in use in Japan. The position, characteristics and any alterations in the lights or other aids shall be communicated to the appropriate authorities of Japan.

6. *Jurisdiction over Defense Areas, and Installations or Facilities*

The United States shall have exclusive jurisdiction over all installations and defense areas in Japan utilized by security forces, and over the military and civilian personnel of the government of the United States and their families within the said installations or defense areas, as well as over all other persons within such areas except Japanese citizens. The government of the United States shall retain the right, however, to turn over to the Japanese authorities for trial and punishment any person, other than a citizen of the United States, committing an offense in such areas. The Japanese authorities shall have the privilege of turning over to the United States authorities for trial and punishment any of the United States military or civilian personnel and their families who may commit offenses outside of such areas. The Japanese authorities and the United States authorities shall undertake adequate measures to insure the prosecution and punishment of all such offenders, it being understood that relevant evidence shall be furnished reciprocally to the two authorities.**

[Here follow sections dealing with exemptions in favor of security personnel and incoming goods, postal facilities, sales and services, and United States reserve organizations.]

11. *Relationship of Security Forces to the Japanese Government*

The security forces shall neither have the responsibility nor the authority to intervene in the ordinary internal affairs of Japan.

In the event of civil unrest or riot, the Japanese government shall have the privilege of inviting United States forces to take whatever measures are necessary under the circumstances to restore law and order.

12. *Limitations on Security Forces Garrisoned in Japan*

(There will be no limitation as to the type, size or composition of United States security forces garrisoned in Japan.)

**Patterned after the [defense] agreement between the United States and Liberia, signed at Monrovia, March 31, 1942. [Footnote in the source text. For text of the agreement see EAS No. 275, or 56 Stat. (pt. 2) 1621.]

13. *Withdrawal of Security Forces from Japan*

(The date on which such security forces will depart from Japan will not be stipulated.)

14. *Japanese Armed Forces*

Following ratification of the Treaty of Peace, such prohibitions against the rearmament of Japan as were imposed during the period of the occupation shall cease to be operative insofar as they had previously constituted obligations to the United States under the Terms of Surrender.

It is acknowledged, in this connection, that the provisional garrisoning in Japan of security forces of the United States has for its purpose the protection and maintenance of international peace and security in a manner consistent with the principles and objectives of the Charter of the United Nations, and that, whenever it appears to both nations that the Japanese government is adequately prepared to discharge this responsibility alone, and in accordance with its obligations under the Charter of the United Nations, the United States shall withdraw the protection afforded by its security forces.

No land, sea, or air forces will be established by the Japanese government during the period that this agreement is in effect, except with the advice and consent of the United States government with respect to the strength, type, composition, armament, and other organizational features of such forces, any schedule for their creation being in all respects subject to the determination of the United States government in consultation with the Japanese Government.

In the event of hostilities or imminently threatened hostilities, as determined by the United States, all armed forces in Japan, including the Japanese Coastal Patrol, shall be placed under the unified command of a Supreme Commander designated by the United States government.

Japanese armed forces, if or when established, or any branch, arm, or contingent thereof, including the Japanese Coastal Patrol, shall not engage in any form of combat operations outside the territories of Japan except when and as directed by the aforesaid Supreme Commander.

15. *Relationships with Third Powers*

Japan shall not grant, without the prior consent of the United States, any bases or any rights, powers, or authority whatsoever, in or relating to bases or the right of garrison or of maneuver, to any third power.††

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††See Art. xxv of the Agreement between the United States of America and the Republic of the Philippines Concerning Military Bases, March 26, 1947. [Footnote in the source text.]

[It is not considered appropriate that the present agreement contain prohibitions with respect to the flow from Japan of supplies of strategic materials and equipment to countries or areas which are currently denied such supplies from United States sources as a result of the policy announced in NSC 48/2, 30 December 1949,[1] and reflected in existing domestic export limitations. The Department of State will, however, take steps informally to secure from the Japanese Government adherence to the United States view with regard to this matter. The Department of State should adopt the approach heretofore utilized in its negotiations with other friendly nations on the subject.] [2]

16. *Costs of Garrison*

[It is contemplated that, at a later date, a provision will be inserted for the purpose of defining the relationship of the Japanese government to the matter of garrison costs incurred by the United States during the post-treaty period. Inclusion of this provision awaits completion of studies instituted pursuant to Presidential order.] [2]

[*Production in Japan of Defense Items Heretofore Prohibited*

It is not believed that the present agreement on security should contain prohibitions with respect to the production in Japan of defense items heretofore prohibited.

Japan should be permitted, moreover, to resume productive use of primary war facilities in the manufacture of combat equipment and products, and also to resume production in secondary and war-supporting industries. It is felt that resumption of this production will automatically be influenced by the peaceful needs of the Japanese people.] [2]

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[1] Text printed in *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.
[2] Brackets in the source text.

794.5/10–3150

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (Johnson) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

CONFIDENTIAL [WASHINGTON,] October 31, 1950.

Subject: Financing of Increased Troop Strength in Japan

There is quoted below the full text of an item appearing in Tokyo's Weekly Economic Notes of October 13 [1] on the above subject. If the opportunity arises, I recommend that we strongly support, at least,

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[1] Not printed.

partial "pay-as-you-go" for the support of our troops in Japan pending the conclusion of a peace treaty.

"PLAN TO FINANCE AUGMENTED TROOP STRENGTH IN JAPAN AS OCCUPATION COST

At recent meetings of top military leaders in Tokyo it has been tentatively agreed that, when the withdrawal of U.S. troops from Korea occurs, a sufficient number should be stationed in Japan so as to provide the complement of troops long called for but not made available; the number would exceed the former totals in Japan by some fifty percent. The important question of local financing for the additional logistic support required has also been discussed. It was decided that to provide separately on a dollar pay-as-you-go basis for the additional troops, supporting only about the original numbers through the currently used Termination of War Account supported by the Japanese Government, would be impracticable. It was accordingly determined that all troops should be provided for through termination of war accounting, as a cost of the occupation. It is reliably estimated that the annual cost to the Japanese Government for support of occupation troops has averaged ¥80–90 billion annually and that the augmentation of troops under the new plan would require an additional ¥30–40 billion annually, making support of occupation troops the largest expenditure in the national budget. Some officials of Economic and Scientific Section (ESS), General Headquarters (GHQ), SCAP, attending the meetings, have stated that this added budget expenditure would not only be a strain on Japanese Government finance, but, from a number of considerations, would at this time seem politically most unwise. Assuming the augmentation of forces in Japan to be a policy and military matter outside their proper jurisdiction, they have suggested that a simpler financial scheme far more acceptable to certain Occupation agencies and to the U.S. Government would include the elimination of GARIOA funds for Japan and, as an offset, placement of all Occupation costs on a pay-as-you-go basis, thereby simplifying accounting procedures and providing an approach far more palatable to the Japanese. It is believed that the Japanese Government would welcome this type of approach and, has, in fact, studied the problem of aid from the United States in the post treaty period in relation to dollar gains to be made from residence of U.S. troops in bases in Japan. Some Japanese officials tentatively estimate that exchange receipts from U.S. Government military outlays in the post treaty period may approximate 70 million dollars. The Mission considers the plan to augment forces in Japan at this time a many-faceted problem deserving extremely careful scrutiny prior to implementation. It is possible that opposition to these proposals will be expressed in some military quarters of GHQ as they reluctantly accept the inevitability of an early peace treaty with Japan." [2]

The foregoing information from Tokyo was transmitted for Department use only and accordingly we must protect Tokyo in making any use thereof with other agencies of the Government.

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[2] For further pertinent documentation, see the paper cited in the editorial note under date of October 15.

694.001/11–650

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (Johnson) to the Director of that Office (Allison)

CONFIDENTIAL [WASHINGTON,] November 6, 1950.

Subject: Attached British Note

In regard to the attached British note,[1] a copy of which was left with me shortly after the original had been handed you, it is assumed that you and Mr. Dulles either will reply to the British directly or, if you wish the Department to reply, that you will give us your views.

It appears to us here in NA, and to Mr. Hamilton, that we should not agree to make the Working Party Report, prepared six months ago and reflecting all degrees of agreement and disagreement among the considerable number of nations which participated, the vehicle for the further expression of our treaty views. It is believed that the British should be advised, in effect, that their proposal would seem to constitute a retrograde step in view of the recent submission of our views to them for comment; that we assume that the views of the Commonwealth nations have changed in some respect since last May; and that we are prepared to clarify any portions of the summary statement of U.S. views handed them in September on which they wish further details, as we have already done for the Australian Government.[2]

[1] In this *aide-mémoire*, apparently of November 2, not printed, the British Embassy had stated the United Kingdom found it difficult to contribute to the informal talks then in progress until American views were more sharply defined than in the 7-point memorandum of September 11 handed to Sir Esler Dening on September 22. The Embassy asked for comments of the United States on the Working Party Report, particularly in regard to major points on which views in it diverged from views of the United States and in regard to the importance attached by the United States to the divergencies.

[2] In its reply of December 20 to the document cited in footnote 1, the Department stated that the Working Party Report, because it reflected degrees of disagreement as well as agreement among the drafting nations, was a difficult vehicle for further United States comment. In general, the divergence between the United States view and that of the agreed portion of the report lay in the omission from the 7-point statement of matters which Commonwealth nations apparently wanted included in a treaty. "As was made clear at the time Mr. Dulles handed the United States paper to Sir Esler Dening in New York, those matters which are not included in the United States paper are matters which in the opinion of the United States Government should not be included in a peace treaty with Japan." The Department offered to clarify in detail those subjects covered in the 7-point summary. (694.001/11–250)

MacArthur Memorial Library and Archives: Record Group 5: Telegram

The Supreme Commander for Allied Powers (MacArthur) to the Department of the Army

SECRET PRIORITY TOKYO, November 11, 1950.

C–68770. Personal for Major General Magruder. Reference your message 031820 Z. My concern over the draft agreement contained in

your message unnumbered of October 30th [1] is that it requires surrender of Japan's sovereign rights to an unnecessary and provocative degree. It has always been my view that the retention of our forces in post-treaty Japan must either rest squarely upon an unfulfilled condition of the surrender terms, thereby making such retention mandatory upon Japan, or it must rest upon a voluntary accord based upon the desire and freely given consent of the Japanese people. The draft agreement appears to be based upon neither. It partakes of a voluntary accord in the sense that it is not a part of the treaty of peace but collateral thereto, and yet it exacts from the Japanese the surrender of fundamental aspects of sovereignty through partial cession to the United States of the right of eminent domain, reserving to the United States the unilateral right to terminate the accord, and subordinating to the United States post-treaty Japanese armed forces. The impingement upon sovereignty reflected in these enumerated conditions, even if accepted by the Japanese in the first blush of a restored national freedom, would provide the basis for such destructive appeals to national sentiment, both from within Japan and without, that a restiveness would inevitably ensue. This would foster in the Japanese mind resentments which could well be fanned by subversive elements into popular Japanese hostility toward our continued presence upon Japanese soil. In such an eventuality we would be confronted with the necessity of decision as to whether to withdraw our troops or to maintain them in Japan by force. Whether we withdrew under pressure or remained by force, our political position would become untenable.

The solution as I see it would be to have Japan committed under the treaty of peace to place full reliance for her future security in the United Nations acting in collaboration with the Government and people of Japan, and to this end to agree to abide by such reasonable and logical terms and conditions as the United Nations or its duly deputized executive agency might determine as essential thereto. That pending development of the necessary security machinery and formulation of such mutual agreements as may be necessary to insure the security objective, existing arrangements under which United States Forces safeguard Japan's security would continue without modification, other than that the principle of "pay-as-you-go" would be effective insofar as reasonable and practicable, that new facilities for garrison and military exercises would be subject to mutual agreement, and that the security forces, exercising no political power over Japan whatever, would occupy as nearly as possible the relationship vis-à-vis the Japanese people as normally exists between the American Forces stationed within the continental United States and the American people. This

[1] This message contains the text of the attachment to Major General Magruder's memorandum to Mr. Rusk dated October 30, p. 1336. A copy of the unnumbered message of October 30 is in MacArthur Archives, RG 5.

would insure the continuity of existing defense provisions without imposing upon the Japanese politically offensive requirements calculated to generate unrest leading to possible hostility. Signed MacArthur

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694.001/10–2650

Memorandum by Mr. Robert A. Fearey of the Office of Northeast Asian Affairs to the Deputy Director of that Office (Johnson)

SECRET [WASHINGTON,] November 14, 1950.

Subject: Territorial Provisions of a Japanese Peace Treaty.

PolAd's attached despatch [1] confirms information from other sources that the Japanese public is attaching extraordinary importance to the disposition of the Ryukyu and Kurile Islands, and to a lesser extent the Bonins and Volcanos, in the treaty. The Socialist and Democratic Parties have placed themselves formally on record as opposing any treaty provisions surrendering Japanese sovereignty over territories "historically and racially Japanese." The Liberals have been more cautious, aware that a Liberal Party administration may be called upon to sign a treaty containing distasteful territorial provisions. However, Government spokesmen members of the party have on several occasions asserted Japan's claim to continued sovereignty over the Ryukyus and Kuriles.

The growing popular sentiment is attributed by PolAd to spontaneous emotional feeling, fanned by such organized groups as the Association for Reversion of Okinawa to Japan and the Bonin Island Repatriates Revival League. Another factor which might be cited is that the Japanese, crowded back into the main islands, are instinctively reluctant to lose additional territory even though that territory already be already over-populated (the Ryukyus) or, except for the Lesser Kuriles, largely worthless. Probably also the imputation that the islands, long ago acquired by predominantly peaceful processes, were unjustly seized by "force or violence" rankles. PolAd goes so far as to say

"While there are those who believe that the (Liberal) Party would be able to survive, at least as one of the dominant parties, if not as the party in power (if it accepted a treaty detaching these territories), there are others who believe that such an eventuality would lead to its virtual collapse as a political force . . . . In taking political advantage of the irredentist sentiment of the Japanese people, the political groups seeking to succeed the Liberals in power would, whatever their original feelings toward the United States, adopt policies with marked anti-American overtones. Such a situation, by fanning the sparks of anti-American feeling already latent among the people as a result of a prolonged military occupation and a distasteful treaty,

[1] No. 628, October 26, 1950, not printed (694.001/10–2650).

could not but be productive of hazards to continued friendly relations between Japan and the United States."

In the circumstances PolAd believes that the territorial provisions of the treaty should be most carefully considered. Specifically he believes that the Allies should "explore the feasibility . . . of territorial provisions which, while allowing the retention of effective control over such areas as may be dictated by security considerations, would avoid the appearance of an outright alienation of sovereignty from Japan, with a consequent rise of irredentism of considerable and possibly dangerous proportions." In advancing this suggestion he appears to have in mind the statement of a Foreign Office official to a member of the Mission that while the Liberals' preference would of course be that the Ryukyus be returned to Japanese sovereignty, the U.S. retaining strategic control and military bases there in the same manner that it will have bases in Japan proper, the Party might as a bare minimum risk signing a treaty which recognized in principle Japan's right to sovereignty, even though some such arrangement as a trusteeship might temporarily replace sovereignty.

As you know, Mr. Dulles when he first assumed primary responsibility for the treaty expressed doubts about the advisability of detaching the Ryukyus from Japan, and said that he planned to reexplore the necessity for so doing with the military. He later indicated, however, that the earlier position was unchanged, and it was further confirmed, along with the Bonins and Volcanos, in the State–Defense joint memorandum signed by the President on September 8.[2] The suggestion that the U.S. keep bases in the Ryukyus under the same arrangement as in the main islands has always been met by the military reply that we must be able to count on holding the Okinawa base permanently. Even accepting this position, however, it has never as far as I know been satisfactorily explained why we must control the whole land area south of 29° N. Lat. permanently. Admitting the need for radar stations and the like some distance from the main base, why do we have to control the land and people in between? At most why should we require greater rights than the very broad military rights we will be acquiring in the main islands, where we have nevertheless not considered it necessary to take over the government of the country? In spite of all that has transpired, and that the military would charge us with reopening an issue already decided by the President, I believe we should insist that the military give us convincing reasons why we should not either (1) seek the same military rights in the Ryukyus as in the main islands, but on a permanent basis, or (2) seek a 99 year lease of the particular areas in the Ryukyus that we require, leaving the rest under Japanese ownership and administration.

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[2] See memorandum for the President, September 7, p. 1293.

If you have time I suggest that you read the marked passages in the second to last enclosure to the despatch, containing an unusually pointed and well reasoned petition by Okinawan residents in Japan, and of the last enclosure, a pathetic petition by former residents of the Bonins.[3]

[3] Neither printed.
Mr. Johnson forwarded this memorandum and despatch No. 628 to Mr. Rusk with his own memorandum of November 17, in which he said in part:
"As you know, in spite of the Secretary's Press Club statement and the "Treaty Memo" approved by the President, I strongly feel that we should not consider the Ryukyus trusteeship question as entirely closed, but, when the bilateral military agreement with Japan is firmed up, raise with the Pentagon the question as to whether its extension to the Ryukyus would not give them everything that they require. The bilateral military agreement is going to be a heavy shock to the Japanese, and this combined with the loss of the Ryukyus may well eventually constitute too heavy a strain on the present overwhelming pro-American sentiment in Japan." (694.001/10–2650)

694.001/11–1550

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL LONDON, November 15, 1950— 4 p. m.

2835. Department's A–568, October 19.[1] Yesterday afternoon we reviewed with Bevin general question of need for increased Japanese participation international relationships. In presenting Department's views mention was made of previous US efforts obtain British coordination along these lines. Point was stressed that if we are to hope that Japan become democratic bulwark in Asia we should foster maximum political and economic stability in Japan and draw it into closer contact with western nations. Bevin was asked whether he would agree in principle to desirability of extending MFN treatment to Japan and if so whether he would instruct his experts discuss details with US delegation Torquay.

In rambling reply Bevin said he would of course give matter thorough consideration although there were many obstacles in way. Referring to MFN agreement with Germany he pointed out UK had representation there and was in position exert pressure if Germany

[1] In this airgram the Department had said in part: "While it is recognized that the prospect of Japanese commercial competition presents at least in the short run a problem for the British, the British must face the realities of the situation and be prepared to meet Japanese competition if Japan is to be kept oriented toward the West and free from Communist pressures." The Department had instructed the Embassy to speak with Mr. Bevin and urge British acceptance of most-favored-nation treatment for Japan on a reciprocal basis, eventual British support of Japan's admission to GATT, British approval of Japanese overseas agencies in the United Kingdom and its colonies, and British acceptance of Japanese participation in international conferences and agreements of a technical character. (694.001/10–1950)

misbehaved. In Japan things were different; UK was without authority in Japan and there had been built up in popular mind a belief that SCAP was a law unto himself [2] and furthermore as a manufacturing nation UK could not but view with concern resurgence of Japanese competition and Lancashire was becoming alarmed over indications that preference was being shown Japan with respect to allocations of US raw cotton, a tendency which if not checked might result in Lancashire not being given sufficient for its needs (Embassy understands that there may have been some basis for such a reaction a month ago but it is obvious he was not in possession of latest information this subject). Bevin said he realized necessity of doing something for Japan but he felt UK would not be willing pay too high a price. Before considering MFN for Japan he would like fuller information present status this question.

Embassy is undertaking in consultation with US delegation Torquay supply Bevin with desired background information.

Sent Department 2835, repeated information Torquay 80.

DOUGLAS

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[2] In a memorandum, handed by Mr. Tomlinson to Mr. Allison in New York on November 3, the British Embassy had stated in part the United Kingdom desired an acceleration of the treaty-making process and viewed as tactically unwise any relaxation of controls then imposed on the Japanese Government. In the United Kingdom's view ". . . it would be undesirable for Japan to have reached such a measure of freedom from controls that the signing of a Peace Treaty would amount to no more than a legal recognition of a state of affairs already existing, and it is accordingly the hope of His Majesty's Government that the United States Government will use its authority to dissuade General MacArthur from unilateral acts which would bring about any further removal, or loosening, of the remaining controls." (694.001/11–350)

In its reply of December 20, the Department stated that, since at best final consummation of a treaty might take some time, Japan should be encouraged (to an extent consistent with FEC decisions) to take more responsibility in its own affairs and to participate in constructive bodies such as WHO, FAO, and UNESCO. Controls which had been placed upon the Japanese by the occupation authorities themselves, and not as the result of specific FEC policy decisions, should be relaxed. (694.001/11–350)

No comment was made on the reference to General MacArthur.

Lot 56D527

The Consultant to the Secretary (Dulles) to the Commander in Chief of the United Nations Forces (MacArthur)

SECRET [WASHINGTON,] November 15, 1950.

PERSONAL AND CONFIDENTIAL

MY DEAR GENERAL MACARTHUR: I assume you get official reports as to what is going on, but perhaps at this juncture a few personal impressions might be acceptable.

We have completed here, at the United Nations General Assembly, private conversations with all of the other members of the F.E.C.

Australia, New Zealand, the Philippines and Burma have all raised objections to the absence of *military restrictions*. However, I think that Australia and New Zealand will give way if we can find some formula for assuring them of U.S. protection in the event of attack. We talked this over with Spender before he returned.[1] The State Department is studying the problem, and I think it ought to be possible to find a formula—perhaps a Presidential Declaration—which would be mutually acceptable to our three countries and clear the way, as far as Australia and New Zealand are concerned, for the type of Treaty that you, and we, want.

The Philippines, China, Burma, Australia and New Zealand have all raised the question of *reparations*. They would, of course, like some. But I think they realize that they are up against a practical impossibility. We have in mind using our GARIOA obligations as a bargaining point in this connection, but have not yet felt it necessary to raise this point.

The U.K. has not made any particular comment on our suggestions, but we judge that their principal concern is with the impact of Japanese *commercial competition* during the post-Treaty period.

I had a most interesting talk with Jacob Malik (USSR). He came up to my house in the evening and we talked for a couple of hours. You may have gotten the Memorandum of Conversation[2] prepared by Colonel Babcock, who accompanied me. He was guarded in his comments, but made clear that the Soviet Union would strongly object to any treaty language which cast doubt upon the present Soviet title to *South Sakhalin* and the Kuriles and China's title to *Formosa*. Also, he questioned the U.S. right to "trustee" the *Ryukyus* in our favor, saying that, whereas the Yalta agreement had dealt with the Kuriles, nothing had been said about the Ryukyus. He suggested that the Ryukyus were the "small islands" which would be left with Japan. Also, he said that if we continued on at Okinawa and had the right to garrison forces in Japan that would "leave the situation no different from what exists at present". I have no doubt but what Communist propaganda in Japan will emphasize the Soviet desire to restore the Ryukyus to Japan.

I don't know whether the Russians will continue to talk with us about the Japanese Treaty. That procedural question has been referred back to Moscow. My guess is that they will probably keep in touch with us for a time, if only to get information. They might even attend a preliminary peace conference if one were called. I think it

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[1] Possibly a reference to a conversation held between Messrs. Spender, Rusk, and Dulles at the Plaza Hotel in New York City on October 30. No memorandum of this conversation has been found in State Department files. For Spender's account, see *Exercises in Diplomacy*, pp. 63–67.

[2] Of October 26–27, p. 1332.

most unlikely, however, that they would ever agree with the kind of a peace treaty that we want.

Our own ideas about *future procedure* are not yet firm. I am rather inclined to favor carrying on with further bilateral talks and not risk a conference where the allies are divided about substance and where they would be almost equally divided as between Communist and Nationalist Chinese participation, and where the Russians might foment increasing discord. I think we can probably get into pretty close agreement, as between most of us, by continuing bilateral talks.[3]

However, one thing that I think should be done soon is for me to go to Japan and have a thorough talk with you. I thing it extremely important to get your judgment first as to whether in the light of the new Korean and Chinese Communist developments, we should push on steadily for the Japanese Peace Treaty. If so, I think we should quite soon, chiefly through you, ascertain that the Japanese political leaders would, on a non-partisan basis, accept the kind of a Treaty we have in mind. If we can get as a fixed and solid point, U.S.-Japanese agreement, then I think that the others, except for the Soviet Union and Communist China, will come into line if we combine firmness with some placating modifications which will be of form rather than of substance.

There is also, I think, need now of a small bi-partisan Congressional group that will concern itself with the Japanese Treaty problem and with which our negotiators can keep close contact with a view to assuring harmony with Congress.

I flew out to Grand Rapids last Sunday and had a good long talk with Arthur Vandenberg. He is still rather frail, but I had the impression that he is somewhat better than when he left Washington. We talked together quite a bit about you and the Far Eastern situation. I hope that the viewpoint you represent will be more heeded as a result of the Republican shift in Congress. There is, however, a rather noisy newspaper group which supported the Republicans and which is beating the drums for reckless action which would involve us deeply in war on the mainland of Asia. You produced a miracle on the land in Korea, but I doubt whether you would feel that that proves that we should make the Asian mainland the area for the testing of the relative strength of the free and Communist

[3] In his memorandum of a conversation held with the President, November 16, the Secretary stated in part:

"At this point, Mr. Dulles joined the President and me. He gave the President a 20-minute report on his discussions in New York regarding the Japanese peace treaty.

"The President listened closely; expressed his approval of what Mr. Dulles had done, and he authorized us to continue the discussions after the representatives in New York had received instructions from their governments, and then come back to the President sometime in December for a full discussion of the next step to be taken and a list of the decisions to be made." (Lot 65D238)

world. My view, and my impression of yours, is that sea and air power must in the Far East be our main reliance.

We are all deeply concerned with the new burdens that the North Korean situation puts upon you after you had done the job of wiping out the North Korean armies. I think, however, you can be confident that the nation is prepared to accept what you feel to be the answer to this new problem.

If you have time, now or later, I hope you will let me know of any thoughts you have on the Treaty or other matters, as I want the benefit of that.

With very kind regards to Mrs. MacArthur, in which Janet joins, I am

Faithfully yours, JOHN FOSTER DULLES

694.001/11–2050

Unsigned Memorandum of Conversation From Departmental Files [1]

SECRET [NEW YORK,] November 20, 1950.

Subject: Japanese Peace Treaty

Participants: Mr. Yakov Malik, USSR Delegation
Mr. Troyanowsky, USSR translator
Mr. John Foster Dulles, USA Delegation
Mr. John M. Allison " "
Colonel C. Stanton Babcock

The conversations were characterized by a very definite attempt on Mr. Malik's part to create a friendly atmosphere. In contrast to the meeting held on October 26, during which his attitude while not unfriendly was thoroughly business-like, Mr. Malik spent the first five or ten minutes joking and talking about mutual friends and acquaintances. Once or twice during the course of the discussion he digressed to talk about generalities and seemed to make an effort to engage each member of the U.S. group in a brief personal conversation. He gave the impression of wanting to avoid detailed discussion of points on which the United States and the Soviet Union were in disagreement.

Mr. Malik began the proceedings by having Mr. Troyanowsky translate orally an *Aide-Mémoire* [2] which consisted of six questions pertaining to the expression of United States views in regard to a Japanese

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[1] The format of the original is similar to that of several other memoranda of conversation signed or initialed by Colonel Babcock.

[2] On November 24 the Soviet Government released in Moscow the texts of this *aide-mémoire* and of the United States seven-point memorandum of September 11. The United States thereupon released text of the latter and an unofficial translation of the former, also on the 24th. Both are printed in Department of State *Bulletin*, December 4, 1950, p. 881.

Peace Treaty as contained in the memorandum furnished by the United States to each member nation of the Far Eastern Commission. (A translation of the *Aide-Mémoire* is attached hereto as an enclosure.)

After the reading, and after Mr. Malik had handed the *Aide-Mémoire* to Mr. Dulles, the latter asked if Mr. Malik expected an oral reply or would prefer a formal written memorandum in answer to the questions contained in the *Aide-Mémoire*. Mr. Malik said that he preferred to have the answers in writing.[3]

Mr. Malik then asked Mr. Dulles what his views were with regard to the question concerning participation by the "Central Chinese People's Government" in the discussions of a Japanese Peace Treaty. Was the United States prepared "to accept the possibility that a Peace Treaty could be signed without the participation of the Central Chinese People's Government?" Mr. Dulles replied that the conversations held so far had been diplomatic conversations and that, therefore, the United States had held discussions with the Nationalist Government as the government which this country recognizes. As to future procedure, Mr. Dulles said that he would prefer to answer that question after he had had an opportunity for more consideration of the matter.

At this point there ensued some discussion as to the numbering of the questions. The United States participants had been under the impression that the question under discussion was No. 7. Mr. Malik pointed out that the question was the "second part" of No. 6 and seemed to feel that there was a connection between the first part of No. 6 (dealing with unrestricted trade for Japan), and the second part (dealing with Chinese Communist participation in the Treaty).

Mr. Dulles then reminded Mr. Malik that, with respect to that part of question No. 2 which refers to the disposition of southern Sakhalin and the Kuriles, he had explained the United States position on this matter during the previous conversation (October 26, 1950).[4]

Mr. Allison then asked Mr. Malik for an explanation of the meaning of the first part of question No. 6. Mr. Malik replied that the USSR wanted to know whether the United States felt that in the post-treaty period Japan should have unrestricted opportunities for peaceful trade and access to raw materials. He said that there was nothing in the United States Memorandum which indicated the United States views on this subject.

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[3] Text of the American reply, delivered to Mr. Malik on December 27 and released to the press December 28, is printed in Department of State *Bulletin*, January 8, 1951, p. 65.

File 694.001 for December 1950 contains a number of documents that pertain to the drafting and clearance of the reply.

[4] For memorandum, see p. 1325.

Mr. Malik, before leaving, said that there might be other points on which the USSR would want clarification, and that he would perhaps submit further questions after the United States had received replies from some of the other governments concerned.

Lot 53D444

Memorandum of Conversation, by the Special Assistant to the Secretary (Battle)

SECRET [WASHINGTON,] December 1, 1950.

The Secretary told me today that in his conversation at the White House yesterday he had mentioned to the President that we were considering possible steps to bring about action in the Far East responsive to the needs of the moment. He said he mentioned for the President's information only, and not for decision, that we were considering some action which might be taken in Japan along the lines taken in Germany by the Occupying Powers giving greater authority to the Government of Japan. He also said [we?] were considering the question of some declaration which might be made of the United States' interest in the security of Australia and New Zealand.

L[UCIUS] D. B[ATTLE]

694.001/12–250

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Consultant to the Secretary (Dulles)

TOP SECRET [WASHINGTON,] December 2, 1950.

Subject: Japanese Peace Treaty

I have been thinking over our conversation yesterday with particular reference to that portion in which you suggested we should make an immediate study of Far Eastern Commission decisions and the surrender instrument with Japan with a view to ascertaining how far we can go without a Treaty toward giving Japan freedom of action in local and international affairs, I believe the time has come and the situation is so serious that more drastic measures are necessary. In my opinion, attempts by the United States to give Japan a larger degree of freedom than she now possesses within the limits of existing FEC policy decisions would not only be extremely difficult, but would expose us to a charge of insincerity by our allies and would not, in fact, get the results desired. Exhaustive studies have been made as to what can be done within the framework of present FEC directives and they

have shown it is comparatively little.[1] Also, General MacArthur has vigorously opposed this conception. I do not believe the Japanese would be satisfied with what we could do in this limited way. Therefore, serious consideration should now be given to going to our friends on the FEC and pointing out frankly and forcefully that the present situation is so serious and present conditions so utterly different from those contemplated at the time the Far Eastern Commission was set up, that we are no longer in a position to abide by the terms of reference of the Far Eastern Commission or its previous decisions. This would be an honest straightforward position to take, and I believe would be understood by our friends. We would naturally want to assure them that we have no intention of allowing Japan to become a threat in any way to this interest, and that we would take steps to see that such a situation did not develop.

I believe we would then be in a position to recommend to them that they acquiesce in our desire to bring Japan back into our family of nations as a free and independent member, with which we could make agreements for military assistance on a basis of equality in an attempt to get Japan on our side voluntarily and not by force. In my opinion, we should endeavor to get the Japanese to agree, with respect to their own defense and the defense of the Japan area, to furnish ground forces (the U.S. furnishing ground forces only until Japanese forces could take over) while the United States and such other of our allies as agreed with us and would come in on our terms, would furnish air and naval forces. The fact that Japan would not have air or naval forces would go far, it seems to me, toward reassuring our allies that Japan would not be in a position to threaten their interests, and that the arrangement would be one primarily for defense of Japan and the Japanese area. This agreement should be couched in U.N. Charter

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[1] In a memorandum to Mr. Johnson of December 4, 1950, Conrad E. Snow, Acting Assistant Legal Adviser for Far Eastern Affairs, reviewed relevant international agreements and FEC directives and concluded in part: "If a massive military invasion is to be anticipated, self defense would require the creation of a Japanese army, properly trained and equipped. There is no way, within the framework of the Far Eastern Commission directives, that this can be done." Such a step would require SCAP to act against United States directives issued in accord with FEC decisions or the United States to issue new directives in excess of authority granted by the Moscow Agreement. "In such an event it might be advisable for the United States to denounce parts of the Potsdam Declaration and the Moscow Agreement. Such a denunciation could be based on a declaration that both of these instruments . . . were based on an assumption that a new order of peace, security and justice had come into the world, and that there existed no possibility of either of the co-signers, China or the Soviet Union, threatening Japan with aggression." Mr. Snow advanced as a final reason for denunciation his opinion that Japan would not be free to amend Article 9 (renunciation of war and armed forces) of the Constitution of 1947 until released from its undertaking (in the Instrument of Surrender) to carry out in good faith the terms of the Potsdam Declaration and to take whatever action required by appropriate Allied authorities for the purpose of giving effect to that Declaration. (794.001/12–450)

terms in so far as possible and consideration might well be given to having Japan become a co-signatory of any possible mutual defense arrangements which might be entered into with New Zealand, Australia and the Philippines.

With the exception of the preceding sentence, which he has not seen, Colonel Babcock concurs with the above.

Editorial Note

Prime Minister Attlee and President Truman met in Washington from December 4 through December 8, 1950. At their first meeting on the afternoon of the fourth the two heads of government mentioned several issues connected with a Japanese peace treaty. The record of this meeting is scheduled for publication in volume III.

Lot 56D527

Memorandum by the Director of the Office of Northeast Asian Affairs (Allison) to the Consultant to the Secretary (Dulles)

TOP SECRET [WASHINGTON,] December 7, 1950.

Subject: Japanese Peace Treaty [1]

There is attached a rather hastily dictated memorandum setting forth some of the more urgent matters I believe we should consider in connection with our next step toward a Japanese peace settlement. The attached memorandum is not in any sense a complete statement of all factors to be taken into account, and as I read it over I can see obvious omissions. However, I am forwarding it in the hope that it will be suggestive and that it may elicit comments which will help us to make progress.

[Attachment]

TOP SECRET [WASHINGTON,] December 7, 1950.

JAPANESE PEACE TREATY

The following factors must be considered in making a decision as to whether or not to proceed in some manner with bringing about an end of the state of war with Japan:

[1] In his memorandum of the Secretary's morning meeting of December 7, Mr. McWilliams stated in part: "Mr. Rusk reported on the Japanese Peace Treaty. He said that we still have hopes of pursuing the treaty but we are considering two steps in the interim to improve the situation. The steps are: (1) transfer of more authority and responsibility to the Japanese; and (2) a declaration ending the war with Japan which would be followed by a treaty of friendship, commerce and navigation." (Executive Secretariat Files)

I ASSUMPTIONS

A. It is vital to the security interest of the United States to keep Japan out of the Communist camp and on the side of the United States and the West.

B. This can only be done by convincing the Japanese that it is in their interest to be on our side and that we have the ability and willingness to protect them from the obvious risks they take in aligning themselves with the United States.

C. United States military commitments in Asia should, in so far as possible, be limited to air and naval power plus supply of equipment and munitions.

II TO BE DETERMINED

A. Is the United States, with or without allies, going to maintain its stand that aggression cannot be allowed to succeed and therefore:

1. Formosa will not be allowed to fall to Chinese Communists?
2. Chinese Communists will not be seated in the UN?
3. We will not leave Korea, unless driven out militarily, before UN objectives are accomplished?

B. If answers to above questions are in the affirmative, can and will the United States take the necessary steps to:

1. Increase air and naval power in the Far East sufficient to assure keeping Formosa out of Communist hands?
2. Proceed to go on a war footing domestically in order to regain in as short a time as possible the relative power position we had in 1945?
3. Create some sort of mutual assistance pact among the Pacific nations (Australia, New Zealand, Philippines and U.S.) which Japan could join at a suitable time and which would have the dual purpose of defending Japan from Communist aggression and assuring our friends that Japan would be on their side and not a menace to them?

III ACTION TO BE TAKEN

A. *Policy Decisions to be Made.* Consideration must be given to the effect of positive action restoring Japan to the family of nations on prior United States commitments under such instruments as the Potsdam Declaration and the Basic Post-Surrender Policy which was approved by the Far Eastern Commission in terms which imply that it was more in the nature of a governmental agreement than an ordinary FEC policy decision. Determination of how far we can go and the direction to go must be made at the earliest possible moment so that we can proceed with the steps outlined below.

B. *Congressional Consultations.* These should be undertaken at once with a view to obtaining Congressional approval for whatever action is necessary to enable the United States to take a stand in Asia and with Japan which will assure Japan's being on our side. Such action

might include going ahead with a peace treaty in the conventional sense or having the Congress by joint resolution declare the ending of the state of war with Japan. The latter possibility under present conditions seems to have much to recommend it and should be thoroughly explored.

C. *FEC Consultations.* Consultations should be held at an early date with friendly members of the FEC, perhaps in a body, to tell them of our thinking and to endeavor to gain at a minimum their passive acquiescence and at a maximum their active support.

D. *Consultations with Japanese.* At an early date high level representatives of the United States Government should proceed to Japan for consultations with Japanese leaders to determine how far they are prepared to go in cooperating with the United States.

E. *Relaxation of SCAP Controls.* Concurrently with taking the above steps, the United States should take steps to reduce the impact of SCAP GHQ on Japanese political, economic and social life.

F. *Increase of Internal Security in Japan.* Concurrently with the above two steps, the United States should take active steps to increase the size and power of Japanese Police and Coast Guard.[2]

G. *Increasing Japan's Industrial Potential to Fight Aggression.* All necessary steps should be taken to make it possible for Japan's industrial power to be used by the United States and its allies, as well as Japan, for the building up of the forces necessary to resist Communism. This will require consideration of FEC restrictions on production for military purposes.

IV STAFF NECESSARY

In order to accomplish the above, there should be set up a small, high-level staff under Mr. Dulles which will be given authority from the White House to make all necessary studies and submit recommendations for final action. During the process of formulating final recommendations, this staff should consult all offices, departments and agencies concerned but should not be required to obtain clearances at each step. Within the broad framework of the Acheson–Johnson Memorandum to the President of September 7, 1950, and NSC 13 [3] the staff should be given complete freedom of action. There should be a representative of the Defense Department on the staff.

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[2] In the memorandum cited in footnote 1 on p. 1355, Mr. Snow had stated: "While the construction of naval combatant vessels is prohibited, . . . it may well be assumed that the provision for an adequate civilian police force [in FEC 017/20, February 12, 1948] includes provision for an adequate civilian coastguard, armed with rifles and pistols. The word 'rifle' is unqualified in the FEC directive, and might well include high-powered repeating rifles."

[3] NSC 13/3 was then the current policy paper.

694.001/12–850

Memorandum by the Consultant to the Secretary (Dulles) to the Secretary of State

TOP SECRET [WASHINGTON,] December 8, 1950.

I am attaching a memorandum on Japan prepared with the concurrence of Mr. Allison and Colonel Babcock.

JOHN FOSTER DULLES

[Attachment]

TOP SECRET [WASHINGTON,] December 8, 1950.

JAPAN

Japan is, with Germany, one of the two great assets that the Soviet power seeks for exploitation in aid of its aggressive policies. It is important, if practicable, to prevent that. However, recent developments in Korea make it doubtful whether Japan can be relied upon to form a dependable part of the non-communist world. It is important to seek to resolve that doubt in our favor.

Accepting this as a premise, the following course of action is suggested:

1. There should be a prompt effort definitely to commit Japan, spiritually and politically, to the cause of the free world. In this respect, time is of the essence. The United States still possesses prestige in Japan and the full political and military implications of the Korean defeat are not yet apparent. There is probably more chance of mobilizing Japanese public opinion and getting a Japanese commitment now than in a month or two. Delay and inaction may count heavily against us.

2. It cannot be known now what precise pattern of action is best calculated to achieve the desired result. That can only be determined by survey on the spot.

Such a survey may disclose that there is no reasonable chance of success. If so, the quicker this is known, the better, as it will have an important bearing upon our policy and our dispositions elsewhere.

If Japan is willing on certain terms to accept commitment to our cause, then these terms should be ascertained to see whether the price is practical and worth paying.

Any such commitment by Japan would probably involve, in general, a basic decision by the U.S. to seek to maintain and defend the island chain of Japan, Ryukyus, Formosa, and the Philippines and, in particular, a certain commitment to Japan in terms of sea and air power; certain economic assurances and a prompt restoration of Japanese sovereignty through a treaty of peace or a declaration of peace.

The question of whether Japan would deal alone with the United States in respect to peace or would insist upon other of the Allies

coming along and if so, which, and their attitude toward Chinese Communist participation would have to be ascertained.

It may be necessary to have a Pacific Pact, initially of Japan, Australia, New Zealand, the Philippines, the United States, and perhaps Indonesia.

3. It is no longer practical to work out from here what is, to us, the best arrangement and to take the time that would be necessary to clear this with the various departments concerned, State, Defense, Attorney-General, Commerce, Treasury, etc., before dealing with Japan. The only practical procedure is to send to Japan a mission, which, bearing in mind U.S. capabilities and objectives, legal, economic, and military, would ascertain what, if any, arrangement were feasible.

Such a mission should, of course, to the extent practical, first exchange views here with the representatives of other friendly governments, so that their viewpoint would also be in the mind of the mission. But just as it is impractical now to reach an advance agreement among our different U.S. departments, so it is impractical now to reach a full advance agreement with our Allies.

4. The mission should have broad Presidential authority, with the cooperation of General MacArthur, to negotiate *ad referendum* the broad lines of an arrangement, if it seemed to it that something acceptable was possible. The mission should include persons who are familiar with, and would responsibly take into account the attitudes of, the different departments of government, particularly State and Defense, and also the attitudes of our Allies, so as to afford a good chance that any arrangement made would be finally accepted.

790.5/12–1250

Memorandum by the Regional Planning Adviser in the Bureau of Far Eastern Affairs (Emmerson)

TOP SECRET [WASHINGTON,] December 12, 1950.

PACIFIC DECLARATION

PROBLEM

1. To obtain the agreement of Australia, New Zealand, the Philippines, and possibly Canada and Indonesia, to the issuance by these powers and the United States of a Pacific Declaration along the lines of the draft text attached.

ANALYSIS

2. Recent developments in Korea have increased the urgency of developing Japan's resistance to Communism and Japan's ability to assume a responsible and secure position in the non-Communist Pacific community. In progressing to this end, the cooperation of other off-shore Pacific nations is highly important. The proposed Pacific Declaration would encourage Japan to align herself with the non-Communist nations since it would offer an early peace settlement

and would imply later acceptance of Japan as an equal participant in the Pacific community.

3. Australia and the Philippines have frequently expressed interest in a "Pacific Pact" which would set forth the mutual security interests of the nations in the area. It has been made clear that such a "pact" would go far to win their acceptance of a liberal Japanese peace treaty. The proposed Declaration would meet this desire and might therefore be expected to hasten the conclusion of a general peace settlement with Japan.

4. Participants in the Declaration would not include countries on the mainland of Asia and therefore the problems of a choice of membership produced by an "Asian Association" would not arise.

5. At the same time, since the Declaration would provide for consultation with other Pacific nations and members of the United Nations, nonparticipating countries in the area would not feel excluded from the benefits of the Declaration and would therefore not likely be antagonistic to its issuance.

6. The participation of Nationalist China would be inadvisable due to the policy of the neutralization of Formosa, the fact that the "Question of Formosa" is before the United Nations, the certain opposition of the UK and other UN members, and the provocative effect upon Communist China and the USSR.

7. The Declaration does not commit the United States to the defense of the countries participating. However, the United States already has commitments in Japan and the Philippines and the general area encompassed by the Declaration represents a primary defense interest of the United States. Consequently, adherence to such a Declaration by the United States would represent, even by implication, no extension of U.S. military commitments.

8. The psychological impact in Asia of a Pacific Declaration would be particularly important at the present time. It would tend to strengthen the non-Communist nations of Asia, to counteract the loss of prestige suffered through events in Korea, and to encourage resistance in Communist-controlled areas. The Declaration and events surrounding its inception would provide valuable opportunities for exploitation through all information media.

9. So long as Formosa is not included among the participants, the Declaration cannot be considered as provocative of further aggressive moves by Communist China or the Soviet Union. The Communist threat to Japan will exist in any case and it is unlikely that a Declaration would materially increase that threat.

10. The proposed Pacific Declaration could be expected to produce a salutary effect within the participating countries. In the case of Australia, the Declaration would respond to an often expressed desire for a Pacific Pact which the Australian Prime Minister and Foreign

Minister have stated is highly important to public opinion and to support of the government's foreign policies. The stability and prestige of the Philippine government would unquestionably be enhanced by such a Declaration. In the United States, the Declaration would probably be welcome as a constructive step in foreign policy toward the Far East and might be calculated to receive general support in Congress and in the country at large.

11. Since the Declaration would provide for consultations among the participants and among other Pacific nations and members of the United Nations, it might be desirable to establish flexible consultative machinery for this purpose. Such machinery might take the form, for example, of an Australian-New Zealand Military Mission in Washington and a U.S.-Philippine Defense Mission in Manila. Should Indonesia participate, its representatives might participate in a Mission to be established in Manila.

CONCLUSIONS

12. The United States should propose the issuance of a Declaration by Australia, New Zealand, the Philippines, the United States, and possibly Canada and Indonesia, along the general lines of the draft text attached. Consultations to this end should be initiated immediately with representatives of the countries named above and with the United Kingdom and other powers whose sympathetic approval is deemed of importance.

13. After general agreement on the advisability of issuing a Pacific Declaration has been reached among the participating governments, a meeting of the foreign ministers of the countries involved should be convened at the earliest possible date at a convenient place such as San Francisco or Honolulu.

14. Following discussions by the foreign ministers and agreement on a text, the Declaration should be publicly issued by the participating governments.

15. The United States should at the same time explore the possibilities of establishing flexible consultative machinery to facilitate consultations among the participating countries, and among other nations as provided for in the Declaration.

[Attachment]

PACIFIC DECLARATION [1]

The governments of the Commonwealth of Australia, the Dominion of New Zealand, the Republic of the Philippines, and the United

[1] The text printed here is identical to that of a draft of December 7 with two exceptions. After the word "arms" in the second sentence, the phrase "against Japanese aggression" has been deleted. The word "Charter" has been inserted in the last sentence. (Lot 56D424)

States of America reaffirm their steadfast adherence to the purposes and principles of the United Nations and their dedication to the establishment and preservation of peace and security in the area of the Pacific Ocean. Recalling their historic community of interests and their recent partnership in arms, they declare:

1) their common aim is the satisfaction of the aspirations for freedom, independence and security of all Asian peoples;
2) their common determination is to support action by the United Nations to prevent and to repel aggression.

As steps directed toward the achievement of these common objectives, the four governments resolve:

1) to act to hasten the conclusion of a treaty of peace with Japan so that Japan may assume at an early date the responsibilities and obligations of a peaceful member of the Pacific community;
2) to consult together, with other nations of the Pacific area, and with members of the United Nations regarding measures which may be taken within the framework of the United Nations Charter to safeguard the freedom, independence, well being and security of the nations of the Pacific area.[2]

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[2] In a memorandum of December 12 to Mr. Emmerson, Mr. Fearey stated:
"The idea of a Pacific Declaration seems a good one. However, its terms do not meet what Australia, N.Z. and the P.I. want as a condition of going ahead with a 'liberal' peace treaty, namely a formal US commitment to come to their aid if attacked. A declaration merely providing for consultation would not seem adequate to get them to agree to hasten the conclusion of the type of treaty we want. Also I cannot help but feel that the commitment to consult with 'other nations of the Pacific area' will be inadequate to prevent the Southeast Asia mainland countries from feeling discouraged at their exclusion. I personally believe we would be warranted in overlooking the latter factor and that the declaration would be a net gain (indeed essential to a multilateral treaty with Japan) if it contains a formal commitment of each party to come to the aid of the other.
"In respect to your conclusions, it is not clear whether a Japanese peace treaty is to await completion of all the procedural steps leading up to issuance of the declaration. This might be a long wait. Could we not make the declaration a real one-for-all and all-for-one proposition and use it as an aid to get quick agreement on a treaty from those requiring such a declaration." (790.5/12–1250)

694.001/12–1350

The Secretary of State to the Secretary of Defense (Marshall)

TOP SECRET [WASHINGTON,] December 13, 1950.

DEAR MR. SECRETARY: There is enclosed for your comment a memorandum setting forth the ideas of the Department of State on steps which should be taken with regard to Japan in view of the urgency of that situation.

In general the policies outlined in the attached memorandum are merely a further implementation of the policy approved by the President and contained in the joint memorandum of September 7, 1950,

signed by former Secretary Johnson and myself. However, there are four specific departures or additions upon which it is desired to receive the opinion of the Department of Defense. From the military point of view, are there any objections to: (1) seeking an early conclusion of a peace settlement with Japan without awaiting a favorable outcome of the situation in Korea? (2) discussing this peace settlement with assumption that the United States intends to commit substantial armed force to the defense of the island chain of which Japan forms part? (3) leaving the Ryukyu and Bonin Islands under Japanese sovereignty, subject to the provisions of the contemplated military security agreement which would presumably take special account of the position in Okinawa? (4) exploration at this time of a possible Pacific Pact along the lines outlined in paragraph 4 of the attached memorandum?

Subject to receiving the views of the Department of Defense, the Department of State contemplates recommending to the President that Mr. John Foster Dulles be appointed to head a Presidential Mission to Japan which would be expected to depart in the very near future and to which mission we consider that a representative of the Department of Defense should be attached.[1] The enclosed memorandum would form the general terms of reference of the Mission. The Mission itself would have no authority to make any commitments on behalf of the United States.

Should you consider it helpful, Mr. Dulles is available to discuss the enclosed memorandum with you, the Joint Chiefs of Staff, or anyone you may wish to designate and he would welcome the opportunity to do so.

Sincerely yours, DEAN ACHESON

[Enclosure]

TOP SECRET [WASHINGTON,] December 13, 1950.

JAPAN

Recent developments in Asia, and particularly in Korea, indicate that the Soviet Union, the Chinese Communist regime and the North Korean regime are moving to dominate Asia; that they are prepared in this respect to use force and to risk general war, and that they have at least on the mainland, capabilities which the United Nations cannot

[1] In his letter of December 20 to General MacArthur, Mr. Dulles, after mentioning his planned trip to Japan, reviewed the substance of proposals (2) and (4) above, and stated his hope to have ". . . some fairly definite understanding at the Presidential level . . ." regarding them before his departure. In connection with the proposed Pacific Pact, he stated in part: "This would provide a framework within which a Japanese force, if developed, could have an international status rather than a purely national status and this might ease reconciliation with the present Japanese Constitution." (694.001/12–2850)

match. It is probable that a principal objective is Japan, the industrial and human resources of which nation have for many years been dominant in Asia, and which, if added to the resources now possessed by the Soviet Union would greatly alter the balance of power in the world to the disadvantage of the United States and its allies. Under these circumstances, the task of preventing Japan from falling under Communist influence is increasingly great, and it must be anticipated that there will be a reluctance on the part of Japan to commit itself to be part of the free world unless it can be assured that, from a military and economic standpoint, Japan can, through her own efforts and in combination with those of the United States, defend herself militarily and survive economically. To meet this situation, the following program is recommended:

1. A basic strategic decision on the part of the United States to commit substantial sea and air power to the defense of the island chain of which Japan forms part. It will probably be necessary, at some stage of the proceedings, to indicate to the Japanese with some precision our military intentions in this respect.

Subversive activities against the Communists on the mainland may be an essential ingredient in any extended defense of the islands against mainland attack. But this phase of the matter would not call for discussion with, or participation by, the Japanese.

2. A basic economic decision on the part of the United States to assure the economic survival of Japan without dependence upon Communist mainland areas. This would require access by Japan to food and raw materials and the foreign exchange wherewith to pay for them. To this end the United States should be prepared, if necessary, to put our military garrisons in Japan on a "pay-as-you-go" basis and, presumably, substantial orders for military equipment would be placed in Japan under MDAP. This again might have to be developed with some precision in the course of negotiations.

3. Assuming that the foregoing decisions are in the affirmative, then there should at once be sent to Japan a Presidential mission with authority to explore and ascertain, in cooperation with General MacArthur, the terms upon which Japan could be brought into the orbit of the free world. The mission should have authority to discuss and develop *ad referendum* arrangements with Japan which would include the following features:

(*a*) The quick restoration of peace to Japan either through a simplified peace treaty which would cover the points indicated in Annex A or a restoration of peace through joint action of the Congress and Diet, coupled with an exchange of notes and declarations of intention on the part of the Japanese which would cover most of the points dealt with in Annex A. Action taken in this respect should as far as possible be coordinated with similar action of friendly allies in the Japanese war.

(*b*) A bilateral agreement between the United States and Japanese Governments, dealing with the garrisoning of United States forces in and about Japan, including the Ryukyus and

Bonin Islands. The terms of this agreement would be along the lines of the draft agreement already discussed between the State and Defense Departments subject to such modifications acceptable to the United States Government as may be necessary to secure Japanese agreement. The possibility should be explored of making this agreement more acceptable to the Japanese and friendly Governments by bringing it within the purview of the United Nations Charter and of such United Nations machinery as envisioned in the Uniting for Peace Resolution.

4. A willingness on the part of the United States to make a mutual assistance arrangement among the Pacific island nations (Australia, New Zealand, the Philippines, Japan and the United States, and perhaps Indonesia) which would have the dual purpose of assuring combined action as between the members to resist aggression from without and also to resist attack by one of the members, e.g. Japan, if Japan should again become aggressive.

In order to expedite progress toward agreement among the above nations and to obtain the earliest and greatest psychological advantage, such a mutual assistance arrangement might be accomplished in two stages. The first would consist of a meeting of the foreign ministers of the countries concerned, to take place as soon as possible, at which a declaration of intent to make peace with Japan and to consult regarding mutual security interests would be issued. The second would consist of a more formal arrangement, to be announced simultaneously with the conclusion of peace with Japan, and to which Japan would be a party. The United States should agree to the above courses of action only on the express acceptance by the other nations concerned of the essential features of the Japanese treaty as outlined in Annex A.

5. If, and as soon as, the foregoing steps are approved, there should be confidential discussions to inform the representatives in Washington of friendly members of the FEC and similar discussions with members of the Foreign Relations and Foreign Affairs Committees.

6. From the standpoint of public relations, the departure of the mission to Japan should not be considered as anything abnormal or spectacular, but merely the normal development which was foreseen following the President's statement of September, 1950. It was then taken for granted that following the exchange of views on Japanese Peace Treaty which have taken place at the United Nations, the negotiating representatives of our Government would go to Japan. Any public announcement should stress that the principal purpose of the mission would be to consult with General MacArthur and, through him, informally with Japanese leaders, but that formal negotiations with the Japanese Government are not contemplated. Therefore, a trip to Japan at this time would not of itself be evidence of any new decisions or any panicky mood.

Annex A

The United States proposes a treaty with Japan which would end the state of war, restore Japanese sovereignty and bring back Japan

as an equal in the society of free peoples. As regards specific matters, the treaty would reflect the principles indicated below:

1. *Parties.* Any or all nations at war with Japan which are willing to make peace on the basis proposed and as may be agreed.
2. *United Nations.* Membership by Japan would be contemplated.
3. *Territory.* (*a*) Independence of Korea would be recognized; (*b*) the Ryukyus and Bonin Islands would be returned to Japan provided that the provisions of any military security agreement apply to these territories in the same manner as to Japan proper; (*c*) the *de facto* status of Formosa would be recognized pending the development of such conditions of peace and stability in the area as make possible a *de jure* settlement.
4. *Security.* The Treaty would contemplate that, pending satisfactory alternative security arrangements such as U.S. assumption of effective responsibility, there would be continuing cooperative responsibility between Japanese facilities and U.S. and perhaps other forces for the maintenance of international peace and security in the Japan area, and that Japan's participation would be exclusively of a character which would permit her to exercise the inherent right of individual and collective self-defense (see U.N. Charter, Art. 51). (This might be contained in a separate Treaty or agreement not necessarily signed by all the Treaty Powers.)

[Here follow numbered paragraphs 5, 6, and 7, identical to those in the seven-point memorandum of September 11.]

611.949/12–1350

The Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Special Assistant for Occupied Areas in the Office of the Secretary of the Army (Magruder)[1]

TOP SECRET [WASHINGTON,] December 13, 1950.

DEAR CARTER: The document entitled "Draft of Points to be Included in the Formulation of the Terms of the U.S.-Japanese Bilateral Agreement on Security", forwarded under cover of your letter of October 30,[2] seems in its substantive provisions an accurate spelling out of the understanding earlier achieved among the State and Defense Departments and General MacArthur on the matters treated, as set forth particularly in General MacArthur's supplementary "Memorandum on Concept Governing Security in Post-War Japan" of June 23, 1950,[3] and in the joint State–Defense Memorandum for the President dated September 7, 1950.[4]

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[1] Most of the changes in this letter and its enclosure from drafts of November 17 by Mr. Fearey are stylistic. (611.949/11–1750)
[2] For the letter and attachment, see p. 1336.
[3] *Ante*, p. 1227.
[4] *Ante*, p. 1293.

It seems to us however, that certain portions of the document may be unnecessarily peremptory and demanding in tone, and consequently not best calculated to promote that attitude of friendly cooperation between the United States and Japan which will be essential to the successful implementation of the agreement and the hoped for enduring association of Japan with the free world. Preparation of a draft conducive to this purpose will be difficult at best, due to the sweeping nature of the military rights which it has been decided that the United States should seek in post-treaty Japan. It is nevertheless hoped that through a re-phrasing of the draft agreement, designed to transform it into a mutually desired undertaking between equals, resting as much on common interest and good faith as on legally binding rights and obligations, the document's immediate and long-range acceptability to the Japanese can be significantly increased. The last sentence of your covering letter suggests that you also believe that revisions of this nature will be required.

The attached memorandum gives specific suggestions made by responsible officers in the State Department.

Sincerely, DEAN RUSK

[Attachment]

MEMORANDUM

Page 1, second paragraph—The statement that "both Governments have agreed in the Treaty of Peace that security forces of the United States shall remain in the Japan area for this purpose until Japan possesses the means to discharge this responsibility alone" goes farther than the language of the security chapter of the Department's treaty draft.[5] One of the "alternative security arrangements" envisaged in Article 10 of that draft whose effectuation would permit the withdrawal of the United States forces might be the creation of adequate Japanese defense forces, in conjunction with necessary United Nations or other guarantees. It would seem advisable, however, to suggest this as the principal possibility, for the same reasons that it has been thought inadvisable to do so in the peace treaty. Even though no Allied nation except the United States might be called on to sign the agreement, a provision therein specifically envisaging the reactivation of Japanese defense forces would make it more difficult for some Allies to sign the peace treaty, since it would then be clear that in so doing they would be approving the establishment of Japanese defense forces. It is accordingly believed that the paragraph should follow more closely the language of Article 10 of the treaty draft.

[5] Of September 11, p. 1297.

Page 1, third paragraph—It is suggested that the latter part of this paragraph, referring to the further purpose of the U.S. security forces to assist in the maintenance of internal law and order upon the invitation of the Japanese Government, be omitted. It would seem that the obligation of Japan to develop and maintain internal security forces adequate to meet all foreseeable needs should be clear cut, and that the Japanese should not gain the impression that they may freely call on the U.S. security forces for internal police action.

Partly in light of the above comments a Preamble along the following lines is suggested for consideration:

"*Whereas* conditions of international peace and security to which the peoples of the world have so long aspired have not been achieved in the postwar period;

Whereas the Governments of the United States of America and of Japan are desirous of cooperating to establish and maintain in the Japan area conditions conducive to international peace and security in accordance with the principles of the Charter of the United Nations;

Whereas the Government of Japan has accordingly requested in the Treaty of Peace just concluded that the Government of the United States of America provide armed forces on behalf of the Treaty Powers, the Government of Japan undertaking on its part to furnish assistance and facilities to these forces;

Whereas it is desired that this Agreement shall be fulfilled in a spirit of good neighbourliness between the Government of the United States of America and the Government of Japan, and that the details of its practical application shall be arranged by friendly cooperation;

Therefore the Governments of the United States of America and of Japan agree upon the following provisions governing the stationing of United States security forces in Japan:"

Page 2, first paragraph—It is suggested that the words "until the withdrawal from Japan of United States security forces or" be deleted. It seems preferable to avoid the impression that the U.S. forces may be withdrawn without the adoption of some overall, superseding security arrangement to ensure the security of the Philippines, Australia and New Zealand and other smaller Pacific nations from a possible resurgence of Japanese aggression, as well as to ensure Japanese security. The best procedure would seem to be to follow the language of Article 10 of the treaty draft, as follows:

". . .[6] and will remain in effect until the coming into force of such United Nations arrangements or such alternative security arrangements as in the opinion of the United States will satisfactorily provide for the maintenance by the United Nations or otherwise of international peace and security in the Japan area."

Page 2, second paragraph—It is suggested that this rather sweeping provision be omitted and reliance placed instead on subsequent more

[6] Omission in the source text.

precisely phrased portions of the agreement which should ensure United States requirements without causing the Japanese the concern and alarm which this paragraph might occasion. If it is decided that the paragraph must be retained in some form it is suggested that it indicate the reason why the entire area of Japan is required for maneuver, as follows:

"The Governments of the United States and of Japan agree that, in consequence of the accelerated speed and power of modern war, the entire land mass of the Japan area shall be regarded as a potential area of defensive disposition and maneuver of military forces."

Page 2, third paragraph—It is believed that in the first, as in the third, sentence of this paragraph the procedure of consultation with the Japanese Government should be provided, in accordance with Article 8 of the treaty draft, rather than mere notice to that Government of the desired dispositions. The same suggestion is made in regard to the third paragraph on page 3.

Page 3, first incomplete paragraph—It would seem advisable specifically to provide here and in the fifth line of the second paragraph on page 4 that the consultations preceding major changes of a permanent nature in the disposition of the security forces during peacetime shall be between the United States Ambassador to Japan and the Foreign Minister.

Page 4, first paragraph—The Department of State of course has no objection to the continued use by American combat forces of installations now occupied by such forces, if those installations best meet U.S. military needs, but desires that the facilities retained be located to the largest possible extent out of direct contact with the Japanese people, and that every effort be made to reduce to a minimum the intrusion of our forces in Japanese normal life.

It is assumed that the provision in the latter part of this paragraph that all facilities or areas required by the security forces shall remain under the "exclusive control" of those forces is to be interpreted in the light of sections 4, 6 and other subsequent sections of the draft. It would seem advisable to avoid the use of the phrase "exclusive control" and to rely on these subsequent sections to indicate exactly what the extent of the controls is to be.

Page 4, second to last line—Presumably the "other assistance" referred to might include labor services. It is not clear whether it might also include military service, and, if so, of what types. The question of whether payment should be made for equipment, supplies and other assistance provided by Japan in the event of hostilities or imminently threatened hostilities will, it is assumed, be dealt with in the studies mentioned in section 16, at the top of page 14.

Page 5, first paragraph—It is noted that no provision is made in this paragraph for payment of compensation to owners of private property when such property is condemned or expropriated within defense areas or installations. Provision for payment of compensation by the United States in such circumstances is made in the agreements with Great Britain for the lease of bases in Newfoundland and the Caribbean [7] and in the Philippines Base Agreement.

Page 8, second paragraph—The Department has no objection in principle to the exercise of jurisdiction in the manner indicated. It believes that the drafting of the section can be improved in some respects, however.

Page 12, third paragraph—This paragraph is considered unnecessary. The only Allied documents binding on Japan after the coming into force of the peace treaty will be the treaty itself.

Page 12, fourth paragraph—The concept presented in this paragraph, that the Japanese should be forbidden to establish armed forces without the consent of the United States, whose approval would also be required in determinations of the strength, type, composition and armament of such forces, has been discussed on various occasions but has not to my knowledge been anticipated in earlier papers.

The advantages of the proposal, of course, are that it would enable the U.S. to ensure that reactivated Japanese armed forces were well adapted to Japan's special defense problems but not for offensive purposes, and that Allied countries, while probably desiring to share the controls with the U.S., would doubtless welcome supervision over Japanese rearmament. The disadvantages are that the provision would point up the prospect of Japanese rearmament and would impair the underlying principle of the Department's treaty draft, namely, that the settlement should restore Japan to fully sovereign status with a minimum of special restrictions and disabilities. In view of Japan's straitened economic position and the influence which the United States may expect to continue to exert in Japan after the treaty, it seems probable that the desired supervision could be exercised without the right being stipulated in the bilateral agreement. A provision in the agreement might cease to be effective, moreover, just when it might be considered most important when our forces are withdrawn—unless the restrictions were continued as a feature of a general Pacific security arrangement to which Japan was a party. The Department wishes to study the proposal further before stating its position on it.

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[7] For text of the Protocol concerning the defense of Newfoundland, signed at London March 27, 1941, see EAS No. 235 or 55 Stat. (pt. 2) 1599.

Text of the Arrangement relating to naval and air bases, effected by exchange of notes at Washington, September 2, 1940, is printed in EAS No. 181 and in 54 Stat. (pt. 2) 2405.

For text of the Agreement regarding leased naval and air bases, and exchanges of notes, signed at London March 27, 1941, see EAS No. 235, or 55 Stat. (pt. 2) 1560.

Page 13, second full paragraph—It is suggested that this paragraph, which might be alarming to our Allies and whose purpose would seem to be ensured by the previous paragraph, be deleted.

It is believed that the agreement should contain provisions, now absent, obligating the U.S. to pay just compensation for damage to private property or for injury to Japanese nationals caused by the U.S. forces or individual members thereof incident to non-combat activities.

As a matter of general policy it is believed that the terms of the agreement should be based as far as possible on comparable agreements with Britain, France and other major Allies, with citations to these agreements rather than to those concluded with smaller countries such as the Philippines or Liberia having a special, formerly dependent relationship to the United States.

Editorial Note

On December 14, 1950, the U.N. General Assembly adopted Resolution 427(V), which dealt with repatriation of Axis prisoners of war. Text of Resolution 427(V), a modification of a draft resolution originally submitted by Australia, the United Kingdom, and the United States, is printed in United Nations, *Official Records of the General Assembly, Fifth Session, Resolutions*, page 45.

File 661.9424 for 1950 contains documents regarding the United States attitude towards repatriation in so far as Japanese prisoners are concerned.

For pertinent documentation (and further references) on United States policy toward the question of repatriation in general, see volume I, pages 509 ff.

694.001/12–1950

Memorandum of Conversation, by the Consultant to the Secretary (Dulles)

CONFIDENTIAL [WASHINGTON,] December 19, 1950.

Subject: Japanese Peace Treaty

Participants: Chinese Ambassador
Mr. Dulles

Dr. Koo stated that his government was in general accord with the principles set out in the 7-point memorandum [1] previously given him. With respect to Formosa, it was his understanding that even though

[1] Of September 11, p. 1296.

the future disposition of Formosa was left unsettled Japan would, by the treaty, renounce its own title thereto. With respect to reparation his government was prepared to make no reparation claims provided all others did the same. His government was in accord with the security provision contemplated and with United States trusteeship of the Ryukyu and Bonin Islands.

Dr. Koo inquired whether any reply had been made to the inquiries which Mr. Malik had made of me. I said that a reply had been drafted and would probably be transmitted to Mr. Malik within a day or two and then would be made public.[2] I said that the contemplated reply did not enlarge upon the original memorandum.

Dr. Koo inquired whether any of the other conversations had brought up the question of Chinese communist participation. I said that so far no other country had raised this as a major point, but I had no doubt that before we got along much further it would be raised. I asked what he thought the attitude of Japan would be toward dealing exclusively with the national government. He said he thought they would be willing to do so because there were increasingly good relations, particularly with trade between Formosa and Japan. However, he said that there were considerable number of Japanese traders who would put pressure on to have their government recognize and deal with the communist government. He thought, however, this pressure would be less today than heretofore because of the fact that the government monopolies of the Chinese communist trade made dealing with communist China rather unattractive.

[2] See footnote 3 to Colonel Babcock's memorandum of the Dulles–Malik conversation held November 20, p. 1353.

611.94/12–2050

The Special Assistant for Occupied Areas in the Office of the Secretary of the Army (Magruder) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET WASHINGTON, December 20, 1950.

DEAR DEAN: I attach hereto Draft No. 3 of the United States-Japan bilateral agreement which has been prepared to meet the recommendations contained in the memorandum accompanying your letter to me of 15 December 1950.[1]

I would appreciate your informing me whether or not, in your opinion, this revised draft meets the views of the Department of State.

[1] Apparent reference to Mr. Rusk's letter and memorandum of December 13, p. 1367.

A copy of this draft has been sent to General MacArthur for comment.[2] Consequently, it may have to be further revised in the light of his comments and as a result of information which may be obtained by the proposed Presidential Mission to Japan. As I stated in my letter to you of 30 October 1950,[3] the final revision of this agreement will be forwarded for the formal approval of the Department of State.

In order that we may be sure that the drafts of the bilateral agreement and the Treaty of Peace are progressing in consonance with each other, I would appreciate it if you would send us at an early date a revision of State Department Draft No. 4[4] of the Treaty of Peace. Our comments on that document were given to Mr. Allison on 1 September 1950.[5]

Sincerely,

CARTER B. MAGRUDER
Major General, GSC

[Attachment]

Draft No. 3

TOP SECRET [WASHINGTON,] 16 December, 1950.

UNITED STATES–JAPAN BILATERAL AGREEMENT ON SECURITY

[Here follows a table of contents.]

PREAMBLE

Recalling that Japan and the United States have this date entered into a Treaty of Peace reflective of the desire and freely given consent of their respective peoples and expressive of the conviction that security against aggression in the Japan area and elsewhere in Asia is a prerequisite to the maintenance of individual liberty, free institutions, stable economic relationships, and is otherwise essential to an achievement of the objectives of the Charter of the United Nations;

Considering that both governments have agreed in the Treaty of Peace that armed forces of the United States shall remain in the Japan area for this purpose until a superseding security arrangement acceptable to the United States is adopted in pursuance of Article 43 or other appropriate Articles of the Charter of the United Nations, or until other suitable arrangements are effected,

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[2] In telegram C–5220 from Tokyo to the Department of the Army, December 28, General MacArthur stated: "Draft No. 3 of proposed bi-lateral agreement seems to me to be a great improvement and I believe it would be acceptable as a basis for discussion with the Japanese." (MacArthur Archives, RG 5)

[3] *Ante*, p. 1336.

[4] Of August 18, not printed. (694.001/8–1850)

[5] See Mr. Allison's memorandum to the Secretary of September 4, p. 1290.

And having in mind that nothing in the aforementioned Treaty of Peace impairs, and that Article 51 of the Charter of the United Nations affirms, the inherent right of individual or collective self-defense,

The Japanese government and the United States government agree as follows:

CHAPTER I

Effective Date and Period of Application

1. The provisions of this agreement shall become effective simultaneously with the coming into force of the Treaty of Peace, and shall remain in effect until the coming into force of such United Nations arrangements or such alternative security arrangements as in the opinion of the United States government will satisfactorily provide for the maintenance by the United Nations or otherwise of international peace and security in the Japan area.

CHAPTER II

Right of Maneuver

2. The governments of the United States and of Japan agree that, in consequence of the accelerated speed and power of modern war, the entire land mass of the Japan area shall be regarded as a potential area of defensive disposition and maneuver of military forces in the event of hostilities or imminently threatened hostilities.

3. In the event of hostilities or imminently threatened hostilities, the Supreme Commander of all forces in Japan, designated in accordance with Article 19, *infra*, shall have the authority to use such land areas, installations and facilities in the Japan area and to make such strategic and tactical dispositions of military forces as he may deem necessary. In taking such action, the Supreme Commander shall consult with appropriate representatives of the Japanese government.

4. In locating the aforesaid areas for strategic and tactical disposition, the fullest consideration consistent with military necessity shall be given to the welfare, health and economic needs of the native peoples of Japan.

5. In the absence of hostilities or imminently threatened hostilities, security forces of the United States and those of other signatories of the Treaty of Peace contributing forces with the consent of the United States government, after agreement between the United States and the Japanese governments, shall have the right to use land and coastal areas of appropriate size and location for military exercises, for additional staging areas, bombing and gunnery ranges, and for such intermediate airfields as may be required for safe and efficient air opera-

tions. Operations in such areas shall be carried on with due regard and safeguards for the public safety.

CHAPTER III

Japanese Public and Private Property Utilized by Security Forces for Garrison Purposes and Claims with Respect Thereto

6. Security forces shall customarily be garrisoned at installations under the control of the allied occupation forces at the termination of the occupation, and all such facilities or areas required by them shall remain under the control of the security forces.

7. Further assistance, including the use of additional land areas, installations or other facilities, as may be required in the absence of hostilities or imminently threatened hostilities by the security forces for garrison purposes, shall be provided by Japan as mutually agreed between the United States and Japanese governments.

8. Japanese real and personal property utilized from time to time by security forces shall, when no longer required, be returned to the Japanese government in good condition, subject to normal depreciation or ordinary wear and tear. In cases of damage to such property during the period of use, except for losses arising directly from hostilities, the United States government shall pay just and reasonable compensation, when accepted by claimants in full satisfaction and in final settlement, for claims, including claims of insured but excluding claims of subrogees, on account of damage to or loss or destruction of private property, or personal injury or death of inhabitants of Japan, when such damage, loss, destruction or injury is caused by the armed forces of the United States, or inidvidual members thereof, including military or civilian employees thereof, or otherwise incident to non-combat activities of such forces; provided that no claim shall be considered unless presented within one year after the occurrence of the accident or incident out of which such claim arises.

CHAPTER IV

Further Description of Rights

9. Appreciative of similar undertakings by other free nations of the world for the purpose of promoting conditions of international security, Japan further accords to the United States such rights, power and authority within installations or defense areas as are necessary for the establishment, use, operation and defense thereof, or appropriate for the control thereof, and all the rights, power and authority within the limits of territorial waters and air space adjacent to, or in the vicinity of, installations or defense areas which are necessary to provide access to them, or appropriate for their control.

Such rights, power and authority shall include, *inter alia*, the right, power and authority;

(*a*) to construct (including dredging and filling), operate, maintain, utilize, occupy, garrison and control the installations or areas;

(*b*) to improve and deepen the harbors, channels, entrances and anchorages, and to construct or maintain necessary roads and bridges affording access to such installations or defense areas;

(*c*) to control (including the right to prohibit) insofar as may be required for the efficient operation and safety of installations or defense areas, and within the limits of military necessity, anchorages, moorings, landings, takeoffs, movements and operation of ships and waterborne craft, aircraft and other vehicles on water, in the air or on land comprising, or in the vicinity of, the installations or defense areas;

(*d*) to acquire such rights of way, and to construct thereon, as may be required for military purposes, wire and radio communications facilities, including submarine and subterranean cables, pipe lines and spur tracks from railroads;

(*e*) to construct, install, maintain, and employ in any installation or defense area any type of facilities, weapons, substance, device, vessel or vehicle on or under the ground, in the air or on or under the water that may be requisite or appropriate, including meteorological systems, aerial and water navigation lights, radio and radar apparatus and electronic devices, of any desired power, type of emission and frequency.

10. In the exercises of the above-mentioned rights, power and authority, the United States agrees that the powers granted to it will not be used unreasonably or in such a manner as to interfere with the necessary rights of navigation, aviation, communication, or land travel within the territories of Japan. In the practical application, outside installations and defense areas, of such rights, power and authority, there shall be, as the occasion requires, consultation between the two governments.

[Here follow numbered sections 11 and 12 repeating section 5 of the draft transmitted October 30 (see page 1339) except for the deletion of the two sentences regarding pilotage and toll charges.]

CHAPTER VI

Jurisdiction over Defense Areas, and Installations or Facilities

13. The United States shall have exclusive jurisdiction over all installations and defense areas in Japan utilized by United States security forces, and over the military and civilian personnel of the government of the United States and their families within the said installations or defense areas, as well as over all other persons within such areas except Japanese citizens. The government of the United States shall retain the right, however, to turn over to the Japanese authorities for trial and punishment any person, other than a citizen of the United States, committing an offense in such areas. The Japanese authorities shall turn over to the United States authorities for trial and punishment any of the United States military or civilian

personnel and their families who may commit offenses outside of such areas. The Japanese authorities and the United States authorities shall undertake adequate measures to insure the prosecution and punishment of all such offenders, it being understood that relevant evidence shall be furnished reciprocally to the two authorities.

CHAPTER VII

Limitations on United States Administration of Security Forces

The Japanese government and the United States government, for the purpose of promoting a sound administration of this agreement, adopt the following provisions from agreements concluded and successfully administered by other sovereign states.

[Here follow sections dealing with exemptions in favor of security personnel and incoming goods, postal facilities, sales and services, and United States reserve organizations.]

CHAPTER VIII

Collective Defense Measures

18. Any signatory to the Treaty of Peace may contribute forces for the protection of peace and security in the Japan area in accordance with criteria or arrangements heretofore followed and after agreement with the United States government, provided, however, that any establishment of forces by the Japanese government shall be for the aforementioned purpose and shall be consistent with the Charter of the United Nations, including Article 51 thereof which affirms the inherent right of individual or collective self-defense.

19. In the event of hostilities or imminently threatened hostilities in the Japan area prior to the adoption by the United Nations or otherwise of a security arrangement hereinbefore described, all allied or associated forces in Japan, the National Police Reserve, or any other Japanese forces which may be lawfully utilized by the Japanese government for the defense of Japan, shall be placed under the unified command of a Supreme Commander designated by the United States government after consultation with the governments committing forces to the defense of Japan.

20. Japanese nationals shall not engage in any form of combat operations outside the territories of Japan without the assent of the aforesaid Supreme Commander.

CHAPTER IX

Relationships with Third Powers

21. Japan shall not grant, without the prior consent of the United States, any bases or any rights, powers, or authority whatsoever, in or relating to bases or the right of garrison or of maneuver, to any third power.

CHAPTER X

Costs of Garrison

[It is contemplated that, at a later date, a provision will be inserted for the purpose of defining the relationship of the Japanese government to the matter of garrison costs incurred by the United States during the post-treaty period. Inclusion of this provision awaits completion of studies instituted pursuant to Presidential order.] [6]

[6] Brackets in source text.

694.001/12–2150

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Allison)

SECRET [WASHINGTON,] December 21, 1950.

Subject: Japanese Peace Treaty

Participants: Madame Pandit, Indian Ambassador
Mr. Vaidyanathan, Attaché, Indian Embassy
Mr. John Foster Dulles
Mr. John M. Allison

Madame Pandit called to give the initial reactions of the Indian Government to the United States memorandum on a Japanese peace treaty. Madame Pandit talked from a memorandum prepared by her Embassy, a copy of which she left, and it is attached.

The chief points on which there would be difficulties with India are, as might be expected, (1) security provisions, (2) territorial matters (*i.e.* Formosa), and (3) the desire of the Indian Government to include both the USSR and the Communist regime in China as Parties Principal in drafting a peace treaty with Japan. On most other points in the American memorandum, the Indian Government was in agreement; for example, it agrees that Japan should become a member of the United Nations, that Japan should adhere to multilateral treaties dealing with narcotics and fishing, and that Japanese trade relations could best be regulated by bilateral negotiations between the Japanese and the signatories to the peace treaty. India also agrees that no reparations should be taken from Japan from industrial facilities, but does raise the question of whether Japanese gold and bullion would be made available for reparations and also the possibility of making available Japanese assets in neutral countries and Siam.

With respect to the parties to be included in drafting a Japanese peace treaty, Mr. Dulles stated that it was because of the procedural problem raised by the desire of certain nations to include Communist China in any peace discussions that we had, up to the present, con-

ducted our negotiations through the diplomatic channel on a bilateral basis. He said that it might be found advisable to continue in this manner and that we might possibly end up with several identical, bilateral treaties which could be signed by any powers who so desired. Mr. Dulles made clear that the United States had no hard and fast ideas on this point and that it would appreciate suggestions from the Indian Government as to how this rather difficult problem might be met. With respect to voting procedure, which Madame Pandit raised, Mr. Dulles stated that it was hoped that sufficient agreement would be reached through diplomatic negotiation so that it would be possible for a conference, if there was one, to be able to proceed by agreement on a basis of unanimity, without having to worry too much about the traditional type of voting procedures. Mr. Dulles also pointed out that, in view of the changed situation since the United States had first prepared and distributed its memorandum on the Japanese peace treaty, it might be necessary to devise some more rapid method of procedure so that in the shortest possible time Japan could be brought into a state of peaceful relations with the rest of the world.

Madame Pandit made clear that India believes that Formosa and the Pescadores should be returned to China and that this means Communist China. Mr. Dulles said that it might be possible for the treaty merely to require renunciation by Japan of any claims to Formosa and the Pescadores, leaving open the final determination of the status of the islands in question. With regard to Sakhalin and the Kurile Islands, which India feels should be returned to the USSR in accordance with the Yalta Agreement, Mr. Dulles pointed out that he had told Mr. Malik, in discussing this point, that it had been the contention of the United States that, should the Soviet Union participate in a treaty with Japan and the other nations, such a treaty would confirm the rights of the Soviet Union in Sakhalin and the Kurile Islands, but that, should the Soviet Union not participate, the United States did not feel that it should require Japan to hand over those territories to a nation not adhering to the treaty. While India is agreeable, apparently, to the United States view, as stated in its memorandum, that the Ryukyu and Bonin Islands should be placed under UN trusteeship with the United States as administering power, nevertheless India feels that this question should be discussed at a peace conference and raises the possibility of these Islands' being returned to Japan. It was agreed that any conference could discuss such matters.

India's most serious concerns are with the problem of security, and in general it feels that Japan should be demilitarized and its security guaranteed by the UN. Madame Pandit expressed the personal opinion that such guarantees might not be worth a great deal under present circumstances, but that they might well have a good psychological effect. The Indians believe that any re-armament of Japan will provoke

the USSR and Communist China and would probably be opposed by Australia and the Philippines. India also feels that if bases are to be maintained in Japan for the defense of the islands, they will in practice constitute a military occupation and thus limit the free exercise of Japanese sovereignty; and it points out that the Japanese themselves do not seem to be keen on re-armament. Mr. Dulles agreed that the problem of security was one of the most difficult ones to solve and that, if possible, any re-armament by Japan should be for defensive purposes and should, if possible, be linked in some manner with a UN or regional security arrangement which would be for the benefit of general peace and order in the area. Mr. Dulles also suggested that it might be possible to link any creation of Japanese defense forces to the recent UN Resolution on Uniting for Peace [1] which provides that members of the UN shall maintain certain forces for use in the common good. However, at present this Resolution applies only to members of the UN, and thought might be given to amending it at some time in the future to extend to non-members so that it might apply to Japan, should Japan not be admitted at an early date to the UN. Madame Pandit gave the impression of not personally being enthusiastic about her Government's views on security, and she seemed to recognize the merit in Mr. Dulles' arguments for a realistic approach to the matter which would make possible Japan's contribution to her own defense and yet prevent the excesses which might arise should there be a mere reconstitution of military strength in Japan not linked with some international arrangement.

As stated above, in other matters India generally agrees with the United States position, though apparently it would favor placing restrictions or prohibitions on Japanese industries directly engaged in the manufacture of armaments and war materials. It was agreed that further clarification was perhaps desired with regard to the disposition of Japanese external assets, as well as the disposal of Japanese gold and bullion; and Madame Pandit was informed that the United States Government would be willing to discuss these matters, although its preliminary view with respect particularly to Japanese gold and bullion was that it should be retained by the Japanese.

Madame Pandit made clear that these were India's preliminary views which were being tentatively presented for United States consideration.

Mr. Dulles informed Madame Pandit that in view of the Korean situation it was believed useful to make some attempt to get again the viewpoint of the Japanese and that, for that purpose, he and Mr. Allison and perhaps some others might shortly make a trip to Japan. On the basis of the re-assessment of Japanese views after such a trip,

[1] For Resolution 377 (V) of the General Assembly, November 3, 1950, see United Nations, *Official Records of the General Assembly, Fifth Session, Supplement No. 20 (A/1775)*, pp. 10–12.

it would be possible for us to talk further with our friends about the course we should follow.

[Attachment]

INDIA'S PRELIMINARY VIEWS ON U.S. MEMORANDUM ON JAPANESE PEACE TREATY

I. *Parties*

1) India in favour of all members of the Far Eastern Commission, including U.S.S.R. and the Central People's Republic of China, being parties principal in drafting the preliminary peace treaty.

2) India supports Indonesia and Ceylon being admitted as parties principal to the peace treaty.

3) Regarding voting procedure, India is of the view that decisions on matters of substance should be taken by two-thirds majority and on procedure by a simple majority.

India would like the following points to be clarified by the U.S.:

a. What are the nations which would be invited as parties principal to prepare the draft treaty? Will New China be one of them? Will Indonesia and Ceylon be invited to the preliminary conference?

b. What are the views of the U.S.A. on voting procedure to be followed?

II. *Membership of United Nations Organization*

India will support Japanese membership to the U.N.

III. *Disposition of Territories*

1) India accepts the Cairo Declaration of December, 1943, that Formosa and the Pescadores should be returned to China. However, India feels that disposal of this matter should not await conclusion of a peace treaty.

2) Regarding the return of South Sakhalin and the Kurile Islands to the Soviet Union, India feels that since the Yalta Conference assigned these islands to the U.S.S.R., and since they are occupied at the present moment by the U.S.S.R., their future should not be re-opened for discussion at the peace treaty.

3) Regarding the Ryukyus and Bonin Islands, where the U.S. has permanent military installations, India is apparently reconciled to the view that these islands would be held by the U.S. as military bases under U.N. trusteeship. However, India feels that the question of returning these islands to Japan should be decided at the peace treaty.

IV. *Security*

1) Re-armament of Japan will provoke U.S.S.R. and the New China and will be opposed by countries like Australia and the Philippines.

2) If bases are to be maintained in Japan for the defense of the Japanese islands they will practically constitute military occupation

of Japan and thus limit free exercise of sovereignty by Japan. It will also expose Japan to attack either as a preventive or defensive move by hostile powers.

3) The Japanese themselves do not seem to be keen on rearmament.

4) Except for internal security purposes for which India would support the maintenance of a small Japanese force, India feels Japan should be demilitarized and its security guaranteed by the U.N.

V. *Political and Commercial Arrangements*

1) India agrees to Japan's adherence to multilateral treaty dealing with narcotics and fishing.

2) India is against placing restriction or prohibition on Japanese industries other than those directly engaged in the manufacture of armaments and war materials.

3) It is the view of India that Japan should observe fully all international commercial, economic and financial conventions to which she accedes.

4) It is the view of India that trade relations subject to provisions of international conventions could best be regulated by bilateral negotions between the Japanese and the signatories to the peace treaty.

VI. *Claims*

1) As India has voluntarily renounced any claim for reparations from Japan's internal industrial facilities, she will be in a position to go along with the U.S. proposals.

2) India would like the U.S. to clarify her position in regard to the disposition of Japan's external assets, including assets in neutral countries and Siam.

3) India would like to know whether the Japanese gold and bullion would be made available as reparations.

VII. *Disputes*

India agrees with the U.S. point of view.

Department of Defense Files

The Commander in Chief, Far East (MacArthur) to the Department of the Army

TOP SECRET Tokyo, December 28, 1950.

PERSONAL FOR JCS

C 52202. Reurmsg JCS 99159, Dec. 18, 1950.[1] My views on questions 1 through 9 are as follows:

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[1] In this telegram the JCS had transmitted the verbatim text of Mr. Acheson's letter of December 13 to Secretary Marshall (*ante*, p. 1363.) and had continued "Your opinions as to the four numbered questions in second para of Sec State

Footnote continued on following page.

(1) To the contrary, there is every reason why we should proceed at once to call a peace conference for Japan. We are fully committed to such action, the Japanese have earned the right to a treaty of peace, and our failure to proceed cannot but cause loss of faith in our moral integrity and leadership, not only in Japan but throughout Asia;

(2) No objection;

(3) Leaving the Ryukyus and Bonin Islands under Japan's sovereignty is highly objectionable from a military point of view. The Japanese are fully resigned to the loss of these areas as a penalty for waging war. They form a vital segment of our lateral defense line and our control thereof is formally established and universally recognized. It would be unthinkable to surrender control and render our use of these areas, fortified at United States expense, subject to treaty arrangement under Japanese administration. It would but be to transform strength to weakness without the slightest moral or legal reason for so doing;

(4) No objection. (The foregoing views apply with equal force whether or not it is contemplated that the armed forces assigned to this theater will be materially increased);

(5) The United States should fulfill her moral and legal obligations vis-à-vis the restoration of Japanese peace whether acting alone or in consonance with other Pacific powers;

(6) It is impossible to predict what, if any, influence personalities might have upon Japan's future course with respect to rearmament. It is patently clear, however, the degree of such influence on such matters by the United States or any of its representatives is dependent in large measure on the future course of American policy in Asia, and specifically the manner in which we meet the present crisis in Korea;

(7) I regard it as utterly impossible to formulate an acceptable peace treaty for Japan without restoring in full the sovereign power. The post-treaty retention of powers now vested in SCAP would render

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Footnote continued from preceding page.

ltr are desired both on the basis (1) that there will be substantial increases of your armed forces and (2) that strength of your armed forces will not be materially increased." The JCS had concluded:

"In addition to your opinions on foregoing, JCS further desire your opinions on foll questions to which reply will, in all probability, be required in order to prepare position on the subject:

"QUESTION 5. Should the United States unilaterally seek an early conclusion of a Peace Settlement with Japan without assurances of participation by friendly FEC Nations and in spite of lack of their support?

"QUESTION 6. Would Japan accept rearmament without your leadership?

"QUESTION 7. If USSR is not a party to the treaty, in view of terms of armistice relative to Allied military controls over Japan through SCAP, could or should CINCFE retain functions of SCAP in order to counter possible USSR action seeking to assume those functions?

"QUESTION 8. If Peace Treaty eventuates quickly, what long-term and short-term military measures would, in your opinion, be necessary in order to insure security of Japan against USSR?

"QUESTION 9. Have you other comments, from the military point of view, on the general subject of a Japanese Peace Treaty now?" (Department of Defense Files)

such a treaty wholly unacceptable and invalid in the eyes of the Japanese;

(8) Under normal conditions, in the absence of a threat of imminent hostilities, an army of four divisions with other TO components, all at full strength plus marine and air detachments and comparable navy and air force complements, would suffice for the security of Japan. This should be a basic security force subject, however, to immed. reinforcement upon any increase in international tensions to the point that hostilities aimed at Japan become imminently threatened. In such eventuality, the extent of reinforcement should be guided by global studies of points of enemy concentration indicating the nature of the treat and the potentiality of possible enemy action. When any such threat of imminent hostilities has subsided, the security force should be reduced to its basic strength. Long-term military security of Japan should obviously be based on placing all possible reliance upon the United Nations acting in collaboration with the government and people of Japan in which Japan will be expected to develop and maintain such indigenous forces as will assure her internal security and assist in her defense;

(9) My views with respect to a Japanese peace treaty are fully on record and I know of nothing further that I could helpfully add at this time.

[MacArthur]

MacArthur Memorial Library and Archives: Record Group 5

Report by the Joint Strategic Survey Committee to the Joint Chiefs of Staff

TOP SECRET
JCS 2180/2

[Washington,] December 28, 1950.

United States Policy Toward Japan

References: *a.* J.C.S. 1380/90 [1]
b. J.C.S. 2180
c. J.C.S. 2180/1

THE PROBLEM

1. As a matter of priority to draft a reply to a memorandum by the Secretary of Defense, dated 15 December 1950 (Enclosure to J.C.S. 2180), in which the views and recommendations of the Joint Chiefs of Staff were requested on an attached letter from the Secretary of State, dated 13 December 1950 (Appendix to J.C.S. 2180), together with a Department of State memorandum dated 13 December 1950 [2] (Annex to J.C.S. 2180), all dealing with the above subject.

[1] JCS 1380/90 is the Department of Defense designator for the document which is printed in this compilation as an enclosure to the letter of September 7 from the Secretary of State to the Secretary of Defense, p. 1293.

[2] *Ante*, p. 1363.

2. A memorandum by the Acting Executive Secretary, Office of the Secretary of Defense, dated 20 December 1950 (Enclosure to J.C.S. 2180/1), with Tabs "A" and "B" thereto (Appendices "A" and "B" to J.C.S. 2180/1), all dealing with a bilateral agreement referred to in paragraph 3(*b*) of the Department of State memorandum in Annex to J.C.S. 2180, was examined by the Joint Strategic Survey Committee in connection with its report.

3. In the preparation of its report the Committee also gave consideration to CINCFE's Despatch C 52202 (CM IN 4736), dated 28 December 1950, and a memorandum by Major General Carter B. Magruder, USA, Special Assistant to the Secretary of Defense on Japanese peace treaty matters, both dealing with the above subject.

RECOMMENDATION

4. It is recommended that the memorandum in the Enclosure be forwarded forthwith to the Secretary of Defense.

[Enclosure]

DRAFT MEMORANDUM FOR THE SECRETARY OF DEFENSE

1. In accordance with the request contained in your memorandum, dated 15 December 1950, the Joint Chiefs of Staff have formulated the following views with regard to the terms of reference of a Presidential Mission to Japan as proposed by the Secretary of State.

2. On 8 September 1950 the President approved NSC 60/1,* which provided, among other things, that "United States should now proceed with preliminary negotiations for a Japanese Peace Treaty". The Joint Chiefs of Staff note that the situation which faced the United States at that time was radically different from that now confronting us.

3. On 8 September 1950 only North Korean forces were engaged against the United Nations Forces in Korea. Although the United Nations Forces were within the Pusan beachhead, the projected operations of the United Nations Commander gave every indication of an early and complete military victory in Korea. The Chinese Communists had given no firm indication of entering the conflict, nor had the USSR indicated that it would sponsor intervention. The United States position in Asia, exclusive of China, generally appeared to have possibilities for a satisfactory solution, and there appeared to be sufficient confidence in the United States among the friendly Asian nations to overbalance any possible bad effects of our military weakness in Japan as well as our previous lack of military victories in Korea.

* J.C.S. 1380/90. [Footnote in the source text.]

4. On 8 September 1950 the position of the United States in Europe was not unsatisfactory. Although Soviet military strength was increasing, there were indications of improved solidarity and greater determination among the Western European nations. At that time no United States proposals for rearming Western Germany had been made.

5. During the past two and a half months the military position of the United States in the world in general and in the Far East in particular has radically altered for the worse. The United States has suffered especially serious reverses in Asia. The success of future United States military operations in Korea is now open to serious question. Communist aggression in Indochina is increasing. The United States is even on the defensive in the United Nations with regard to many features of its policy in Asia. The attitude of certain friendly nations on questions relative to Korea, China, Japan, and Formosa is now unfavorable to us, and any change in their position would require strong pressure on our part.

6. There are no United States combat forces in Japan available either for the enforcement of occupation controls or for opposing any possible military encroachment by the USSR into any part of Japan, nor does it appear probable that such forces will become available prior to resolution of the situation in Korea. Further, all major United States Navy and Air Force forces in the Far East are fully occupied in the military effort in Korea. In this connection, General MacArthur has made an urgent request that he receive substantial reinforcements of Army forces at once in order to provide reasonable safeguards against any sudden Soviet thrust at Japan while our forces are committed in Korea.† Japanese internal security forces, although presently maintaining law and order, are wholly inadequate to resist any possible military aggression by the USSR and may not even be sufficient effectively to provide for the internal security of Japan in the face of internal communist activities. Thus, Japan is, in effect, a military vacuum.

7. The Joint Chiefs of Staff, from the military point of view perceive but few possible advantages *to the United States* in the initiation of preliminary negotiations now for a Japanese peace treaty. All such advantages to the United States, however, appear to be speculative from the point of view of furthering United States security interests. From the Japanese point of view, however, such negotiations cannot be otherwise than beneficial for the Japanese people. Thus, it might be possible for the United States both to capitalize on this good will, and to cause Japan to be further oriented to the West. Further, it might be possible to obtain agreement to a favorable bilateral treaty.

† CINCUNC despatch to J.C.S., No. C 51559, dated 18 December 1950, CM IN 1671. On file in the J.C.S. Secretariat. [Footnote in the source text.]

Some propaganda benefits might accrue if, in spite of the military base rights which the United States would require in the post treaty period, the United States could be absolved of charges of imperialism in Japan. On the assumption that Japan will agree to a bilateral treaty with the United States, firm military planning might be undertaken at once with respect to long-term United States military measures in Japan. Further, preliminary negotiations for a Japanese peace treaty might set the stage for parallel action with respect to a peace treaty with Germany.

8. On the other hand, the Joint Chiefs of Staff perceive many grave disadvantages to the initiation of negotiations now for a Japanese peace treaty. Such negotiations would of necessity be initiated under circumstances of extreme weakness on the part of the United States in Japan, and with our inadequate military forces fully committed in Korea and elsewhere. In this situation, the United States would be expected to offer many military and other concessions to the Japanese which, under other circumstances, probably would not be necessary. In this connection it must be anticipated that further concessions by the United States would be expected at the time of final negotiations.

9. In view of the security conditions in Japan now and in the foreseeable future, it would appear to be essential to make provision for an increase in Japanese security prior to any negotiations. Although it is recognized that the proposed negotiations are only preliminary in character, once initiated these should lead to a treaty of peace within a reasonable time. Failure to conclude a treaty within a reasonable time after initiation of *any* negotiations could be used as evidence of bad faith against the United States and any possible benefits derived from the negotiations could thus be lost.

10. The Joint Chiefs of Staff, from the military point of view, feel strongly that it is unacceptable to initiate a chain of events which might lead to the independence of Japan prior to the resolution of the situation in Korea since there is a strong probability that this would deprive United States forces of the use of Japan as the major base of operations in the Korean war. It is impossible now to predict when or how the situation in Korea will be resolved. There is a lively possibility that the hostilities in Korea may extend to overt war between the United States and the Government of Communist China. Further, the risk of global war has alarmingly increased. The Joint Chiefs of Staff could not agree to the loss of Japan as a base for operations in a war against Communist China or in a global war. In view of these risks, even to Japan itself, and the danger of an unfavorable

outcome in the Korean war, peace treaty negotiations now appear most untimely.

11. The Joint Chiefs of Staff understand that certain terms of the United States proposals for a peace treaty with Japan are unacceptable to certain friendly nations now represented on the Far Eastern Commission. These nations are opposing important United States military and economic objectives with respect to Japan in spite of the fact that these objectives, from the United States military point of view, will be essential if Japan is to be denied to the USSR in the event of war. If, in spite of this, the United States should proceed unilaterally, there might be serious disunity among the Western nations. Furthermore, a "paper" peace treaty, with an unarmed Japan, leaves that nation in no position to guarantee that the obligations therein would be enforced by future Japanese Governments. In any event, without effective security force in Japan or the support of Western nations, the enjoyment of our rights could be jeopardized by subversive nationalistic or communist acts.

12. It is obvious that there would be considerable provocation to the USSR if it were faced with a prospect of the rearmament of Western Germany concurrently with an overt program for the rearmament of Japan. The Joint Chiefs of Staff consider that, from the point of view of the USSR, it would be greatly to that nation's military advantage to block the creation of effective forces in Western Germany and in Japan. Further, the USSR might resort to global war before Japan could be overtly rearmed, particularly if United States forces had been withdrawn prior to such rearmament.

13. The Joint Chiefs of Staff consider that the military interests of the United States would now best be served by steps which would lead to the increased capability of Japan to provide for its own security and defense at the earliest practicable date. They believe that such an effort on the part of Japan, in order to be effective, will require changes in the Japanese constitution. The Joint Chiefs of Staff feel it essential, therefore, that no negotiations for a peace treaty with Japan should be undertaken until such changes have been made.

14. Although not a matter of primary concern, it should be noted that a Peiping Government radio announcement on 1 December 1950 stated, among other things, that "The Chinese will never tolerate a unilateral Japanese Peace Treaty . . . excluding China and the Soviet Union." It should be further noted that a similar statement was made by the USSR in its note to the Eastern Powers regarding the rearmament of West Germany. There is considerable possibility that insistence by the United States at this time on the inclusion of essential military terms might lose us the support of our allies. In this connection, the

Joint Chiefs of Staff consider the military consequences of a war which might originate between the United States alone and Communist China, to be wholly unacceptable.

15. The Joint Chiefs of Staff consider that the objectives of the United States toward Japan should, among other things, include the following:

a. A Japan which is oriented to the West;

b. The denial of Japan to the USSR in peace and in war;

c. As a corollary to *b* above, a Japan capable of offering substantial strength to its security;

d. The availability of Japanese bases for United States military operations in event of war; and

e. The availability of the war potential of Japan to the United States.

16. The Joint Chiefs of Staff consider that almost all of the above objectives can be achieved without the conclusion of a treaty of peace with Japan and that certain of those objectives can be achieved, possibly covertly, only under the leadership of SCAP. Conversely, the Joint Chiefs of Staff have grave doubts that it would be feasible to attain these objectives through the medium of a peace treaty now, particularly in view of the fact that the support of friendly nations would probably not be forthcoming to accomplish those ends.

17. In connection with the above, an analogy can be drawn between the occupation of Japan under United States leadership of SCAP (Supreme Commander, Allied Powers) and that of Eastern Germany under the SCC (Soviet Control Commission). The Soviet Control Commission has, through overt and covert means, adjusted its controls over East Germany to further the objectives of the USSR, while at the same time providing to East Germany most of the benefits which would be expected to be derived from a peace treaty. East Germany has been granted a very large measure of ostensible autonomy; it has been clothed with certain outward forms of independence, particularly in the field of its diplomatic relations; it has made a number of international agreements partaking of the nature of treaties; it has raised powerful military forces; and it has made apparently satisfactory trade agreements with other nations acting in its own right. The Joint Chiefs of Staff consider that comparable measures could be taken in Japan without coercion, and to the satisfaction of the Japanese people (in view of the immediate threat to them of communist aggression) without unduly increasing the risk of general war, and while retaining for the United States its military base rights there.

18. In the light of all of the foregoing, the Joint Chiefs of Staff views with respect to the four specific questions posed to the Secretary

of Defense by the Secretary of State in the basic memorandum are as follows:

Interrogatories: From the military point of view, are there any objections to:

(1) Seeking an early conclusion of a peace settlement with Japan without awaiting a favorable outcome of the situation in Korea?

Response: The Joint Chiefs of Staff urge most strongly that the United States refrain from proceeding now with any negotiations with Japan leading to a peace treaty, and that any such negotiations await a resolution of the situation in Korea. In view of the precarious military situation of the United States in the Far East, and in view of the unpreparedness for global war of the Military forces of the United States, the Joint Chiefs of Staff consider that the foregoing recommendation should have overriding priority.

(2) Discussing this peace settlement with assumption that the United States intends to commit substantial armed force to the defense of the island chain of which Japan forms part?

Response: Whereas it is recognized that the security of the United States would be greatly assisted by measures which would provide for the security of our position in the Asian offshore island chain (as well as for the security of Western Europe), it is doubtful that the United States alone, in a global war, could provide an effective defense of that chain. Further, a commitment by the United States such as that proposed, would remove the incentive to the Japanese to provide adequately for their own security. The present risk of global war leads the Joint Chiefs of Staff to the conclusion that the United States cannot agree to entering into such a formal obligation to Japan as would make the security of that nation a military commitment of the United States. Therefore, the United States should not formally agree now or in the foreseeable future to committing substantial armed forces to the defense of the island chain of which Japan forms a part.

(3) Leaving the Ryukyu and Bonin Islands under Japanese sovereignty, subject to the provision of the contemplated military security agreement which would presumably take special account of the position in Okinawa?

Response: The Joint Chiefs of Staff strongly disagree to any relaxation of the terms of approved United States policy relating to these islands. The Joint Chiefs of Staff fail to perceive any reason for such a gratuitous concession. On the contrary, they consider that exclusive strategic control of those islands must be retained by the United States in order for us to be able to carry out our commitments, policies, and military plans in the Pacific in peace or war. In this connection, a military security agreement in perpetuity would be inconsistent with the concept of Japanese sovereignty. The Joint Chiefs of Staff, therefore, consider the proposed concession to be entirely unacceptable, and they firmly

adhere to the minimum requirements of the pertinent approved United States policy as stated in NSC 60/1 as follows:

> "Its terms must secure to the United States exclusive strategic control of the Ryukyu Islands south of latitude 29° north, Marcus Island, and the Nanpo Shoto south of Sofu Gan."

(4) Exploration at this time of a possible Pacific Pact along the lines outlined in paragraph 4 of the attached memorandum?

Response: Inasmuch as such action would be directly related to peace treaty negotiations (as discussed in the above reference), the Joint Chiefs of Staff perceive serious military objection to the exploration at this time of a possible Pacific Pact either along the lines suggested or along any lines other than as the outgrowth of a series of effective regional pacts among neighboring states which have demonstrated their stability.

19. The Joint Chiefs of Staff reserve their comment on the Annex to the basic letter entitled "Japan", because they consider that the conduct of any negotiations with Japan on the subject of a peace treaty should be dictated by approved United States policy thereon as appearing in NSC 60/1.

20. In light of all the foregoing, the Joint Chiefs of Staff at this time also reserve comment on the memorandum from the Office of the Secretary of Defense dated 20 December 1950 and its appendices listing proposed points to be considered in connection with Draft Number 3 of a proposed bilateral agreement on security.[3]

[3] In JCS 2180/3, January 9, 1951, a note to the Joint Chiefs of Staff from Rear Adm. William G. Lalor (ret.), Secretary to the Joint Chiefs, and Mr. L. K. Ladue of the Joint Secretariat, it is stated that the report in JCS 2180/2 was used as a basis of discussion by the Joint Chiefs in their meeting with State Department representatives (headed by Mr. Acheson) held on January 8, 1951. Documentation concerning this meeting is scheduled for publication in *Foreign Relations*, 1951, volume VI. (MacArthur Archives, RG 5)

694.001/12–2950

The United States Adviser to SCAP[1] *(Sebald) to the Secretary of State*

TOP SECRET TOKYO, December 29, 1950—3 p. m.

1280. Topad. Remytel 1279, December 29.[2] Gascoigne said he had long conversations with highest levels British Government, including Bevin, other Cabinet ministers, chiefs of staff, et cetera, on question Japanese peace treaty. He said consensus UK governmental level is

[1] Mr. Sebald had assumed this title, and the personal rank of Ambassador, on October 11.

[2] Not printed.

that peace treaty must be negotiated without delay and that Foreign Office is presently drafting treaty for Cabinet approval.[3] Draft will in due course be presented US Government when latter presents its draft. General concept of treaty in his opinion will be entirely acceptable US, former ideas concerning restrictions, controls, inspections, and similar restrictive measures having been abandoned. Two points concerning which US would probably not agree will be advance (1) some restriction of Jap shipping on ground Japan does not require shipping or shipbuilding facilities presently available to it (2) provision re division Jap gold bullion. In either event, however, Gascoigne felt these provisions would not be pushed too hard.

On question rearmament Japan, Gascoigne said chiefs of staff are agreed Japan's rearmament inevitable and hopeful this can be undertaken earliest possible; it felt however, little can be done along these lines pending negotiation treaty of peace, as present regime of control precludes rearmament. When asked whether he felt Japan's economy could stand strain of rearmament, Gascoigne replied British feel US must provide financial assistance and equipment for rearmament.

Gascoigne assured me consensus UK Government is that earliest possible peace treaty desirable and that it hopes measures will be taken as soon as practicable.

SEBALD

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[3] In telegram 3536 from London, December 19, Julius C. Holmes, Minister at London, reported on his conversation the previous day with Robert Heatlie Scott, Assistant Secretary of State and Head of the South East Asia Department of the Foreign Office. Minister Holmes summarized the latter's views in part as follows:

"3. Draft treaty such as that envisaged in Commonwealth discussions would necessarily be involved and entail considerable negotiation and ratification could not be expected before 1952. In view present crisis, this may be too late and Japan may be lost to West in meanwhile.

"4. Perhaps more practicable alternative therefore would be briefest sort of liberal, nonrestrictive treaty with Japan accomplishing little more than ending state of war and permitting Japan apply for entry UN and other international bodies. Such a treaty could be negotiated with relatively little delay and would have added advantage of being awkward for USSR to oppose. No objection to US and Japan making separate arrangements on security problems." (694.001/12–1950)

794.0221/12–2950

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (Johnson) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Merchant)

TOP SECRET [WASHINGTON,] December 29, 1950.

Subject: Partial "Pay-As-You-Go" Arrangement for Japan

This memorandum constitutes a proposed position for the Department of State regarding the "pay-as-you-go" arrangements for Japan put forward by the Department of the Army. There have been no

formal discussions of the various proposals with the Department of the Army which have been presented to us in a staff study dated December 4, 1950 and revised December 26, 1950,[1] on which the following comments and observations are based.

Problem:

President Truman and General MacArthur having agreed at Wake Island that a partial "pay-as-you-go" arrangement should be instituted to cover the expenses of our forces in Japan beginning July 1, 1951; how should the burden of these expenses be divided as between the U.S. government and the Japanese government and how much appropriated funds should be provided to defray such expenses in Japan in U.S. fiscal year 1952?

Facts Bearing on the Problem:

1. "Pay-as-you-go" refers to any arrangement whereby the local currency expenses of U.S. forces in a foreign country are defrayed out of U.S. appropriated funds rather than from funds appropriated by the government of the foreign country. Dollars received by the foreign country may be an important item of receipt in its current balance of payments.

2. At the Wake Island conference General MacArthur suggested that "we pay our way in Japan for part of the cost of the troops in lieu of GARIOA funds" and the President directed the Department of the Army and the Department of State to "get together and work it out".

3. Up to the present time the local expenses of U.S. forces in Japan have been borne by the Japanese government out of funds appropriated in the Japanese budget under the title Termination of War expenses. Expenditures under this account in the Japanese fiscal year 1949–50 amounted to ¥94.2 billion. The appropriation for the current Japanese fiscal year amounts to ¥109.5 billion and the proposed appropriation for the Japanese fiscal year 1951–52 is ¥102.5 billion. At 360 yen to the dollar, dollar equivalents are $261.94 million, $304.16 million and $280.47 million.

4. The Department of the Army's estimate of the dollar deficit in the Japanese balance of payments for the U.S. fiscal year 1952 is approximately $140 million, provision for which is included in the Army Department's GARIOA appropriation request. It will be noted that if the entire amount of the local expenses of U.S. forces in Japan, as projected in the Japanese budget for the Japanese fiscal year beginning April 1, 1951 were financed with U.S. dollars, Japanese current dollar receipts on this amount would be about $280.5 million or more

[1] Neither found in State Department files. A version of this study dated December 29 is filed under 794.0221/1–2551.

than twice the amount of the estimated dollar deficit in the Japanese balance of payments.

5. According to advices from the Army's Far East Command,[2] SCAP had previously decided that "the cost of all operations of FEC in Japan incident to any personnel increase over authorized strength for June 1950 shall be a charge against United States appropriated funds." The budget already submitted to the Japanese Diet provides ¥102.5 billion for Termination of War expenses, based on the authorized personnel for June 1950. On the basis of this decision the Department of Defense had included approximately $80 millions (equals ¥21.6 billion) to defray the expenses of maintaining personnel in Japan in excess of the June 1950 strength. Thus if planned personnel increases are realized, total yen expenses in Japan of the U.S. occupation forces would amount to about ¥124.1 billion (102.5 plus 21.6).

Recommendations:

1. Whatever arrangements are adopted should represent a real implementation of the "pay-as-you-go" decision, i.e. an arrangement which would substantially reduce the burden of occupation force expenditures on the Japanese people and under which the dollars received by Japan would vary in proportion to changes in the expenses incurred.

2. To give the appearance of equity, the "normal" occupation force expenses should be divided equally between the Japanese Government and the United States Government. This would involve an equal division of the ¥102.5 billion "Termination of War" expenses in the Japanese fiscal year 1951–52 budget since this figure is based on the authorized personnel strength for June 1950. Japan would receive under such an arrangement about $142.3 million which could be covered almost entirely by transfer from the Japan economic aid portion of the U.S. fiscal year 1952 GARIOA appropriation, or by new appropriations which to the extent utilized would permit a reversion of GARIOA funds to the U.S. Treasury.

3. Increased US. expenses in Japan resulting from increased personnel strength above the June 1950 levels should be paid for entirely with dollars in accordance with the SCAP decision referred under "Facts Bearing on the Problem", paragraph 5, out of the $80 million included in the U.S. military appropriations for this purpose.

4. During U.S. fiscal year 1952, the first year of "pay-as-you-go" expenditure from U.S. appropriations in Japan should be by way of periodic reimbursement to the Japanese Government for 50% of the expenses incurred by it out of the Termination of War account. All

[2] The Far East Command was a unified command under the Joint Chiefs of Staff for whom the Chief of Staff, U.S. Army, served as executive agent.

yen expenses incurred by Japan in excess of the amount provided in the "Termination of War" budget should be fully reimbursed with dollars. In succeeding years, when the division of expenses would presumably be negotiated under a bilateral agreement, U.S. funds should be expended directly (i.e. for the purchase of yen for specific expenditure objects) with the Japanese Government contributing its share either in the form of yen funds or goods and services.

Discussion:

1. A "partial" pay-as-you-go arrangement for Japan implies a sharing of military expenses between Japan and the United States. For such an arrangement to produce the desired psychological effect in Japan, the Japanese should feel that the sharing is equitable and represents a reduction in the burden of occupation expenses hitherto borne entirely by them. The Japanese should also, theoretically, feel that the expenses which are shared are in the mutual interest. This latter feeling is not automatically evoked merely by proposing a division of the expenses. The less of this feeling there is, the less likely are the Japanese to regard as equitable an arrangement which leaves them still carrying the larger proportion of the expenses and which produces a saving in the Japanese budget barely large enough to cover the expenses of the new police reserve. Moreover, a sharing arrangement which does not in fact share the cost of increased U.S. troops in Japan over the normal pre-Korea occupation force levels but puts this cost entirely on the Japanese is not likely to be regarded as anything but GARIOA under a different guise since the amount of dollars received is limited to the estimated amount of the dollar deficit.

The recommendations given above would provide in effect a 50–50 sharing of the occupation expenses associated with the normal, pre-Korean, troop strength levels. In addition, they would provide for 100% dollar funding of all increases in occupation force expenses above the authorized level for June 1950. If the expenses of maintaining the new Japanese police reserve (about ¥30 billion) are added to occupation force expenses, the division of total expenses in Japan for security and defense would, according to these recommendations, be roughly half and half.

2. The proposal of the Army Department in its staff study dated December 26, 1950 would provide in the military appropriations for U.S. fiscal year 1952 a total of $137 million (¥49.3 billion) to finance U.S. procurement in Japan of all the items in a list of selected major commodities and services including coal, transportation, communications and certain contractual services. The Japanese Government, through the TOW account, would pay for labor, rental and maintenance of real estate and furnishings, fire loss, utilities and other services which, based on planned troop strength would total about

$220 million or ¥78.4 billion. If U.S. personnel in Japan remained at or fell below the June 1950 levels, U.S. expenses in Japan would be paid for in dollars from the military appropriations. Any dollar deficit remaining in the balance of payments would be financed from the GARIOA appropriation with any unexpended balance in this appropriation reverting to the U.S. Treasury. If U.S. personnel in Japan exceeded the June 1950 levels, the whole cost of the increase would be borne by the Japanese Government. Dollars received by Japan whether from pay-as-you-go or from GARIOA would be equal to the estimated dollar deficit in the Japanese balance of payments but no more. If troop strength remained at the June 1950 level, the U.S. would bear a little less than one-half ($137 million) of the total occupation force expenditures (¥102.5 billion or $280.5 million); but if troop strength increased to planned levels (a total of ¥127.7 billion or $354.7 million) the U.S. share of occupation force expenses in Japan would decline to only about 38%. At the same time, the yen expenses borne by the Japanese Government would amount to about ¥79 billion, a reduction of only about ¥23 billion from the budgeted figure for Japanese fiscal year 1951–52 which is more than offset by the estimated cost of the new police reserve.

3. Under the latest Army Department proposal the $80 million included in the military appropriations for fiscal year 1952 would be increased to $137 million for use as described above. The GARIOA economic aid appropriation of $140 million for Japan would be retained but only on the understanding that it would be utilized only to the extent that pay-as-you-go receipts by Japan fell below $140 million. A rider would be attached to the GARIOA appropriation permitting its use to finance pay-as-you-go obligations by transfer to the military appropriations. If the dollars required to implement pay-as-you-go in Japan are included in the regular military appropriations, it is believed that the Japan economic aid portion of the GARIOA appropriation request should be dropped. If the Defense Department is apprehensive that the military appropriation will not be forthcoming, the provision should be made, as approved by the Foreign Aid Steering Group, by an authorized transfer from GARIOA.

4. The items selected by CINCFE to go into the total appropriation of $137 million are the items "most readily defended before Congress, most readily paid for on a small number of large amount vouchers, and which fluctuate the least with varying troop strength." It is believed that this method may have the disadvantage of calling attention in Japan to the non-essential but expensive character of the items which are left to Japan to finance. For this reason it is suggested that, as a temporary device during the first year of pay-as-you-go, dollar expenditure in Japan be on the basis of reimbursement to the Japanese

Government rather than direct expenditure. Reimbursement would, of course, have to be on the basis of vouchers showing the amount and character of the items being reimbursed, but this would permit an administrative selection of the items to be reimbursed which would (*a*) make the non-essential character of items financed by Japan easier to conceal and (*b*) make it easier to obtain a division of the expenses according to the formula set forth in recommendations 2 and 3. In the following year the selection of items to be financed by the U.S. and those to be left to the Japanese Government could be determined by negotiation.

PHILIPPINES

CONCERN OF THE UNITED STATES OVER THE POLITICAL, ECONOMIC, AND SECURITY SITUATION IN THE PHILIPPINES[1]

796.11/1–850 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

TOP SECRET MANILA, January 8, 1950—9 a. m.

75. Deptel 13 January 6; Embtels 2962, December 30, 50 January 5, 56 and 67 January 6 and 73 January 7.[2] For Butterworth [3] and Melby.[4] Jose Yulo [5] called on me evening January 6 to inform me that he had at President Quirino's insistence agreed accompany him to US in role economic adviser. In response my questions what economic and related matters Quirino proposes take up while in Washington, Yulo replied:

(1) Further war damage or other US financial aid;
(2) International Bank loan;
(3) Recognition additional guerrillas with implication extension to them of veteran's benefits.

Yulo added he was going reluctantly because of disapproval manner in which Quirino has handled various matters, placing Philippine Government as he has in position where it will not be deemed to have earned right to expect further aid at this time.

I feel confident Department will agree that there are number of things Philippine Government should do for itself if further US aid is not to be dissipated without achieving desired results. I fear that financial situation of that government will have to become sub-

[1] For previous documentation, see *Foreign Relations*, 1949, vol. VII, Part 1, pp. 591 ff.

[2] President Quirino was elected to a full 4-year term on November 8, 1949, and was inaugurated on December 29. At an inauguration day reception for foreign diplomatic officers, President Quirino informed Ambassador Myron M. Cowen that he intended to go to the United States in January 1950 for medical treatment at Johns Hopkins University Hospital. He was to be accompanied by members of his family but not by any high-ranking Philippine officials. Quirino indicated that he expected no official entertaining or notice to be made of his trip, but he did hope to have an opportunity to call upon President Truman. The messages under reference here, none of which are printed, dealt with the travel plans of President Quirino.

[3] W. Walton Butterworth, Assistant Secretary of State for Far Eastern Affairs.

[4] John F. Melby, Officer in Charge of Philippine Affairs, Office of Philippine and Southeast Asian Affairs.

[5] Personal adviser to Philippine President (and Secretary of Foreign Affairs) Elpidio Quirino.

507–851—76——89

stantially worse before President Quirino realize measures we urge him to take are required by Philippine self-interest. In meantime any assurance of US aid which he may secure will serve to make him feel that situation is not truly urgent and will tend delay the time when he may be forced make critical examination of his own administration. (Quirino's apparent failure fully to comprehend my reasons for arguing against his appointing Madrigal as Ambassador to US, which was implicit in interview described in reftel January 7 illustrated his seeming inability either accept fact that our suggestions are motivated by concern for welfare Philippines or to subject his own actions to critical appraisal. He apparently did not realize that I was motivated by belief that it would injure Philippine interests as well as that it would put the US Government in an embarrassing position. It apparently also did not occur to him that, in his preoccupation with domestic politics, he was manifesting distressing disregard for his country's interests.)[6]

That incident also indicates that Quirino apparently believed he could make a deal with me having as its basis my withholding from the Department important and pertinent facts. If he would hope to play me off against my own government, it must also be expected that he might seek to take a sharper's advantage, in negotiations with the Embassy of any official American statements made during his present visit which might be construed as commitments to extend aid and that, if he could actually get desired aid direct from Washington, he would thenceforth ignore the Embassy insofar as that might suit his convenience. Accordingly, I would hope that Department will convey to members Congress having special interest in Philippine affairs view that issuance during or immediately after Quirino's visit of statements in regard to possible aid would in Department's opinion not be in accordance best interests either US or Philippines.

This connection I should like express approval recommendation mentioned Department's reftel that President Truman defer seeing Quirino until after his hospitalization.[7] In the interim, he will receive

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[6] In his telegram 73, January 7, from Manila, not printed, Ambassador Cowen reported that he had, the previous day, discussed with President Quirino the reports that consideration was still being given to the appointment of Senator Vicente Madrigal as Ambassador to the United States notwithstanding Cowen's earlier explanations to the President for regarding Madrigal as unsuitable. President Quirino agreed that Senator Madrigal would not be suitable and denied he really intended to appoint him, but the President refused to authorize Ambassador Cowen to inform the United States Government that Madrigal would not be appointed. Instead, President Quirino passed to a discussion of Madrigal's large unpaid war damage claims and proposed that if the United States paid the claim, Madrigal would not be appointed Ambassador. Cowen told Quirino that the United States Government did not enter into agreements of such a nature (601.9611/1–750).

[7] Telegram 13, January 6, to Manila, not printed.

less public attention and Department may have better opportunity caution appropriate members Congress such as Senators Smith, Ferguson, and Ellender and Representative Crawford,[8] all of whom recently visited Manila. Should Department desire, it may be stated that they are being approached at my suggestion.

COWEN

[8] The reference here is to Senator H. Alexander Smith of New Jersey, Senator Homer Ferguson of Michigan, Senator Allen J. Ellender, Sr. of Louisiana, and Representative Fred L. Crawford of Michigan.

996.61/1–1750 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

CONFIDENTIAL MANILA, January 17, 1950—4 p. m.

195. Evening January 17 I had two-hour conversation arranged at instance Vice President Lopez [1] and held in his presence with Secretary Finance Pedrosa.[2] During this conversation we discussed his statement January 13 which was published Manila press following day (Embtels 118, January 11 and 171, January 14).[3] Pedrosa admitted that he had not read complete text Secretary Acheson's January 12 speech either at time he prepared own statement or thereafter. He explained he did not wish read it because he had been too angered by excerpts on Philippines quoted in press reports and that he had believed Secretary's speech was result of plan directed against Philippine Government, in which members this Embassy and their contacts in Department involved which would culminate in issuance White Paper on Philippines. He felt implementation such plan had been

[1] Fernando Lopez.

[2] Pio Pedrosa.

[3] On January 12, 1950 Secretary of State Acheson gave an address before the National Press Club in Washington in which he reviewed United States policy towards Asia. In one section of the address, devoted to a consideration of the limitations of American assistance to Asian countries, Secretary Acheson pointed out that in the postwar period, the United States had given the Philippines a billion dollars of direct economic aid and had spent another billion dollars in such matters as veterans' benefits and other payments to the Philippines, but "much of that money has not been used as wisely as we wish it had been used." The Secretary also warned that if help continued to be misused, the United States would halt assistance. For the text of the Secretary's address, see Department of State *Bulletin*, January 23, 1950, pp. 111–118 or Department of State publication 6446, *American Foreign Policy, 1950–1955: Basic Documents*, vol. II, pp. 2310–2322. Telegram 171, January 14, from Manila, not printed, reported on the front-page coverage by Manila newspapers of Secretary Acheson's address and included the text of Secretary of Finance Pedrosa's lengthy statement to the press denying Philippine misuse of American assistance (996.61/1–1450). Regarding telegram 118 under reference here, see footnote 5, below.

begun with publication June 17, 1949 *Wall Street Journal* article by Ray Cromley headlined "ECA-type plan to put Philippine Islands on their feet is failing".

In support his thesis he also asserted that President Quirino had no more than arrived US [4] when World Bank issued statement loan sought by Philippines would not be extended during next couple months and that this soon was followed by AP article with January 13 Washington dateline quoting authoritative quarters there as saying US does not intend recognize additional Filipino guerrillas.

I told Pedrosa his thesis Department may be trying gracefully to ease US out of Philippine picture by issuing White Paper was incompatible with Acheson's statement re defense Philippines against attack and that he would have realized this had he read full statement. I added that every communication from Embassy passes over my desk and I was in position assure him there is no plot such as he suspected. As far as report about US non-recognition further guerrillas concerned, I reminded him he was present when President Truman stated US regards question as closed but that Philippine authorities had nevertheless kept matter alive for political reasons.[5]

I then referred his allegation some Embassay officials have stated all factors in debacle China at work Philippines and asked him whom he had in mind. He replied he had in mind conversation I had with him on improved administration tax laws during which I had warned that factors which brought about downfall. Thing must not be allowed bring about similar result this country. I pointed out that conversation was private one between us and that he had done Embassy and myself disservice in making my confidentially-expressed warning basis public charge.

Pedrosa thereupon stated he regretted contents his release press and would so inform Philippine Cabinet at its next meeting. He added that he also would seek occasion for public statement correcting false impressions conveyed therein.

COWEN

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[4] President Quirino arrived in Baltimore for medical treatment on January 10; see footnote 2 to telegram 75, January 8, from Manila, *supra*.

[5] In his telegram 118, January 11, from Manila, not printed, Ambassador Cowen observed that it was the consensus of Filipinos and Americans in the Philippines that the United States had done a "bad job" of handling the question of paying back pay to wartime Philippine guerrillas and that the failure to recognize a substantial number of "true guerrillas" had become an enduring source of bitterness. The Ambassador could nevertheless see no reason for believing that the question of guerrilla recognition, if reopened, could be handled in any more satisfactory manner. The Ambassador urged that President Quirino's visit to the United States be used as the occasion for a public statement by President Truman and the Secretary of Defense formally and finally declaring the guerrilla recognition matter closed (796.00/1–1150).

796.11/2–250

Memorandum from the Secretary of State to the President [1]

SECRET [WASHINGTON,] February 2, 1950.

Subject: Topics which may be discussed by President Quirino during his visit to the United States for medical attention.

President Quirino comes to the United States at a time in his development when it will be difficult to persuade him to that action which the United States believes may reverse the current trend of economic and financial deterioration. There is doubt that he yet understands fully the difficult dilemma in which his country finds itself. He is also surrounded by advisers who, for the most part, are little more understanding than he is. Furthermore, he has just won a presidential election which, despite known corruption and instances of dishonesty, has filled him with confidence that he has the internal Philippine situation well under control. His not unnatural pride in his accomplishment of having risen to the Presidency from humble origins sometimes obscures in his mind the heavy responsibilities with which he is charged. Typical of his political mistakes have been his ill-considered meeting last summer with Chiang Kai-shek [2] largely for internal political reasons, his manipulation of the Presidential election, his excessive concern with his own political position, attempts to persuade the Philippine electorate that the United States supported his election campaign, and, more recently, his suggestion that the United States bribe him into not appointing the Japanese collaborator Senator Madrigal, as ambassador to the United States.

To these discouraging factors must be added the quite natural Philippine sensitivity over its recently acquired sovereignty. Typical of this reaction which Ambassador Cowen has characterized as "morbid psychology" is the reaction to my recent statement at the National Press Club in which I expressed the regret of this Government that the Philippines had failed to make the best use of its available resources.[3] This statement was interpreted in high quarters, including President Quirino himself, as a charge of dishonesty and corruption which, of course, was the last thing which I or anyone else in the Department intended.

It is necessary to give due account to this natural sensitivity unless we are to have a stubborn and resentful impasse with the Philippines

[1] This memorandum, which was drafted by John F. Melby, was transmitted to the Secretary of State on January 31 by Deputy Assistant Secretary of State for Far Eastern Affairs Livingston T. Merchant with the recommendation that it be signed by the Secretary of State and sent to the President.

[2] For documentation on the meeting under reference between Philippine President Quirino and Generalissimo Chiang Kai-shek, President of the Republic of China, held at Baguio in the Philippines in July 1949, see *Foreign Relations*, 1949, vol. VII, Part 2, pp. 1115 ff.

[3] Regarding the speech under reference here and the Philippine reference thereto, see telegram 195, January 17, from Manila, *supra*.

in our attempts to persuade them to reform. On the other hand, I am convinced that the time has come to explain to President Quirino that Philippine performance must precede consideration of any additional American aid if the current trend of deterioration is to be arrested and the Philippines placed on a sound and self-supporting basis. This will mean, I believe, that he must be talked to in simple, firm, and forthright but tactful terms. The specific problems outlined below and the recommendations thereon will explain in more detail the foregoing generalities.

In a recent telegram Ambassador Cowen has expressed his serious concern of the consequences which might arise if President Quirino should receive any specific assurances of American aid which he could take back with him.[4] Under instructions from the Department the Ambassador has been using his influence to persuade the Philippine Government to attempt those reform measures which must come first if any further possible American aid is to be utilized effectively. These efforts have so far been only moderately successful, but progress is being made. The Ambassador fears if President Quirino finds he can come to Washington and secure what he wants without fulfilling certain precedent conditions then the influence of the Embassy in Manila will be to a large extent nullified. This is a classical Philippine maneuver, playing off one part of the American Government against another part, which President Quezon in particular used with marked success. The Department fully agrees that President Quirino should not gain any impression that he can bypass the Ambassador in Manila to suit his own purposes, and it is recommended that if he makes any proposals which might be acceptable to the United States Government he should be informed that he should first discuss them with Ambassador Cowen.

President Quirino will undoubtedly wish to discuss a number of military, political and economic questons which are of concern to the Philippines and the United States. These problems and the suggested replies are as follows:

A. Military

1. *Defense of the Philippines.* With the spread of Communism in Asia, President Quirino has on several occasions expressed to Ambassador Cowen his concern over the future security of the Philippines. In the course of such conversations he has requested an expression of what the United States might do in the event of an attack on his country.

Recommendation

It is recommended that you reply with the substance of a letter of September 16, 1949 from the Secretary of National Defense to the

[4] See telegram 75, January 8, from Manila, p. 1399.

Secretary of State, appropriate paragraphs of which are attached as tab (1).[5] Reference might also be made to my recent statement to the National Press Club that the United States would not countenance any external attack on the Philippines.

2. *Guerrilla Recognition.* There is some evidence that President Quirino may attempt to reopen the question of guerrilla recognition for his own political purposes. You will recall that he discussed the question during his visit to Washington last summer and that he was informed the question was a closed one.

RECOMMENDATION

It is recommended that you inform President Quirino the United States still considers the issue a closed one and perceives nothing to be gained by discussing it further.

B. POLITICAL

1. *A New Philippine Ambassador to the United States.* During recent weeks there has been speculation that President Quirino would appoint Senator Vicente Madrigal as the next Ambassador to the United States. Senator Madrigal has a record as a collaborator, not only with the Japanese during the last war, but also with Germany during the first war. He has also been deeply involved in financial corruption. Because of his record, his appointment as Ambassador would be a source of embarrassment to the United States Government, and in time, to the Philippine Government also. Ambassador Cowen has discussed this question with President Quirino who at first gave an appearance of irresoluteness and then asked the Ambassador not to report the matter to his Government. President Quirino then brought up the question of the very large claim Senator Madrigal has with the War Damage Commission[6] which has been held up pending investigation of the collaboration charges, and finally made the offer that if the Ambassador would guarantee payment of this claim then he, President Quirino, would not appoint Madrigal as Ambassador. Ambassador Cowen of course, replied that this Government does not make this kind of deal.[7] It is possible, however, that President Quirino may attempt to secure your concurrence for this appointment in order to discharge his political obligations to Madrigal.

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[5] See p. 1410.

[6] The Philippine War Damage Commission was created by the Philippine Rehabilitation Act of April 30, 1946, to make compensation for physical loss or destruction of or damage to certain kinds of property, public and private, in the Philippines occurring after December 7, 1941, and before October 1, 1945, as a result of World War II.

[7] President Quirino's conversation with Ambassador Cowen on January 6 described here was reported upon in telegram 73, January 7, from Manila, not printed (601.9611/1–750).

RECOMMENDATION

It is recommended that if President Quirino raises the question of Senator Madrigal you point out to him the serious embarrassment which Senator Madrigal would be to our two countries and if he persists in his request, that you inform him the United States would regretfully be compelled to refuse an agreement.

2. *Pacific Association.* Last summer, as the result of an ill-considered meeting with General Chiang Kai-shek, President Quirino, partly for his own internal political purposes, proposed some kind of Pacific association as a means of defense against the spread of Communism. Because of the connection with Chiang Kai-shek and because of the diversity of interests among the Southeast Asian nations, the response in Asia was only lukewarm. Attempts to secure public American approval for the proposal have elicited from this Government the statement that although the United States would look with favor upon the principle of such an association, based on the independence, integrity, and welfare of the peoples concerned, the United States will reserve judgment on the specific development of the proposal until it has had an opportunity to observe its specific application. President Quirino may attempt to secure American assistance to get him out of the uncomfortable position in which he finds himself in being publicly committed to a proposal which lacks general enthusiastic appeal. There is attached as tab (2) a memorandum dealing in greater detail with this subject.[8]

RECOMMENDATION

If President Quirino raises the question of a Pacific association it is recommended that you say the United States looks with favor on the principle of a Southeast Asian regional association but that to be effective it must be a spontaneous movement dedicated to the independence, integrity, and welfare of the participants, and that until there is evidence that these conditions have been fulfilled the United States can express no opinion any specific implementation of the principle.

3. *Recognition of the Vietnam Government under Bao Dai.*[9] The Government of the United States plans to extend recognition to the new states of Vietnam, Laos, and Cambodia. The French Assembly

[8] "Tab 2" of the source text, not included here, was a copy of Assistant Secretary of State Butterworth's memorandum of January 16 to the Secretary of State, p. 1. For additional documentation regarding the attitude of the United States toward regional security arrangements in the Southeast Asian area, also see pp. 1 ff.

[9] For documentation on the question of the recognition of the Viet-Nam Government of Bao Dai, see pp. 690 ff.

has now ratified the Agreement already in effect between those states and France. Similar acts of recognition by other Southeast Asian states would be most helpful in assisting the new states to establish and maintain their independence and stability. It is recognized that the degree of independence being transferred to the Vietnam Government under Bao Dai is somewhat less than the independence granted to the Philippines by the United States. This somewhat lesser degree of independence has been granted because Vietnam for sometime will require assistance from France, and because the peoples of Indochina are not as advanced as the Philippine people and can only hope to approach the Philippine level of absolute self-government after more experience. Furthermore, there is a present Communist threat in Indochina which has been reenforced by the recent debacle in China. As the most stable nation in Southeast Asia, Philippine recognition of the three new states would be a concrete confirmation of the anti-Communist stand already so effectively taken by the Philippine Government.

RECOMMENDATION

It is recommended that you seek an opportunity to discuss the foregoing with President Quirino and urge on him the desirability that the Philippines recognize Vietnam, Laos, and Cambodia.

C. Economic

The principal problems confronting the philippines today are economic and financial. These problems arise largely from Philippine ineptitude and wastefulness. Since its liberation in 1945, the Philippines has benefited by U.S. Government aid and expenditures of over $1,500,000,000, including transfers of civilian aid goods, military equipment and surplus property valued at over $300 million, and cash expenditures of over $1,200,000,000, including war damage payments, veterans pay and benefits, wage payments, credits and tax refunds. Effectively utilized these resources could have made a significant contribution to increasing the capital investment in the country and restoring the economy to a more prosperous condition.

The Joint Philippine-American Finance Commission report of 1947 blocked out a broad program to achieve this purpose. Sound fiscal and financial policies, however, have been ignored. Much of the Philippine financial resources have been squandered on unnecessary luxury imports. Imports and transfers of capital out of the Philippines have consistently exceeded exports and American aid by a large margin, and insufficient progress has been made in increasing export crops or in making the Philippines self-sufficient in its rice supply. As a result,

dollar reserves during 1949 dropped by 40 percent from $400 million to $230 million. To stop the drain the Philippines drastically reenforced the inadequate import control regulations which had been in effect since January 1948. Shortly thereafter exchange control was imposed with your consent. Although it is premature to express an opinion on the effectiveness of the regulations now in force, the previous record gives little reason for encouragement that a further loss of foreign exchange can be arrested by these measures.

To make matters worse there is a serious budgetary deficit and every indication that it will increase. The tax laws are inadequate, badly enforced, and revenues are the object of a disturbing amount of graft and corruption of which President Quirino must be aware. Perhaps the most serious aspect of this problem is the seeming lack of understanding by responsible Philippine officials as to their predicament and the unwillingness to take the necessary drastic measures to remedy it. Back of this attitude is the firm Philippine conviction that they need not worry because if worse come to worst they can always count on the United States to bail them out when the borrowed time of American governmental expenditures runs out. President Quirino must somehow be persuaded that this is not necessarily so and that American aid can be effective only if it is preceded by drastic reforms undertaken by the Philippines itself. It is probable that President Quirino can be persuaded of this only by very firm and plain speaking, and even then he may understand it only when the situation has become decidedly worse than it is now. Having failed to secure what he wants through Ambassador Cowen in Manila, he will undoubtedly attempt to secure some kind of commitment from you, . . . For example, President Quirino has refused several requests of Ambassador Cowen and our Commanding General in Manila for the repayment now past due of some 70 million pesos left over from a fund set up to meet back pay claims of Filipino troops, and has indicated that he wishes to discuss this matter with you. He is also attempting to have this claim offset against certain extraneous Philippine claims whose validity the United States cannot admit.

RECOMMENDATIONS

It is recommended that when President Quirino raises the question of American aid, the substance of the foregoing be conveyed to him in no uncertain terms, and that emphasis be laid on the fact that no further American aid could be considered unless and until there is tangible evidence that the Philippines has taken steps to put its house in order and that it would then need and be in a position effectively

to use additional aid. It is further recommended, in discussing any requests for aid that:

1. A United States Economic Survey Mission composed of top level American experts as outlined in the attached tab (3)[10] be discussed with him for the purpose of obtaining a current appraisal of the problems which have been created by the mismanagement of affairs since independence; that

2. If he raises any exchange or currency stabilization fund problems he be advised to have his experts talk with Secretary Snyder [11] about them; and that

3. He be advised in no uncertain terms that this Government is disturbed by the Philippine failure to repay the pesos advanced by the U.S. Army which are excess to back pay claims and due to be returned.

Additional War Damage Appropriations. President Quirino will probably ask specifically for an additional war damage appropriation to bring payments up to the statutory limitation of 75% on approved claims. The War Damage Commission also favored such an appropriation and estimates that approximately $80,000,000 would do the job. The Department of State last summer favored an additional proposal but the Bureau of the Budget opposed it. The Department now inclines to change its position on the grounds that any such appropriation would probably eliminate the possibility at some later date of securing anything else from the Congress for the Philippines at a later date which would be more economically productive. While the Department would not, however, actively oppose any additional war damage

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[10] "Tab 3" was a memorandum of January 26 from Deputy Assistant Secretary of State Merchant to the Secretary of State, not printed. It recommended that President Truman be advised of the Department of State's view that no further American grant assistance to the Philippines was warranted until the Philippine Government itself took steps to improve its domestic finances and foreign exchange position and until a more definitive analysis could be made of the means whereby American aid could be effectively utilized in helping stabilize the Philippine economy. The memorandum recommended that President Truman inform President Quirino that United States consideration of the problem of further aid to the Philippines was hampered by some doubt as to the exact requirements and the extent to which proper corrective measures could and should be taken by the Philippine Government. It was suggested in the memorandum that President Truman might intimate that Quirino should consult with Ambassador Cowen on the question and that, if the latter concurred, the United States would send a topflight mission to survey the Philippine economic situation. It was envisaged that the recommendations of this mission would be for self-help measures which the Philippine Government could undertake itself, but any acceptable recommendations for American action would be given careful consideration. Merchant's memorandum concluded by expressing the hope that such a mission would consider the possibility of recommending the establishment of a continuing joint United States–Philippine commission which might exercise final control over any developmental funds which might later be placed at its disposal (896.00/1–2650).

[11] John W. Snyder, Secretary of the Treasury.

legislation introduced into the Congress it would consider its passage as unfortunate.

RECOMMENDATIONS

If President Quirino raises the question of additional war damage payments it is recommended that no commitments be made to him and that he be informed this is a question for the Congress to decide.

DEAN ACHESON

[Enclosure 1] [12]

Extracts From Letter Dated 16 September 1949 From the Secretary of Defense to the Secretary of State

SECRET

The United States has evidenced, by its very great expenditures in men and materiel for liberation of the Philippines in World War II its deep concern in the freedom and well-being of the Filipino people. This concern has in no way been lessened by recent and current developments in the international field nor is it anticipated that it can be altered by future developments.

United States military interest in the Philippines, consequently, is strong and durable. From the military viewpoint, the strategic importance of the Philippines is not open to question. In the event of war, the United States must insure that control of the Philippines not be taken by an enemy power and present base rights in the Philippine Islands must therefore remain available for military use in defense of the Philippines in war emergency.

Our military interest in the Philippines has not been decreased by current trends on the Asiatic mainland. Rather, such trends have served to focus the attention of the Military Establishment of the United States on the Philippines and have emphasized the strategic importance of the Philippine Islands.

United States determination to support Philippine independence in the event of war cannot be measured in terms of the numerical strength of United States forces basing there now or later. Under essential peacetime restrictions on military expenditures, it is impossible for the United States to have available in all key areas those forces which would be needed in an emergency. In fact, it is impossible to have forces of such strength deployed in such areas anywhere in peacetime.

It is the intention of the United States, however, to retain some

[12] In the source text this enclosure is labeled "Tab 1".

of its forces in the Philippine Islands and to maintain United States base areas there in readiness for emergency use.

796.11/2–350 : Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, February 3, 1950—7 p. m.

186. For Amb. Contact and discussions with members Quirino party so far ltd. Quirino due Washington Feb 2 or 3 for discussions with Pres Truman. He apparently proposes return Manila soon thereafter.

Waring [1] arranged luncheon for Yulo for which Dept officials were present and hoped discuss important needs with them. Discussion was ltd however due to presence of Elizalde [2] as result Yulo concerned himself mainly with his food. Yulo did indicate however he might be changing his views on devaluation.

Pedrosa and Snyder met Jan 30. Pedrosa stated PhilGovt preparing shortly institute all suggestions made by Joint Finance Comm. He angrily refused discuss any matters concerning devaluation and in return requested a stabilization loan of $150 million. Snyder informed him Treas cld not consider any such proposal but that if he desired he might discuss with IMF. Pedrosa also proposed a Joint Phil-Amer Comm to study investment possibilities. In conclusion Pedrosa expressed resentment over what he termed inspired anti-Filipino feeling in US and unfair reporting by Emb Manila of Phil situation. He appeared subdued and depressed. Interview made exceedingly bad impression on Snyder and Martin.[3] Next day Treas agreed detail experts to PhilGovt. Ely [4] attempts, at their request, talk with Quirino, Yulo and Pedrosa resulted mostly their asking what Quirino shld say to Pres. Truman when he sees him today. Genl impression they are puzzled and bewildered group of men. You will be advised results Presidential talk.[5]

ACHESON

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[1] Frank A. Waring, Chairman, Philippine War Damage Commission.

[2] Joaquin M. Elizalde, Philippine Ambassador to the United States.

[3] William McChesney Martin, Jr., Assistant Secretary of the Treasury.

[4] Richard R. Ely, Deputy Director, Office of Philippine and Southeast Asian Affairs.

[5] For the record of the meeting between President Truman and President Quirino on February 4, see Secretary of State Acheson's memorandum of conversation, *infra*. Telegram 207, February 7, to Manila, not printed, reported that officers of the Department of State had discussed various economic and financial questions with Philippine Finance Secretary Pedrosa on February 2. At that time Pedrosa indicated that Senator Madrigal probably would not be named Ambassador to the United States. The telegram also reported that all efforts to have conversations with Philippine Presidential Advisor Yulo had proved abortive (796.00/2–750).

Executive Secretariat Files: Lot 53D444: Secretary's Memoranda of Conversations

Memorandum of Conversation, by the Secretary of State[1]

SECRET [WASHINGTON,] February 4, 1950.

Participants: President Truman; President Quirino of the Philippines;
Ambassador Elizalde of the Philippines; and the Secretary of State

President Quirino opened the conversation by saying that upon his return to the Philippines he would be continuously occupied with administrative matters. He thought for the duration there might not again be an opportunity to talk with President Truman. Therefore, he wished to go over several matters of the highest importance to the Philippines.

The first matter was Philippine security . . .[2] could President Truman say anything to him of a reassuring nature on this subject? President Truman stated that, as he had said and as the Secretary of State had said at the press club,[3] the United States and the Philippines regarded their security as mutually inter-dependent. The United States would not tolerate an armed attack upon the Philippines. The two Governments had their peace agreement which would be loyally carried out on both sides. The President thought that these arrangements amply cared for any foreseeable contingency regarding Philippine security. President Quirino expressed himself as satisfied and gratified.

President Quirino then turned to the question of an Asian Union. He spoke of his conversations with Ambassador Romulo and Romulo's[4] conversations at the General Assembly with various Asian delegations. He said he was continually asked whether the United States would support such a Union. He would like to know the President's views on the matter. President Truman said that our attitude was that we would be most sympathetic toward an Asian Union which was inclusive and which sprang from Asian initiative. He was not in a position to take any issue in the matter but was sympathetic toward it. President Quirino then said that he was contemplating steps to sound out the possibility of a Union which would include Korea, Nationalist

[1] The substance of this memorandum of conversation was contained in telegram 207, February 7, to Manila, not printed. That telegram reported that a February 3 meeting with President Quirino had been purely social. On the evening of February 4 Quirino expressed to a Department of State officer his great satisfaction with the conversation with President Truman though he did not say what there was in it that satisfied him. (796.00/2–750) President Quirino and his party departed by airplane from Washington for Manila on February 6.

[2] Omission in the source text.

[3] Regarding the Secretary of State's speech under reference here, see footnote 1 to telegram 195, January 17, from Manila, p. 1401.

[4] Carlos P. Romulo, Philippine Representative to the United Nations.

China, Burma, Siam, Indonesia and Pakistan. President Truman inquired about the inclusion of India, Australia and New Zealand. President Quirino said he hoped these states would join later. The President then asked the Secretary what his views were on such a proposal. The Secretary said that he did not believe that the course suggested by President Quirino was the wisest one to pursue. He said that a Union without India, Australia or New Zealand would lack essential elements of strength. Furthermore, to proceed without these nations would certainly so far as India is concerned create impediments to their joining later on as Mr. Nehru [5] was very independent and very proud. The Secretary thought that it would be much wiser to take more time and to obtain the inclusion of the three states mentioned before proceeding to establish the Union. In the Secretary's talks with Ambassador Romulo he had gathered that there was a real possibility of accomplishing this and any procedure which diminished this hope was, he thought, unfortunate. President Quirino made no comment upon this but turned to the next subject.[6]

He said that General MacArthur [7] had sent an emissary to him to discuss trade with Japan. President Quirino had replied that he was not in a position to discuss this matter until he knew what the future relationships with Japan were likely to be and whether or not there was to be a peace treaty and in general what its provisions would be.[8]

He also asked whether President Truman regarded Formosa as a political threat to the Philippines. On the subject of Formosa, President Truman said that he did not regard Formosa in the hands of the Communists as a threat to the Philippines. It was flanked by bases in the Philippines and Okinawa as well as by our forces in Japan. He also knew of no likelihood of our withdrawal from Japan except with our own consent.

He then asked the Secretary to comment upon the matter of the peace treaty with Japan. The Secretary said that this subject which was complicated at its best had been further complicated by the Communists' success in China and there were two main problems to consider: the first was the problem of security; the second was the problem of the Japanese economic future. So far as security was concerned, Japan had been disarmed by the United States and, as a result, the security of the United States, of other Far Eastern nations, and of Japan seemed to the Secretary to require the presence of

[5] Pandit Jawaharlal Nehru, Indian Prime Minister and Minister of External Affairs.

[6] For additional documentation on the policies of the United States regarding regional security arrangements in the East Asian-Pacific area, see pp. 1 ff.

[7] General of the Army Douglas MacArthur, Supreme Commander, Allied Powers in Japan, and Commander in Chief, United States Forces in the Far East.

[8] For additional documentation on the efforts by the United States on behalf of a peace and security treaty with Japan and regarding the occupation and control of Japan, see pp. 1109 ff.

American forces in that area to prevent aggression. This, of course, raised the most difficult problems because it was hardly likely that the Soviet Union would agree and the treaty without the Soviet Union would raise certain difficulties. All these matters are under consideration by the Military Establishment and the Department of State and upon the return of the Joint Chiefs of Staff, Mr. Jessup [9] and Mr. Butterworth,[10] the two Departments might have recommendations to lay before the President. At present the Secretary would say no more on this subject.

So far as the economic future of Japan was concerned, Japan in the past had been dependent to a large extent for raw materials and minerals from Manchuria. From some source this relationship would have to continue. But a very important objective of policy was to enable Japan to substitute for this excessive reliance on China trade relations with the non-communist portions of Asia as well as with the rest of the non-communist world. If this could be done, not only would Japan's ability to withstand communist pressure be increased but Japan's interest in doing so and in maintaining its connection with the non-communist world would also be increased. The Secretary therefore hoped that President Quirino would take a sympathetic and helpful attitude toward increasing Philippine commerce with Japan.

President Quirino then turned to Philippine economic problems. He made a general and rather over-optimistic reference to what had been done and what was going to be done. In the course of this, he referred to suggestions for a devaluation of the peso. This he strongly rejected and then inquired whether this Government would be willing to consider arrangements by which a credit on the stabilization fund would be given by the United States Treasury to be used if, as, and when it was necessary to maintain the peso at its present value. The President said that he was not familiar with this situation and that it could be looked into unless it had already been considered. He asked the Secretary for his views. The Secretary said that this matter had been considered by the Treasury and State Departments in connection with the general problem of supporting the peso. The Secretary could not give President Quirino any encouragement that such a proposal could be reported favorably by the two Departments to the President.

Before mentioning the subject just referred to, President Quirino said that he was most anxious to have the confidence of the American

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[9] Ambassador at Large Philip C. Jessup conducted a fact-finding mission to various Far Eastern countries from December 15, 1949 to March 15, 1950. For documentation regarding his mission, see pp. 1 ff.

[10] Assistant Secretary of State Butterworth served as chairman to the Asian Chiefs of Mission conference held at Bangkok; for documentation on the conference, see pp. 1 ff.

Government in the soundness of economic steps being taken by the Philippine Government. To that end he suggested to President Truman the possibility of a United States Economic Survey Mission which might go to the Philippines and examine the entire economic situation, make recommendations and assist the Philippine Government in laying out a program which the United States could support. He said that he had been much impressed by the work of Mr. Dodge in Japan and if Dodge could head such a mission it would be most agreeable with President Quirino. At this point Ambassador Elizalde intervened to say that what the Philippines needed was not so much a mission to examine the balance sheet of the Philippine imports and exports or the Philippine governmental budget but a mission which would go into the Philippine industrial and commercial future and help establish a program under which the Philippines could develop exports which would make it self supporting.

President Truman said that he was most interested in this suggestion and thought that it deserved the deepest and most sympathetic consideration, which he proposed to give it. President Truman asked the Secretary how he suggested that the matter be pursued. The Secretary said that in his judgment the way to proceed was through consultation between President Quirino and Ambassador Cowen at Manila. In this way the terms of reference of such a survey group might be established and the personnel decided upon. The Secretary said that he would inform Ambassador Cowen of the discussion and would have the Department assist him in every way with his discussions with President Quirino.

President Quirino then asked what our intentions were in regard to recognizing the Chinese Communist and the Bao Dai Governments.[11] President Truman said that our attitude had been that we are in no hurry to recognize the Communists and that we wished to be very clear as to how that situation was developing before we would take any step. Such developments which had occurred were not reassuring and the President thought those nations which had jumped into recognition had found themselves in an unimpressive and humiliating position. In regard to Bao Dai, the President said that he had instructed the Secretary to proceed with recognition and asked the Secretary to comment upon the situation.

The Secretary said that after a very careful survey lasting several months we had come to the conclusion that the recognition of Bao Dai was an important step in the attempt to prevent communism from spreading in Southeast Asia. While it might be possible that the Bao Dai experiment had no more than an even chance of succeeding it

[11] For papers on the attitude of the United States toward the recognition of the Communist regime in mainland China, see pp. 256 ff. For documentation on the question of the recognition of the Viet-Nam Government of Bao Dai, see pp. 690 ff.

certainly would not have that chance unless all the governments interested in preventing the spread of communism gave it every reasonable support. This the United States Government was prepared to do. The Secretary thought that it was of great importance that governments of neighboring states should do the same. He could think of no step by the Philippines which would be more helpful both in supporting the general policy of checking Soviet Imperialism and also in strengthening Japanese security than similar action on the part of the Philippines.

President Quirino said that he was most interested in what he had just heard; and, that he was anxious to keep Philippine policies attuned to that of the U.S. He mentioned the fact that the Soviet Union had not recognized the Philippines and that this was an added reason why the Philippines should not recognize satellites of the Soviet Union. So far as Bao Dai was concerned that matter was under active consideration by his Government and he would give it his attention as soon as he returned. He made no commitment on either point.

President Quirino asked whether President Truman could take action to increase the amount paid on the war damage claims and stated that he thought the climate in the Congress was most favorable to such a recommendation. President Truman said that while he had in the past been sympathetic to such a recommendation he felt that he could not make it at present. He said that his budget officers believed that the step was not warranted in view of United States fiscal considerations and that so far as Philippine interests were concerned he doubted whether this was the most effective way in which they could be advanced. He spoke of the possibility that money paid on these claims might not be reinvested in the Philippines. President Quirino suggested that the congressional act might require that it be so invested. The President concluded this part of the conversation by saying that in any event he was not ready to go forward with the recommendation at this time.

D[EAN] A[CHESON]

796.00/3–250 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

CONFIDENTIAL MANILA, March 2, 1950—5 p. m.

658. In UP report with January 22 Washington dateline Antonio Quirino, brother of President Quirino and chairman of Veterans Screening Board is quoted as saying "Even a final answer of 'no' from President Truman would be better than the agony of doubt and hope that many guerrillas are feeling". February 17 UP report

from New York quotes him as saying $96 million from US Congressional appropriation available in Manila sufficient take care guerrilla claims, but chief opposition comes from Ambassador Myron Cowen who "swore that he would never permit a reopening of the question" (Embtel 118, January 11 [1]).

As Department is aware, I have long felt that release of a definitive official statement from Washington is required to disabuse Filipinos of incorrect ideas such as those included in remarks quoted above and to discourage further exploitation of guerrilla recognition question for political and monetary purposes prejudicial Filipino-US relations. Accordingly should appreciate release appropriate statement by NME preferably in name Secretary Johnson designed clarify fact that US guerrilla recognition policy is that of NME and is closed question. I would suggest it include tactful acknowledgment of fact that hundreds thousands Filipinos contributed to liberation their country; that many will in nature circumstances guerrilla warfare never be able prove part they played; that original deadline for acceptance guerrilla claims for recognition was January 31, 1946, but that later in order that all possible claimants could present their claims, the date was extended to March 15, 1946; and that actually it was not until June 30, 1948 when US Department Defense finally closed the question and accepted no more claims. Statement might further say that about one million claims have been scrutinized and that of these more than 260,000 accepted.

COWEN

[1] Not printed, but see footnote 3 to telegram 195, January 17, from Manila, p. 1401.

In his telegram 742, March 13, from Manila, not printed, Ambassador Cowen reported that the previous day, Judge Quirino, who was Chairman of the Confederation of Filipino Veterans, made a speech to the Supreme Council of that body in which he accused Ambassador Cowen and Ambassador Elizalde of conspiring to block reconsideration of the veterans recognition question. After the speech, the Supreme Council of the Confederation adopted resolutions asking for the recall of both Cowen and Elizalde. At lunch that same day, President Quirino assured Ambassador Cowen that his brother was speaking only for himself and that his speech did not in any way represent the President's official or personal attitude (103–VA/3–1350).

796.5/3–650 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

CONFIDENTIAL MANILA, March 6, 1950—2 p. m.

674. At January 21 luncheon given by members Philippine Senate and House Foreign Relations Committees in honor Jessup,[1] Representative Atienza [2] charged US with failure deliver more than 30 per-

[1] Ambassador at Large Philip C. Jessup was visiting the Philippines in the course of a 3-month fact-finding survey of the Far East.

[2] Philippine Congressman Hermenegildo Atienza, member of the House Foreign Relations Committee.

cent of total US military assistance commitment. Despite closed door meeting, this charge widely aired local press. Similar complaint made to Butterworth [3] by Senator Peralta [4] in meeting with Vice President and guerilla leaders along lines his address Senate February 1.

In attempt quell these misleading and irresponsible statements, I issued February 10 press release giving details extent military aid furnished based on report supplied Embassy by JUSMAG.[5]

March 4 papers again carried stories statements attributed Atienza, Secretary Defense Kangleon and Cofs Castanada [6] to effect US had "welched" on military aid to Philippines. For example, Atienza reported in *Manila Times* as having stated Philippines had been "hoodwinked" by US Government in military assistance furnished.

March 4 I issued statement for immediate release deploring such tactics on part high government officials. Text both February 10 and later statements passed to Department attention Melby today in clear by press attache.

I believe that irresponsible and unfounded statements such as above by Philippine Government officials highly damaging to Philippines. Atienza has congressional record of frequent criticism of US in connection matter of military assistance and military bases. As reported Embdesp 268, March 10, 1949,[7] he last year made speech urging "more prudence" in Philippine attitude toward Communism.

Full report with clippings follows by despatch.[8]

COWEN

[3] Assistant Secretary of State for Far Eastern Affairs Butterworth visited Manila briefly in early February en route to the Asian Chiefs of Mission conference in Bangkok.

[4] Philippine Senator Macario Peralta, Jr., Chairman of the Senate Committee on Army and Navy.

[5] The Embassy press release under reference here, which was prepared on the basis of information provided by Maj. Gen. Jonathan Anderson, Chief of the Joint United States Military Advisory Group (JUSMAG), was widely disseminated in the Manila press. It explained that the United States had furnished the Philippines military assistance worth over $163 million and had sent over 600 members of the Philippine armed forces to American service schools since 1947. The press release asserted that the United States had faithfully fulfilled all commitments under military assistance agreements with the Philippines.

[6] The reference here is to Philippine Secretary of National Defense Ruperto Kangleon and Philippine Army Chief of Staff Maj. Gen. Mariano N. Castañeda.

[7] Not printed.

[8] Despatch No. 317, March 10, from Manila, not printed (796.5 MAP/3–1050).

Editorial Note

By an exchange of notes of February 24 and March 11 and 13, 1950, between Ambassador Myron C. Cowen and Philippine Under Secretary of Foreign Affairs Felino Neri, the United States and the Philippines effected an agreement supplementing and extending the United States–Philippine military assistance agreement of March 21, 1947.

For the text of this supplementary agreement, which entered into force on March 13, 1950, see Department of State, Treaties and Other International Acts Series 2080 or *United States Treaties and Other International Agreements*, volume I, page 448. Another note of February 24 from Ambassador Cowen and a reply thereto of March 11 from Under Secretary Neri constituted an agreement on a secret (separate) minute to the aforementioned supplementary agreement. The minute specified that the two Governments recognized their mutual interest, consistent with mutual security and recovery objectives, in effective controls over the export of war potential materials, equipment, and technical data, and would undertake measures for the accomplishment of those ends. The texts of the exchange of notes effecting agreement on the secret minute were transmitted to the Department of State as enclosures to despatch No. 360, March 21, 1950, from Manila, none printed (796.5–MAP/3–2150).

103–VA/3–1350

The Secretary of State to the Ambassador of the Philippines (Elizalde)[1]

[WASHINGTON,] March 13, 1950.

EXCELLENCY: I have the honor to refer to your note of February 15, 1950[2] requesting the Department of State to recommend to the Congress of the United States that favorable consideration be given to certain proposed legislation which was introduced during the First Session of the present Congress and designed to grant Philippine Army veterans certain educational and burial benefits. I also refer to your note of the same date referring to a previous note of April 21, 1949 which transmitted a petition for the recognition

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[1] A memorandum of March 3 from Deputy Assistant Secretary of State for Far Eastern Affairs Merchant to the Secretary of State, drafted by Deputy Director of the Office of Philippine and Southeast Asian Affairs Ely, not printed, explained the object of this note as follows:

"Immediately after the close of the war strong pressure was brought to bear on this Government to extend in full the so-called "GI" benefits to Philippine veterans and to greatly increase the number of guerrillas who had been recognized by our Armed Forces. You will recall that President Quirino brought this up with President Truman in Washington last August. President Truman informed him that he had done all he could on the veterans benefits and that the guerrilla program was closed. Notwithstanding this, President Quirino has continued to mislead his people by asserting that the Administration would still give favorable consideration to these matters. Much racketeering goes on and Ambassador Cowen has repeatedly urged that the Administration come out flatly with a statement that the programs are finished. We have heretofore seen no convenient hook on which to hang such a statement but we now have two notes from Ambassador Elizalde bringing up these questions again which seem to offer a convenient method of stating our position." (103–VA/3–1350)

[2] Not printed.

by the United States Government of a guerrilla organization known as the Northwest Pampanga Military District.[3]

While these two notes concern slightly different matters, in actual fact they have to do with a single question of general policy between the Republic of the Philippines and the United States. It is my belief that a general statement of the policy of this Government in respect to these questions will constitute the most satisfactory reply to the two questions raised.

As you have pointed out in the first note under acknowledgment, both the President and the Department of State had previously given strong support to the basic idea embodied in the proposed legislation to which you refer. H.R. 4073, which was introduced into the 80th Congress, was drafted by a Committee appointed by the President, on which the Department was represented, and the draft of the legislation was sent to the Congress with a strong endorsement by the President. This legislation provided for hospitalization of Philippine Army veterans and also proposed a program of educational and burial benefits. The Congress, however, approved only that part of the proposed legislation which had to do with hospitalization for Philippine veterans and by the enactment of Public Law 865, approved on July 1, 1948, authorized for hospital construction and for the expense of hospitalization a total of $38,925,000.

The possibility of the enactment of additional legislation to carry out the balance of the program recommended by the President's Committee has been given careful consideration by the Executive branch of the Government and was discussed by President Truman and President Quirino, on the occasion of the latter's visit to the United States in 1949.[4] After a careful consideration of all the manifold factors involved, it has been reluctantly concluded that further efforts to secure action on this proposal would inevitably prove fruitless. It is believed that it would be misleading and unfair to potential beneficiaries under such legislation for the Administration to make a gesture toward securing such legislation in the certain knowledge that no action would be forthcoming.

In connection with your second note under reference making inquiry concerning a petition transmitted to the Department by the Embassy's note of April 21, the Department's records indicate that Deputy Under Secretary Rusk in a letter dated May 11, 1949 forwarded you a copy of a letter from the Secretary of the Army dated April 21, 1949, of which a copy is attached for your convenience.[5] As will be noted from

[3] Neither the note nor the petition under reference here are printed.

[4] President Quirino visited the United States in August 1949. For the record of his call upon President Truman at the White House on August 9, see *Foreign Relations*, 1949, vol. VII, Part 1, p. 597.

[5] Neither Deputy Under Secretary of State Dean Rusk's letter to Ambassador Elizalde nor then Secretary of the Army Kenneth Royall's letter under reference here are printed.

Secretary Royall's letter, the Army Department had given consideration to the possibility mentioned in your note of April 21 that there had been an administrative or typographical error involved in the recognition of the officers and men of the Northwest Pampanga Military District, but had found that no such error had in fact been made. Your attention is particularly invited to the statement made in Secretary Royall's letter that " . . . the Department of the Army considers that the recognition program has been properly terminated and that recognition claims have been accorded due and careful consideration in all cases."

From the beginning the Department of State has considered that the decision as to whether a particular unit or individual would be given credit for serving with our Armed Forces on a full-time basis was one which by its very nature could properly be made only by the Department of National Defense. The Department of Defense on its part, after an examination of all cases involved, has concluded that no useful purpose would be served by constant review of cases heretofore decided adversely, and considers the issue closed. That decision has been approved by the President.

It is realized that owing to the large number of men involved, and to the somewhat inadequate records available, there may have been isolated cases of deserving persons denied recognition where less deserving ones were given such recognition, but obviously this question could never be decided to the satisfaction of all concerned. As long as the United States Government continues to receive and give consideration to petitions looking toward a reopening of this question there will be those who will take advantage of that situation.

Recognition of only a relatively small segment of the population as members of armed forces which rendered full-time military service does not in the least impugn the patriotism of the additional hundreds of thousands of citizens of the Philippines, both men and women, who often at great risk were helpful in the common cause. The general program of rehabilitation in the Philippines and assistance rendered to the Philippine Government by this Government following the war has been recognition of the fact that this Government was keenly aware of the devotion and sacrifices of the Philippine people as a whole.

With great reluctance, therefore, I am compelled to inform you that the United States Government sees no possibility of favorable action along the lines you suggest and believes that in the final best interest of all concerned it is necessary to consider these questions closed.

The Government and people of the United States are today engaged in a herculean effort to preserve throughout the world the benefits of the victory which resulted from the common struggle in the recent war against Germany and Japan. The burden being assumed by the

American people is, and will continue to be, a heavy one. Our aid must be governed by the resources at our disposal in determining what is to the best overall advantage of peace-loving nations throughout the world.

Accept, Excellency, the renewed assurances of my highest consideration.

DEAN ACHESON

796.00/3–2550 : Telegram

The Secretary of State to the Embassy in the Philippines [1]

SECRET URGENT WASHINGTON, March 20, 1950—6 p. m.

471. Ur 658 Mar 2.[2] Immed fol tel is text proposed statement Dept considering releasing to press subject White House approval upon which your comment as to text and recommendation as to timing requested.[3] You may in your discretion convey to Pres Quirino as much of this tel as you deem useful. Dept greatly regrets necessity this statement particularly in view his request to Pres Truman last fall that nothing be said publicly.[4] On other hand Dept has been increasingly concerned and amazed at repeated statements in Manila press suggesting that guerrilla recognition question may still be susceptible of discussion and negot. Dept particularly concerned over activities this question of Pres Quirino's brother, Judge Antonio Quirino, and especially his wholly unwarranted attacks upon you.

Dept on May 11, 1949 sent to Amb Elizalde copy ltr addressed to Dept by Secy Army dated Apr 21, 1949 in which Secy Royall said "The Dept of the Army considers that the recognition program has

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[1] In a memorandum of March 17 to the Secretary of State, not printed, recommending approval in draft of the telegram printed here, Assistant Secretary of State for Far Eastern Affairs Butterworth pointed out that President Quirino "for his own political reasons" continued to imply publicly that the Philippine guerrilla recognition question was not closed, that various organized guerrilla groups in the Philippines continued to insist that there was a chance of reopening the question, that various kinds of "rackets" had developed around the problem, and that President Quirino's brother had strongly attacked Ambassador Cowen as an obstacle in the matter and demanded his recall. Butterworth's memorandum continued:

"Public agitation has reached the point where I believe it is necessary for the Department to issue a statement clarifying once and for all publicly the position of the American Government and defending the position of Ambassador Cowen who had nothing to do with this decision which was made before he was even nominated as Ambassador to the Philippines." (796.00/3–1750)

The source text is signed by Secretary of State Acheson.

[2] *Ante*, p. 1416.

[3] Telegram 472 under reference here is not printed nor is the text of the proposed statement. The substance of this proposed statement was subsequently incorporated in Secretary of State Acheson's letter of April 28 to Governor Manuel Quenco of Cebu, printed in the Department of State *Bulletin*, May 22, 1950, p. 820.

[4] Regarding President Truman's meeting with President Quirino on August 9, 1949, under reference here, see footnote 4 to the note of March 13 from the Secretary of State to Ambassador Elizalde, *supra*.

been properly terminated and that recognition claims have been accorded due and careful consideration in all cases." [5] Dept of course assumed Phil Emb Washington brought this note to attn appropriate Phil authorities. Furthermore Pres Truman on Aug 9 informed Pres Quirino definitely that question recognition was closed as far as US was concerned. In view these unequivocal statements and particularly the fact decision on guerrilla recognition taken before you even apptd Amb to Phils, Dept is at loss understand continued public agitation this question and attacks upon you. In view apparent reluctance of PhilGovt to clarify this situation US Govt regretfully compelled make public statement to protect its own position as well as that of its Amb to Phil.

For your info Dept has recently recd two notes from Phil Amb Washington requesting re-opening guerrilla recognition and additional veterans educational benefits. Amb has been informed Dept considers both questions closed.[6]

ACHESON

[5] Neither the communication to Ambassador Elizalde referred to here nor Secretary of the Army Royall's quoted letter are printed.

[6] See the Secretary of State's note of March 13 to Ambassador Elizalde, *supra*.

896.00/3–2350

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Butterworth) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] March 23, 1950.

Subject: Composition of Proposed American Economic Survey Mission to the Philippines

Discussion

In his conversation of February 6, 1950 with President Truman, President Quirino requested that the United States send an American Economic Survey Mission to the Philippines to survey the Philippine economic and financial situation and make recommendations for the achievement and preservation of economic stability. President Truman expressed his sympathy with and interest in his suggestion. You stated in this same conversation that Ambassador Cowen would be instructed to discuss arrangements for such a Mission with President Quirino. The record of this conversation clearly indicates that the Mission was discussed as an American Mission and not a Joint one.[2] Ambassador Elizalde has subsequently stated to me orally that this

[1] This memorandum was drafted by John F. Melby.

[2] Regarding the conversation under reference here, see the memorandum of conversation by the Secretary of State, February 4, p. 1412.

was also his understanding of the conversation at which he was present.

Since his return to Manila President Quirino has persistently referred to a "Joint Mission" and is even reported to have said that that is what he had in mind all along, even though the Department has instructed Ambassador Cowen to make it clear to him that this Government believes a Joint Mission would be fruitless. An extensive and intemperate press campaign against an American Mission has also developed which must in large measure be inspired by President Quirino. Much of the comment on this question appears to attach the blame for an American Mission on Ambassador Cowen and may well be part of a reportedly deliberate campaign to force his recall. Negotiations between the Ambassador and close advisers of President Quirino on the composition of the Mission have now largely reached an impasse.

We are firmly convinced that any report prepared by a joint group would not be worth the paper it was written on since the Philippine members would not dare to sign any recommendations for Philippine action which they thought would displease President Quirino. It is our view that any recommendations in a frank and honest report will necessarily be unpalatable to the Philippine Government because of the extent to which its economic situation has deteriorated. By the same token the Philippine members would almost certainly wish to make recommendations for American financial aid of which the American members might not approve or which they could not sign since such signature would almost inevitably be regarded by the Philippines as an American commitment of a nature which only the Congress could make.

This question also involves the integrity of the relations between the United States and the Philippines. This is not the first time that President Quirino has put himself in an awkward position by misrepresenting facts for his own purposes in the hope that the United States would back down. Despite the categoric statement of President Truman to him last August that the guerrilla recognition question was closed as far as the United States was concerned, President Quirino upon his return to Manila deliberately lied and stated publicly that his representations had been favorably received. His statement undoubtedly assisted in his presidential election. Furthermore, President Quirino has suggested in Manila that the proposal for additional war damage payments is viewed sympathetically by President Truman. I know of no evidence to substantiate this contention. President Quirino also finds himself in an embarrassing predicament because of his ill-advised initiative on some kind of Southeast Asian association which he espoused, in part at least, for his own internal political purposes. He has endeavored in various ways to suggest now that the

proposal is really American inspired and if his efforts result in failure, as appears not improbable, he will undoubtedly try to place all the blame on the United States. Now he is attempting to force the American hand on a Joint Mission. His deviousness on these and other questions of mutual interest has seriously impaired the previously cordial and cooperative aspect of faith in American relations.

We are convinced that sooner or later there must be a showdown with him on his behavior and that this is as good an issue as any. If President Quirino gets away with this maneuver he will be more convinced than ever that he can get away with anything he wishes as far as the United States is concerned, and will be correspondingly intractable during a period when proper and decisive measures can draw the Philippines back from the path of economic calamity which it is now treading. Additionally, any withdrawal from our stand would make the position of Ambassador Cowen untenable.

If the proposed *démarche* in the attached telegram [3] proved unavailing I would suggest for consideration a message from President Truman to President Quirino which might state President Truman's concern over the deterioration of Philippine-American relations, reaffirm his confidence in and support of Ambassador Cowen, and appeal to President Quirino to lay aside his petty internal political considerations in favor of the larger community of interests which should be the primary concern of responsible statesmen. Such an approach would undoubtedly appeal to the overweening Quirino vanity.

Recommendation

That you sign the attached telegram to Manila.[3]

[3] The proposed message under reference here was sent as telegram 503, March 24, to Manila, *infra*.

896.00/3–2450 : Telegram

The Secretary of State to the Embassy in the Philippines [1]

CONFIDENTIAL WASHINGTON, March 24, 1950—8 p. m.

503. Ur 842.[2] Dept gravely concerned over what appears to be calculated effort by PhilGovt by indirection, obfuscation and inspired press

[1] A memorandum of March 24 by Assistant Secretary of State Butterworth, not printed, states that the Secretary of State and Deputy Under Secretary of State Dean Rusk had approved the substance of this message (896.00/3–2450).

[2] Not printed. It reported that Ambassador Cowen had conferred with Philippine Secretary of Finance Pedrosa and Presidential Advisor Yulo regarding the proposed American economic mission to the Philippines. Cowen reaffirmed the American position that President Truman had proposed a strictly American mission. The Philippine officials indicated that they and President Quirino insisted upon a joint United States–Philippine mission. Cowen concluded his telegram with a suggestion that the Secretary of State or the White House issue a public statement explaining that the idea of a proposed economic mission was in abeyance pending Department of State study of Philippine conceptions of such a mission (896.00/3–2250).

campaign to secure its objective of a Joint Mission. Understandably such effort in part motivated by over-sensitiveness on question sovereignty, but must also be equally dictated by Pres Quirino's own personal polit ambitions. In view well-known reluctance on part even closest advisers Quirino to tell him unpleasant truths or what they think he does not want to hear, Dept believes henceforth you shld conduct negot on this question directly with him in order avoid further confusion this issue which wld only play into his hands.

You shld therefore seek earliest opportunity for full and frank discussion this question with Pres Quirino. You are of course aware main argument underlying Dept insistence Mission must be solely Amer. Additionally, Dept doubts that any man of necessary caliber wld be prepared accept this assignment on Joint Mission basis since any joint report wld necessarily require compromise on views and recommendations both participants. Particularly, many recommendations US wld hope Amer Mission wld make for Phil action cld not be signed by Phil members of a Joint Mission for polit reasons. Even though it were clearly announced such Mission report wld be only recommendations it wld almost inevitably be interpreted something in nature of binding commitment on US. We are not prepared authorize US members sign any such undertaking. Dept fully convinced Phil interests will best be served by frank and honest report which can be free restrictions or inhibitions which presence of Filipino members and their necessary attention to internal Phil political considerations wld impose. Impress on Quirino, however, that Mission wld expect and welcome fullest cooperation from any group PhilGovt designates this purpose and wld be prepared evaluate and submit to US any recommendations and suggestions this group might care to make. If foregoing and other arguments fail convince Pres Quirino and if he not prepared accept Amer integrity and good faith this matter at their face value, you may tactfully suggest Pres Quirino that since US convinced objectives we both desire cannot be achieved by joint mission and if he finds Amer ideas unacceptable perhaps he would prefer to leave question Economic Mission in abeyance. You shld also let it be known US attaches great importance this Mission as most appropriate means determining how US can be helpful and that without the kind of survey and recommendations proposed US wld be seriously hampered in determining merits any specific proposal which might subsequently arise.[3]

Dept questions wisdom of statement this time such as you propose

[3] In his telegram 891, March 28, from Manila, not printed, Ambassador Cowen reported that in conversation with President Quirino on the evening of March 26 he had conveyed the substance of the argument outlined here. Quirino wept but refused to alter his position. Quirino chided the United States for its lack of confidence in him and said he would prefer to "see his country sink into the depths rather than become a mendicant for American aid" (896.00/3–2850).

until you have had opportunity talking with Quirino. Such a statement might only tend to crystalize Phil obstinancy to point where withdrawal wld be difficult if not impossible.

Re your 862, Mar 24,[4] Dept wld certainly have no objection any Comm which Phil Govt might desire to appoint cooperate with Amer Mission and wld of course welcome such coop as essential success of Mission. Foregoing objections, however, apply to suggestion that as much of report as possible be joint one. Any such arrangement wld only serve to accentuate differences which wld exist possibly out of proportion to their intrinsic merits.

ACHESON

[4] Not printed. In it Ambassador Cowen reported a new Philippine proposal with the following points: (1) the United States would send an economic mission with terms of reference clearly established; (2) there would be established a Philippine mission with identical terms of reference; (3) both missions would work concurrently with a point of liaison at the chairman level; (4) to the extent that was possible, a combined report would be submitted to each government and those issues on which no agreement was possible would be the subject of separate reports. Cowen felt the proposal had considerable merit (896.00/3–2450).

796.551/3–2850 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

SECRET MANILA, March 28, 1950—10 p. m.

889. Deptel 471 and 472, March 20.[1] During interview with President Quirino evening March 26 I conveyed to him highlights reference telegram 471 and suggested rather than have Department make release of type contemplated he might prefer himself issue statement that Philippine Government had been advised that US decision on closing guerrilla recognition question had been reaffirmed and that Philippine Government had accepted that decision.

Quirino replied that he could issue no such statement. I then warned him US Government might feel compelled reveal he was August 9, 1949 told by President Truman US did not propose reopen the question.[2] Quirino then asserted he had never asked President Truman that question be reopened, but merely told him the matter was a very hot political question and requested that it be left open until after the Philippine Presidential elections. Quirino seized and shook me by the arms, wept, and said, "You are a great nation and if you think it necessary to embarrass me you may do what you will with me."

I would appreciate matter of issuance statement be left in abeyance

[1] Telegram 471 is printed on p. 1422. Regarding telegram 472, see footnote 3 thereto.

[2] Regarding President Truman's meeting with President Quirino under reference here, see *Foreign Relations*, 1949, vol. VII, Part 1, p. 597.

until my return Washington April 3.[3] If it is decided at that time statement should be issued would suggest only minor alterations which from vantage point Manila we think might contribute to its being fully understood and accepted by Philippine people, including the thousands who undeniably have come to feel they personally have been unfairly dealt with so far as recognition their role in liberation concerned. Statement with Embassy's suggested revisions contained immediately following telegram.[4]

COWEN

[3] Ambassador Cowen departed from Manila for the United States by airplane on March 28 in order to deal with personal affairs in connection with the death of his mother. He also intended to confer with officers of the Department of State.

[4] Telegram 890 under reference here is not printed. Regarding the ultimate form of the proposed statement, see footnote 3 to telegram 471, p. 1422.

796.00/3–3050

Memorandum by the Director of the Office of Philippine and Southeast Asian Affairs (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)[1]

SECRET [WASHINGTON,] March 30, 1950.

Subject: Current Problems in the Philippines

Ambassador Cowen is due to arrive in San Francisco today and will probably arrive in Washington Monday.[2] There are a number of very urgent and important matters in the Philippines which are causing him great concern and which he will undoubtedly want to discuss with you shortly after his arrival. For your information, a brief resume of the more pressing problems and their current status follows:

1. *General Situation:*

Largely due to the political ineptitude of President Quirino and the complete lack of confidence in him even by members of his own party, the over-all situation in the Philippines is very disturbing. The country was badly shaken by the corruption during the last election which was so bad as to bring about widespread pessimism and lack of confidence even among the Filipinos themselves as to the future prospects of a stable and orderly government. Public order is bad, businessmen badly frightened, and Quirino seems to lack the political

[1] On March 28, 1950, Dean Rusk, until then Deputy Under Secretary of State, succeeded W. Walton Butterworth as Assistant Secretary of State for Far Eastern Affairs. Butterworth was assigned to work directly with the Secretary of State and to devote his full time to Japanese affairs.

This memorandum was prepared by Richard R. Ely, Deputy Director of the Office of Philippine and Southeast Asian Affairs.

[2] April 3.

courage and the political support necessary to restore normal conditions. How all this came about is partially explained by the following paragraphs, not necessarily arranged in the order of their importance.

2. *Import Controls:*

The Philippines since the war have been importing twice what they export, the unfavorable balance being taken care of by U.S. disbursements. To prevent the inevitable siphoning away of the dollar exchange as the U.S. disbursements began to draw to a close, import controls were instituted about a year ago in an effort to curtail the heavy importation of non-essentials such as cigarettes, toilet goods, etc. These controls were not particularly effective and were very badly managed with the usual attendant corruption.

3. *Exchange Controls and the Question of Devaluation:*

Partly as a result of the ineffectiveness of the import controls mentioned above, and partly as a result of the general lack of confidence following the election, in November it became evident that a flight of capital had begun. Under the Philippine Trade Act [3] any limitations on foreign exchange have to be approved by the President of the United States and in December the President approved the establishment of "temporary" exchange controls. It was the opinion, however, of the National Advisory Council [4] that the real remedy was the devaluation of the peso. This Quirino, for political reasons, could not do. The NAC felt that the Philippine Government was not equipped to manage exchange controls and that there were too many easy ways to evade it, and experience has abundantly proved that the NAC was right.

FE's position has been that even if devaluation is advisable it would be a mistake for this Government to try to force it on the Philippines. American exporters to the Philippines are having a great deal of difficulty and the Department is receiving quite a good deal of congressional mail forwarding bitter complaints from constituents who as usual blame the Department.

4. *Guerrilla and Veteran Problems:*

As you will recall, there has been constant agitation since the war for this Government to do more for guerrillas and Philippine veterans. President Truman last August told Quirino flatly that the recognition of guerrillas was finished and that he had done all he could

[3] The Philippine Trade Act of 1946 was approved as Public Law 371 on April 30, 1946; for the text of the act, see 60 Stat. 141.

[4] The National Advisory Council on International Monetary and Financial Problems coordinated the policies and operations of the representatives of the United States participating in the making of foreign loans or engaging in foreign financial, exchange, or monetary transactions. The Secretary of the Treasury was Chairman of the Council whose membership included the Secretary of State.

to secure legislation for Philippine veterans in general. Notwithstanding this, Quirino all through his campaign assured the voters that he was going to get something for them from Congress. More recently President Quirino's brother, Judge Antonio Quirino, a sinister figure who seems to be mixed up in all sorts of dubious transactions in the Philippines, has organized a confederation of veterans and after having come to Washington and failing to get anywhere has publicly attacked Ambassador Cowen as the reason no veterans legislation was forthcoming. Widespread racketeering has been going on and a few weeks ago the Department addressed a very stiff note to Ambassador Elizalde stating that these questions were closed and reminding him that Quirino had been informed that they were closed. To stop the attacks on Ambassador Cowen, the racketeering, and the sending of useless missions to Washington, a draft of a proposed press release has been sent to Ambassador Cowen with instructions to show it to Quirino and tell him that the Department proposed to release it. Quirino, who since his recent operation is reported to be very emotional and difficult to get along with, wept when Ambassador Cowen talked to him and said of course we were a great nation and if we wanted to destroy him we could. The Ambassador has therefore requested that this statement be held in abeyance.[5] Meanwhile Ambassador Elizalde, who has also been attacked by Quirino's brother, called in the Associated Press and showed them our note on the subject.[6] This has been widely published in the Philippines and it would appear that we have finally gotten it across pretty definitely that these issues are closed. This being so, it may be just as well not to issue any further statements as it would be looked upon as rubbing salt into Quirino's wounds.

5. *War Damage Authorization:*

The War Damage Commission has been instrumental in having legislation introduced in Congress adding $100 million to the war damage authorization.[7] Hearings are to start in the House on April 3. Waring, Chairman of the Commission, has been orally authorized by the president to support it.[8] He has shown us a draft of the testi-

[5] See telegram 889, March 28, from Manila, p. 1427.

[6] The reference here is to the Secretary of State's note of March 13 to Ambassador Elizalde, p. 1419.

[7] For an identification and description of the legislation under reference here and the official view thereon ultimately adopted by the Department of State, see the letter of April 17 from Assistant Secretary of State McFall to Senator Connally, p. 1438.

[8] In a memorandum of March 30 to Under Secretary of State James Webb, not printed, Assistant Secretary of State Rusk stated that he had had, that day, a conference with Frank Waring, Chairman of the Philippine War Damage Commission. Waring told Rusk that members of the Commission had called on President Truman, apparently on March 9, and found the President sympathetic with the proposed legislation to authorize additional war damage payments to the Philippines. Although the President appeared to feel that the Department of State opposed the legislation, he felt the Commissioners had the right and the duty to support it (296.0041/3–3050).

mony he expects to give, which is to a considerable extent based on the argument that it is in support of our Far Eastern policy.[9]

Many observers feel that the legislation has a fair chance of passing, others that Congress will have to think twice, after having cut the President's budget, about adding $100 million he did not ask for. Whether or not the legislation passes, however, the Department will be in a difficult position if it opposes it. If we oppose and Congress elects not to approve a convenient excuse would be to blame it on the Department. If we oppose and Congress still passes it we will be accused of not taking dynamic leadership.

6. *Payment of War Damages to Alleged Collaborators:*

The War Damage Commission has proposed to the Bureau of the Budget that a rider be placed on their appropriation authorizing the Commission to refuse to pay anyone who in the judgment of the Commission collaborated with the enemy or where the best interest of the United States would not be served. The Department has strongly opposed this on the ground that we left it up to the Philippines to pass on the collaboration question and that it is contrary to the entire concept of American justice to allow the Commission, without hearings, to rule on such a difficult question. It is probable, however, that this legislation will be introduced privately and it will stir up a great deal of ill feeling in the Philippines.

7. *Economic Mission to the Philippines:*

When President Quirino was here in January he asked President Truman to send an American mission to the Philippines somewhat on the order of the Dodge Mission to Japan.[10] The Secretary has subsequently in public speeches announced that we intended to do so. Quirino, however, went back to the Philippines and in spite of repeated warnings from the Embassy kept talking about a joint Philippine-American mission. It was the Department's feeling that a joint mission would be useless. The controversy has gotten into the press in Manila and Quirino for political reasons cannot back down because certain sections of the press are saying that this is just a return to the days of the governors general and high commissioners. A rather serious impasse has resulted. Quirino wept about this in his last talk

[9] For the text of the statement and testimony by Waring before the House Committee on Foreign Affairs on April 24, 1950, see *To Amend the Philippine Rehabilitation Act of 1946:* Hearings before the House Committee on Foreign Affairs, 81st Cong., 1st and 2nd sess., on S. 1033 and H.R. 7600 (Washington: Government Printing Office, 1950), p. 61.

[10] For the Secretary of State's memorandum of President Truman's meeting with President Quirino in Washington on February 4, see p. 1412. Joseph M. Dodge, President and Director of The Detroit Bank, was heading a special financial mission in Japan for General MacArthur.

with Cowen and Ambassador Cowen has suggested that we try to work out some face-saving means of postponing the matter.[11]

8. *Southeast Asian Union:*

You are probably familiar with this and are aware that Quirino's proposed conference promises to develop into a serious fiasco which will hurt him at home. It is quite probable that this is one of the main reasons for his highly emotional state and his irritation at the United States. He can stand anything but ridicule and his opponents heap ridicule on him. Deep down in his heart he is going to blame the United States Government . . . and he will think, even though he may not say so, that if we had really wanted to save him this humiliation we could have done so. Quirino is extremely jealous of the favorable publicity that Romulo has received and is not willing to allow him to try to salvage the situation. In the end he is likely to blame the fiasco publicly on Romulo but we are of the opinion that while it may not appear in the record his real resentment will be against us.[12]

9. *General Financial and Tax Situation:*

The Government's finances are in very bad shape. The tax rates are low. A very competent expert from the Treasury Department recently surveyed the tax system in the Philippines and reported that their tax rate is among the lowest in the world and that of course there is widespread evasion. On top of that, the drastic import controls which are necessary take away some of their best sources of revenue.

The foregoing does not present an encouraging picture. Here is a country which under more competent leadership, with some help from us, could be restored to stability without too much of a strain. The Government, however, will not find it easy from a political standpoint to install what amounts to an austerity program by a curtailment of luxury goods which Filipinos have been accustomed to import for many years and to increase taxes to what they ought to be and actually collect them. It seems abundantly clear that any aid which we might extend must be extended under rigid U.S. control or otherwise it will be largely dissipated. Taking into consideration Quirino's colossal vanity and the rabid nationalistic sentiment it is not going to be easy to be of assistance.

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[11] Ambassador Cowen's description of his March 26 meeting with President Quirino and the suggestion mentioned here were presented in telegram 891, March 28, from Manila, not printed; see footnote 3 to telegram 503, March 24, to Manila, p. 1426.

[12] For additional documentation on the attitude of the United States toward proposed regional Far Eastern security arrangements, see pp. 1 ff.

796.5 MAP/4–750 : Despatch

The Chargé in the Philippines (Chapin)[1] *to the Secretary of State*

SECRET MANILA, April 7, 1950.

No. 432

The Embassy was requested in the Department's instruction of March 1, 1950 to report any information or comments which it may have to offer in regard to the Military Assistance Program for the fiscal year 1951, which formed the subject of a memorandum transmitted with that instruction.[2] The Embassy finds itself in general agreement with this memorandum but would like to comment on portions cited below:

(1) The roots of this (Huk) movement[3] stem from the serious agrarian reform problem of the Central Luzon plain. "The leadership, however, has been taken over by the Communists." (2) "It is important that the Philippine Army be enabled to contain the Huk guerrilla units within their present limits and wherever possible to disarm them." (3) "The Philippine Government has so far demonstrated a willingness and an ability within the limits of its resources to take the necessary military steps." (4) Effective use of American military aid is assured by the presence of the Joint United States Military Advisory Group (JUSMAG) which has the full confidence of the Philippine Government.

Communist Character of Huk Forces

It is, of course, true that the need for agrarian reform lies at the roots of the problem of armed unrest in the Philippines. However, it should not be forgotten that the Hukbalahaps—now called the Hukbong Mapagpalaya ng Bayan (HMB) or National Liberation Army—do not pretend to be mere agrarian reformers. The chief points made in their propaganda at the present time are more political than agrarian in nature: it is argued that the Philippine Government is a puppet of "American Imperialists," that it is a corrupt regime which has maintained its hold through force and electoral frauds, that it is ruining the Philippines, and that it must be overthrown by armed force. To state merely that the HMB has Communist leadership is to run the risk that the true situation will be mis-

[1] Vinton Chapin was Counselor of Embassy.

[2] Instruction No. 40, March 1, to Manila, transmitted to the Embassy a paper prepared in the Department of State on the Military Assistance Program for Fiscal Year 1951 for the Philippines, neither printed (796.5 MAP/3–150).

[3] The People's Anti-Japanese Army (Hukbong Bayan Laban sa Hapon, commonly abbreviated to Hukbalahap, or Huks) was established in 1942. Following the end of World War II, the movement, under more overt Communist control, was renamed the People's (or National) Liberation Army (Hukbong Mapagpalaya ng Bayan or HMB). In mid-1949 the HMB was constituted as the regular military arm of the Communist Party of the Philippines (PKP).

understood: the Huk forces are in effect the Army of the Partido Komunista Pilipinas (PKP). While the HMB doubtless is imperfectly indoctrinated, that fact is inherent in the circumstances that it is an apparently growing organization, that it takes time to indoctrinate new recruits, and that some useful fighting men do not have the capacity to understand that which their mentors would teach them. A similar situation existed in China with respect to some Communist-led forces, but those forces nevertheless overthrew Central Government resistance and enabled the Communist Party to set up its own regime.

Scope of Anti-Government Guerrilla Operations

The dissident problem has passed the stage in which the HMB might be described as having been kept within well-defined or reasonably satisfactory limits. It is true that there is little or no Communist-led dissidence on some of the Visayan islands or on Mindanao. However, the key island, it is submitted, is Luzon: this island not only is the most populous, but also contains the seat of a government the powers of which are highly centralized.

Whereas Communist forces in China spread from peripheral areas toward the capital over a period of time during which leaders experienced only in hit-and-run operations had to learn how to employ large armies against fixed positions, Philippine Communist forces have been growing on the central island near the governmental center and are spreading their organization up to and into Manila itself. The Chinese Communists had to learn how to convert hit-and-run bands into armies capable of carrying on positional warfare, but Philippine Communist leaders may never have to learn to conduct large-scale operations, as practically all Government armed forces are committed on a piecemeal basis to the defense of a great number of localities, and Government forces themselves are without actual experience in such operations. The PKP might of course defer action of a final nature beyond the time when it might be already possible to overcome Philippine Government forces: unless timed in coordination with events elsewhere, it would invite counteraction by the United States which, though it lacks ground forces in the Philippines at the present time, might nevertheless bring in such forces.

However, it should be emphasized that on Luzon at least the HMB has not been confined within static limits. Since their organization in Pampanga in 1942, Huk armed forces have in eight years spread until they are now officially reported to have reached the northernmost tip of Luzon and to be spreading southward into the Visayas. Granting that they were at the end of the war present in several provinces of central Luzon, they were for the most part concentrated in the Province which gave them birth. Thus the Embassy files for 1947 contain

a memorandum of February 3 which speaks of the possibility that the "Huks now concentrated in Pampanga" might withdraw to the hills. According to the Embassy's despatch no. 144 of February 9, 1948 [4] the Philippine Constabulary then reported that over half the estimated 11,700 Huks were located in Nueva Ecija and Pampanga. According to these estimates there were then no Huks in Cavite and only 200 in Batangas. Since then the crescent of Huk-infested provinces around Manila has been completed: dissident bands have been reported present in encircling Cavite, Laguna, Rizal, Bulacan, Pampanga and Bataan. Dissidents are reliably reported even to be seeking regularly to conscript foodstuffs from residents of Novaliches—about ten miles from Manila. While they do not dominate the countryside near Manila, they move about in that countryside and operate therein with apparently increasing ease. This was made evident between March 28 and March 30 when they were able to concentrate several bands each numbering a few hundred men, to take a number of places within a 40-mile radius of Manila (including San Pablo—a town of nearly 50,000 people) and to move away without anywhere being successfully counterattacked.

Principal Defects of Philippine Armed Forces

On the basis of the foregoing, it would appear incorrect to assert that the Philippine Government demonstrates a willingness and ability to take military steps necessary to contain HMB guerrilla units—much less to disarm them. From the military point of view, Philippine armed forces demonstrate at least two defects which may and in all likelihood will prove fatal—unless they are remedied:

(1) They appear unable or unwilling to "fix" and wipe out or capture the dissident units they contact and they are not vigorous in pursuit. (This opinion is expressed in a JUSMAG memorandum of March 6, 1950 entitled "Discussion of the History of Law and Order in the Philippines"; the Embassy's study of a long series of Constabulary operations bears out this thesis.)

(2) The Philippine Constabulary, instead of winning popular support, has in general so behaved that it has alienated the rural populace. This is the conclusion of the Embassy based upon observation of its own personnel of Constabulary behavior and on the well-nigh unanimous agreement of a great many Filipino and foreign observers with whom Embassy officers have discussed the problem. The Chinese Communists, who started out as a small guerrilla army, won all China principally because they realized that the true base of guerrilla operations is not this or that piece of territory, but rather the base of popular support. They learned how to capitalize on errors of Chinese Government police and troops, large bodies of which until the final year or so of operations on the Chinese mainland could pass through most of Communist-dominated territory at will but which had lost the capacity to control it. (The Communist saying was "The people are

[4] Not printed.

the water and we are the fish.") The Huks had the benefit of the advice and training of Chinese Communist guerrilla leaders including Huang Chieh, and are applying some of the principles and rules of discipline used by the Chinese Communist armed forces. It is vitally important that the Philippine armed forces be brought under similar rules of discipline with respect to treatment of the populace. If they are, they may win and retain popular support, which now is passing by default to HMB forces; dissident forces may thereby be deprived of the intelligence, the supplies, the shelter from pursuit and the new recruits which a disaffected populace too willingly gives anti-Government guerrillas. So long as the Constabularly seize foodstuffs without paying for them, become drunk and disorderly, extract information by inhumane methods, abuse women, shoot up country towns and generally mistreat the populace, just so long will they continue to lose the Philippines to the HMB.

While a reorganization of Philippine armed forces is in progress and while the HMB probably is not now capable of maintaining for long the pace of operations which characterized the last few days of March, the Embassy perceives few causes for optimism. The shift in command, to another General, of Army and PC forces in the field—with some expansion of Army forces—may improve the situation somewhat without radically altering it. HMB activity may drop off for awhile to be followed by periods of still greater activity: political conditions and economic trends suggest that the future will be favorable to the recruiters of dissident forces.

Question of Effective Use of U.S. Military Aid

The presence in the Philippines of the JUSMAG undoubtedly contributes greatly toward assuring effective use by Philippine armed forces of American military aid. However, the continued and dangerous deterioration of the law and order situation testifies to the fact that the presence of the JUSMAG as it now is constituted is not enough to assure a level of effectiveness adequate to the requirements of the present and prospective future situation. This situation is doubtless due to numerous circumstances, including the following: (1) the JUSMAG is composed of officers who, in the opinion of the drafting officer, are well-equipped to advise with respect to ordinary matters of military organization and operations but who have inadequate knowledge of and experience with political subversion and guerrilla warfare of the type with which the Philippine Government is faced; (2) the role of the JUSMAG is advisory, whereas the Philippine Government probably needs a military mission which exercises more extensive functions; and (3) some at least of the equipment we are supplying the Philippine Government is not well-suited to the requirements of guerrilla warfare. Thus the PAF, which is called upon for ground strafing of guerrillas having no air support of their own might better be given more trainer planes with 30 caliber machine guns installed thereon and fewer fast, high altitude interceptors such as P–51s. Philippine ground forces should probably

also be discouraged from using artillery—in the interests of the civil population and of coming to closer grips with guerrilla forces which now too easily disengage and disappear.

The Embassy believes that our national interest—in view of our special past and present relations with the Philippines and the requirements of our defensive position—require that the Philippines be kept from falling under control of the Moscow-directed Philippine Communist Party. It recognizes that solution of the Communist problem in the Philippines will require action on several fronts: political, economic and military. It considers that the situation as a whole is bad but probably will have to get worse before it may be possible for us to move in the political and economic spheres with sufficient effect to basically alter the peace and order situation. It believes, however, that the national interest requires us immediately to take first steps in the military sphere.

Recommendations

Specifically, the Embassy recommends:

(1) That there be assigned to the JUSMAG a substantial number of officers having actual experience in guerrilla and anti-guerrilla operations, and particularly in operations involving Communist-led forces. Officers having intimate acquaintance with Chinese Communist tactics and discipline might be particularly helpful—in view of the circumstances explained earlier in this despatch—in aiding the Philippine armed forces to improve their own anti-guerrilla tactics and—still more important—to remedy the defects of discipline and behavior which are turning the populace against them. Probably the best-equipped man known to the drafting officer is Colonel David D. Barrett, who has the necessary experience, a deep insight into human psychology and a keen political sense as well. Colonel Frank N. Roberts, who has had experience in China and who has served as Military Attaché in Moscow, might also prove invaluable. Some officers having similar experience in the recent operations in Greece should also be assigned to the JUSMAG in the Philippines.

(2) That serious consideration be given to extending the scope of JUSMAG operations. It may prove necessary to conduct in the Philippines an operation similar to that which we carried out in Greece. The decision, for reasons which are described above, may need to be reached and put into effect very quickly, and it accordingly is recommended that necessary studies and plans be made ready as soon as possible and held in readiness for prompt implementation.

(3) That the United States Government consider whether it ought not proceed quietly and without publicity to move moderate-sized Army units onto the Clark Field Air Base. The original removal of Army units therefrom was based on the premise that Philippine Government forces would provide needed ground protection; that premise obviously is now of questionable validity.

The employment of United States troops against Filipinos outside our bases should probably be considered only as a last resort: such

action would provide our enemies all over Asia with valuable propaganda and might be expected to cause many Filipinos to regard us as invaders and to join forces with the Huks. Nevertheless, the presence of American ground troops would alter against the HMB the balance of power situation in the Philippines, thus putting farther into the future the date when the HMB could move beyond the stage of hit-and-run operations. Such United States forces would also form a pool from which necessary forces might quickly be drawn should actual military intervention sometime become necessary.

VINTON CHAPIN

896.10/3–1350

The Assistant Secretary of State for Congressional Relations (McFall) to Senator Tom Connally [1]

[WASHINGTON,] April 17, 1950.

MY DEAR SENATOR CONNALLY: The receipt is acknowledged of your letter of March 13, 1950 [2] requesting the comments of the Department of State on S. 3220, a bill "To amend further the Philippine Rehabilitation Act of April 30, 1946, as amended".[3]

The proposed legislation would amend subsection 106*a* of the Philippine Rehabilitation Act of 1946 to increase the original authorization of $400 million for the payment of private war damage claims in the Philippines to $500 million. It is provided (1) that claimants must use additional funds resulting from the increased authorization in projects to further the rehabilitation or economic development of the Philippines; (2) that $10 million of the money shall be set aside for the restoration, in so far as the sum authorized permits, in full at postwar costs of non-profit educational, welfare and health institutions; and (3) that any unexpended balances may be allocated and paid to the Republic of the Philippines for public projects in the Philippines under such terms, provisions and conditions as the President of the United States may approve.

The proviso requiring investment of the new money in the Philippines would appear to be highly desirable if this bill is to be enacted. In previous consideration of the possibility of an additional authorization for war damages the most troublesome aspect was the prospect

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[1] This letter was drafted by Richard R. Ely, cleared by the Office of Financial and Development Policy, and personally approved by Assistant Secretary of State Rusk. The letter was directed to Senator Connally in his capacity as Chairman of the Senate Committee on Foreign Relations.

[2] Not printed.

[3] For the text of the bill as introduced in the House of Representatives as H.R. 7600, see *To Amend the Philippine Rehabilitation Act of 1946*, p. 215. For the text of the Philippine Rehabilitation Act of 1946 (Public Law 370), approved April 30, 1946, see 60 Stat. 128.

that most claimants having already restored their property would be free to withdraw the money from the Philippines whereas the whole theory of the original act was to restore the economy of the Philippines.

It might be somewhat difficult to insure absolute and complete compliance with the proviso regarding reinvestment and the Department suggests that the proposed legislation might be even further strengthened in this regard.

In connection with the clause providing for $10 million for non-profit educational and welfare institutions, it should be noted that a bill, S. 1033,[4] has already passed the Senate and is now before the House which provides for the restoration of non-profit welfare and educational institutions on the same basis as this bill but without any limitation as to amount. The Department is on record as opposing S. 1033 because it provides that the necessary funds to accomplish its objectives are to come from money already authorized, that is, by reducing amounts payable to ordinary claimants. As it is proposed to restore these institutions in full on the basis of postwar costs whereas other property is to be restored only in part on the basis of depreciated prewar value, the Department believed that the bill (S. 1033) was highly discriminatory in favor of one class of claimants. This proposed legislation by the authorization of new money would remove the objections previously made to S. 1033 and would appear to be an acceptable substitute therefore. The third provision that unexpended balances be used for public projects in the Philippines under such terms as the President may approve might also afford this Government an opportunity to undertake programs in the Philippines which would in the judgment of the President be in the best interest of the two countries. The amount of money which would be available for this purpose is not known.

The Department recognizes that for reasons set forth above this legislation has much to commend it. the Philippines undoubtedly suffered heavily during the war. While this Government has assisted substantially in the rehabilitation work there is undoubtedly a widespread feeling in the Philippines that we have a commitment to do more than we have done. This point may be debatable, but a fairly strong argument can be made in support of this point of view.

It should be noted, however, that despite the payment to public and private interests and individuals in the Philippines since the war of large sums of U.S. dollars, the Philippine Government has recently been faced with serious difficulties resulting from the rapid decline of U.S. dollar reserves, with continuing large unfavorable trade balances and has been forced to impose rather rigid import and

[4] For the text of the bill under reference here, see *To Amend the Philippine Rehabilitation Act of 1946*, p. 1.

exchange controls. The rapid falling off of U.S. dollar expenditures in the Philippines in the near future is likely to still further aggravate the present difficulties of the Philippine Government.

It is our opinion that substantial economic benefits will flow from the additional payments: the rehabilitation of the Philippines will have been further fostered, and the dollar exchange resulting from the measure should strengthen the presently perilous foreign exchange and balance of payments position of the Philippine Government. This is not to say however that this measure can be justified solely on economic grounds. It can not. It is one way of financing additional rehabilitation but not the most direct, least wasteful way. It does not strike directly at the root of the rapid decline in Philippine holdings of foreign exchange or at the fundamental causes of disequilibrium in the balance of payments. For these it is only a palliative. For these, other measures may be necessary and are being considered by both the United States and Philippine Governments. But the considerations of equity, arising out of the position of the unsatisfied but approved claimants, and our general policy of maintaining good relations with the Philippines may be regarded by Congress as sufficient additional justification for the measure. While the Department is of the opinion that this proposal will at best only alleviate, not cure, the fundamental economic problems of the Philippines it does believe that the measure would be of benefit to our foreign policy and of benefit to the Philippines.

If the Congress, in the light of the foregoing and taking into consideration the debatable question of the extent to which we may have a commitment, should decide to take favorable action on this proposal the Department would offer no objection to such action.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours, For the Secretary of State:
JACK K. MCFALL

896.00/4–1450

Draft Memorandum by the Secretary of State to the President [1]

SECRET WASHINGTON, April 20, 1950.

Subject: Recent Developments in the Philippine Situation.

Until recently it has been the assumption of the Department that the serious problems confronting the Philippines have been mainly

[1] This memorandum was originally prepared by John F. Melby on March 14. The source text was submitted to the Secretary of State under cover of the following memorandum of April 14 from Assistant Secretary of State Rusk:

"In accordance with your request made during your conversation with Am-

economic in nature and susceptible of solution by the combination of a relatively small amount of American financial and economic assistance, and a considerable amount of Philippine self-help and internal reform. The Philippines is suffering from a serious budgetary deficit, an insufficient increase in the production of exportable commodities, and an increasingly inefficient administrative organization. If the Philippine Government had demonstrated the capacity and the willingness to understand its problems and the required solutions, as well as to accept competent advice, there would have been every reason to assume that the country could have been placed on a stable basis with relative ease, despite the widespread ravages of the Japanese occupation and the Philippines lack of experience in self-government.

Certain political factors, however, have now assumed major importance. During the last few weeks the scope and tempo of Hukbalahap disturbances have increased measurably. At the same time there has been a marked increase in general disorders and lawlessness which are not necessarily related to the Huk problem. The Philippine Government so far has failed to demonstrate any real capacity to restore and preserve internal order, to say nothing of solving its economic problems. Efforts by American representatives to induce the Philippine Government to take the necessary measures have thus far proven unavailing. The fraud, violence and intimidation of the last presidential election have been a basic factor in creating this situation which has seriously undermined public confidence in the Philippine administration and weakened President Quirino's control over his Congress.

If the present situation continues the country can rapidly be reduced to chaos, opening the way for the eventual victory of the

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bassador Cowen the other day I am attaching for your consideration a draft memorandum from you to the President.

"*I do not believe you should sign and forward this memorandum to the President at this time.* Ambassador Cowen is to have further talks with Romulo before he (Cowen) leaves this week, and then with Quirino and other Filipino leaders immediately upon his arrival in the Philippines. He will give us his most careful estimate as to these additional talks. If his estimate at that time is similar to his present one, we should then recommend that the attached memorandum go to the President.

"Meanwhile, it is recommended that you discuss briefly with the President the situation in the Philippines and let him know that some very serious steps may be in the offing. The attached memorandum should be helpful to you in connection with such a discussion." (896.00/4–1450)

Marginal notations on the Rusk memorandum quoted here as well as on another copy of the draft memorandum to the President filed under 796.00/3–1450 indicate that the draft memorandum was used by the Secretary of State in briefing the President on April 20. The Secretary's brief memorandum of his conversation with the President on this subject on April 20 reads as follows:

"I gave the President a brief review of the situation in the Philippines, telling him that after Ambassador Cowen returned to the Philippines and gave us the latest appraisal, we would have a memorandum for him on the subject suggesting possible action." (Executive Secretariat Files, Lot 53D444, File—Secretary's Memoranda)

Communist-led and dominated Huks. Any such eventuality, in view of the unique American relations with and position in the Philippines, would not only be disastrous for American influence in Asia, but would also place us in a highly embarrassing position vis-à-vis the British, French, and Dutch whom we have been persuading to recognize the realities and the legitmacy of Asiatic nationalism and self-determination.

As the Department views it, the first and primary obstacle in the solution of the Philippine problem is President Quirino himself. All our experience in dealing with him points to one conclusion, namely, that it is impossible to deal with him successfully, unless there is a marked change in his attitude. He has demonstrated no capacity whatsoever to understand the problems of his country or the indicated solutions. His overweening vanity and arrogance compel him to ignore advice from those who do understand. His pettiness and vindictiveness prevent even his closest advisers from telling him anything unpleasant, or anything they believe he does not want to hear. His insistence on making all decisions himself has resulted in a virtual paralysis of his Government. Two flagrant cases—the guerrilla recognition question and the proposed American Economic Mission concerning both of which he deliberately lied publicly for his own purposes—illustrate his unreliability. A recent statement he made to the press that he expected President Truman to visit Manila before next July further emphasizes his irresponsibility. All indications are that he would prefer to see his country ruined rather than compromise with his insatiable ego or accept outside assistance on any terms except his own.

We are convinced that if President Quirino continues on his present course the Philippines is heading towards collapse and disaster in the predictable future. We must face the fact that he appears incapable of taking the proper remedial measures or that the United States can cooperate satisfactorily with him. If there is one lesson to be learned from the China debacle it is that if we are confronted with an inadequate vehicle it should be discarded or immobilized in favor of a more propitious one.

The following would appear to be the alternative courses of action:

(1) Bearing in mind his extreme sensitiveness to criticism or advice, we can continue by such means as may be available to us to bring pressure to bear upon President Quirino for internal reform, a broadening of his Government, and the initiation of a sound and constructive development program. We are not convinced, however, that the limitations of President Quirino would permit such a course to succeed.

(2) At the opposite extreme of action, the United States might encourage the Filipinos to force a change in the presidency. It is inevitable, however, that any such American action would become

generally known and would disastrously compromise the American moral position throughout the world. Such action would also probably be considered by all Asiatics as an imperialistic interference in the affairs of a sovereign country whose repercussions could hardly redound to the benefit of the United States.

(3) A third course of action would be to request Senator Tydings,[2] or some other senator with comparable background on and prestige in the Philippines, and some appropriate Republican Senator to undertake a special mission to the Philippines in the immediate future. The senators would discuss very frankly and freely with President Quirino his own situation and point out to him that mutual confidence between our two governments is essential if we are to cooperate to build a vigorous and independent Philippine democracy, but that the results of his administration have seriously impaired the confidence which we have had in the past. They would suggest to him that the greatest service he could do his country would be to recognize the emergency nature of the situation in the Philippines and associate with him other persons in the exercise of the President's powers. Coincidentally, the important leaders in the Philippines would be consulted on the nature of the emergency in order that they might assist in such fashion as they might deem appropriate in bringing about the necessary changes. It should be made clear that a vigorous and well-run Government could count on suitable military and economic assistance, but that such support would be fruitless if present conditions continue.

In the event that this proposed course is unsuccessful and proper remedial measures are not undertaken promptly it may be necessary for the United States to consider what further steps it should take to rescue the Philippines from its own mistakes. Failure of the Philippine experiment which all Asia watches as evidence of American intentions and abilities could only have most unfortunate repercussions for the United States both abroad and at home.

One principal advantage which would arise from having such a mission undertaken by members of the Congress is the firm Philippine conviction that when they cannot get what they want on their own terms from the Administration they can always get it from the Congress. A Senatorial Mission would disabuse the Filipinos of this notion. Once a strengthening of the Philippine Government has occurred the United States would, of course, have to be prepared to assist militarily and economically in the restoration and preservation of internal order. Although this course of action is somewhat drastic it is not believed that a course less so will produce the required conditions in order to avert collapse.

Ambassador Cowen's efforts to influence the Philippine Government to adopt and maintain a proper course of action have been skillful, forceful and unremitting. Because of President Quirino's ignorance,

[2] Millard E. Tydings, Senator from Maryland, 1926–1950. Senator Tydings was cosponsor of the Act of Congress of March 24, 1934, known as the Philippine Independence Act or the Tydings–McDuffie Act, which provided for the independence of the Philippines following a 10-year transitional period.

vanity and moral irresponsibility those efforts have been unavailing. It is Ambassador Cowen's recommendation that the proposed course of action be taken as soon as possible.

If you agree with the foregoing it is recommended that you request Senator Tydings to undertake a Mission to the Philippines in the immediate future.

896.00/5–650 : Telegram

The Acting Secretary of State [1] *to the Embassy in the Philippines*

TOP SECRET WASHINGTON, May 6, 1950—4 p. m.

809. Eyes only for the Ambassador from Rusk. I have read your recent tels [2] with great interest and have impression your observations confirm previous estimate discussed in Wash. Before taking up question of action we should take in near future, I would appreciate your full views on present polit situation and steps you think might be effective. I realize you are confronted with problem of greatest difficulty and delicacy in having to assess what is in the minds of leading Philippine personages while having to maintain complete diplomatic correctness in your relations and discussions with them. Certain new factors may have entered picture. For example, apparently Romulo has indicated that he is shortly to become FonMin. Does that offer any opportunity for a fresh approach? If Quirino's health is in serious state or if he has now become genuinely frightened over situation, perhaps new opportunities suggest themselves for getting him to strengthen his top administration.

We should shortly reach some conclusion of idea of calling upon Senator Tydings to visit Manila and survey the situation. Before doing so, however, I want to be absolutely certain that you and I

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[1] Secretary of State Acheson had departed for Europe to attend a conference with the British and French Foreign Ministers and to participate in a session of the North Atlantic Treaty Organization Council.

[2] In his telegram 1197, April 26, from Manila, not printed, Ambassador Cowen, who returned to his post on April 24, reported that dissatisfaction with President Quirino's administration was unquestionably widespread and that he was losing support daily. Cowen doubted that Quirino could currently be impeached, but he felt that Quirino's opponents might be able to force his resignation in the event of a major crisis (796.00/4–2650). In his telegram 1228, April 28, from Manila, not printed, Ambassador Cowen said he had been informed that some of Quirino's former supporters were talking in terms of advising that he take a vacation abroad for a period of 6 months or a year in the interest of his health and that he turn over responsibility during his absence to Vice President Lopez. Cowen believed that efforts by Quirino's own party to force him out of office had a maximum chance of success during the current session of the Philippine Congress due to adjourn on May 18. Cowen observed: "In meantime I believe we should leave hands off." (796.00/4–2850) In his telegram 1277, May 4, from Manila, not printed, Ambassador Cowen reported that he had seen Quirino on April 28 and 29. Cowen's impression was that Quirino's health had declined substantially. Quirino told Cowen that he had been in so much pain several weeks earlier that he had contemplated suicide, but electrotherapy had brought about much improvement (796.11/5–450).

have full meeting of minds not only because you face extremely difficult situation there but because you have full confidence of Wash.

Please mark your reply eyes alone for me. Cordial regards.

WEBB

896.00/5–650 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

TOP SECRET
NO DISTRIBUTION

MANILA, May 6, 1950—midnight.

1310. Embtels 842, March 22,[1] 862, March 24,[2] 891, March 28,[3] Deptels 503, March 25 [*24*] and 792, May 4.[4] Assumption that I never promised Quirino additional US aid would be forthcoming on condition he agreed US rather than joint mission is entirely correct. In effort minimize likelihood my statements in conversations this subject with various Philippine Government officials might be misrepresented, I whenever possible had Chapin present, but obviously that precaution has not sufficed prevent Quirino's making false assertions on subject.

I have delayed perhaps overlong reporting conversation we had on this subject April 29 pending some clarification political situation which might have permitted me at same time make related recommendations re advisability our sending mission. For Department's information there is now supplied following background re our previous discussions, résumé our April 29 conversation and report certain subsequent developments:

In long difficult talk with Quirino evening March 26 (reftel March 28) I fully apprised him contents Deptel March 25 [*24*] particularly emphasizing that "even though it were clearly announced such mission report would be only recommendations it would almost inevitably be interpreted something in nature of binding commitment on US. We are not prepared authorize US members sign any such undertaking". I also emphasized statement that "US attaches great importance this mission as most appropriate means determine merits any specific proposal which might subsequently arise". Quirino during discussions on this subject subsequent his return from Washington had repeatedly expressed fear that end result of American mission would be criticism rather than help and frequently voiced resentment

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[1] Not printed, but see footnote 2 to telegram 503, March 24, to Manila, p. 1425.
[2] Not printed, but see footnote 4 to telegram 503, March 24, to Manila, p. 1427.
[3] Not printed, but see footnote 3 to telegram 503 to Manila, p. 1426.
[4] Not printed. It stated that Philippine Ambassador Elizalde had informed the Department of State of a recent telephone conversation he had with President Quirino. Quirino stated that during a conversation with Ambassador Cowen, Cowen had told him in effect that if the Philippines accepted a United States economic mission, it would be followed by a United States grant of assistance (896.00/5–450).

unproductive visits International Bank and Monetary Fund representatives. I had met these expressions misgiving with assurances continuing deep US interest Philippines and statement I would personally recommend further aid upon creation by Philippine Government of proper foundation for such aid, i.e. budget, increased taxation, more effective tax collection, betterment peace order situation and so forth. During course March 26 talk Quirino asked me for commitment in writing similar one more recently requested from Secretary of State which I of course declined supply telling him again per reftel March 25 that if he was "not prepared accept American integrity and good faith this matter at face value" he might prefer leave matter of economic mission in abeyance.

As I reported orally during my last visit Washington, when Quirino and I discussed mission March 26 just prior my departure he had emotional outburst during which he said, "bring me back my happiness (i.e. arrange while in Washington that mission be joint one) or don't come back at all". I had not expected him revert to this theme as Secretary Lovina informed me afternoon April 29 that Quirino was prepared accept American mission. That evening when I first saw Quirino after my return his greeting was "did you bring me back my happiness?" Nevertheless he stated we could send as many missions as we liked if their primary purpose would be to aid rather than to investigate and criticize.

While José Yulo, who had been designated Philippine Government representative, had told me he would not wish serve on any but joint mission, I assumed he might be influenced by Quirino's apparent change of face. I accordingly arranged with him appointment discuss matter May 3. He did not keep appointment or return subsequent phone calls. I was puzzled, as our relations have been very friendly, until Vice President Lopez informed me later that day that Elizalde had May 2 informed Quirino by telephone that US would not at this time extend grant aid to Philippines. I would tentatively conclude Yulo's unavailability indicate Quirino, against background Elizalde's message, is now unwilling receive American as opposed to joint mission.

COWEN

896.00/5–850: Telegram

The Ambassador in the Philippines (Cowen) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

[Extracts]

TOP SECRET MANILA, May 8, 1950—2 p. m.

1315. Eyes alone Rusk. Unquestionably Quirino's prestige and support both within and outside Congress are at lowest ebb since he became

President. While Romulo has personality of great force and persuasiveness, we doubt he could dominate President in domestic sphere sufficiently arrest current deterioration even should Quirino make him Foreign Minister which is far from certain—particularly as force his personality and ambition would make him person uncomfortable for President have constantly at his elbow. While President has manifested intelligence sufficient survive past intrigues and political maneuvers he seldom devotes that intelligence to higher problem of building a state which can survive the internal Communist opposition which does not play politics on his accustomed plane. That opposition evidently seems to him the less immediate danger to his position also it does not appear to have frightened him into a truly sobered attitude. Were he to forget his personal position and begin acting for the good of the nation he might largely disarm both types of his opposition but we doubt he has the integrity to appreciate that fact.

[In the portion of the telegram omitted here, Ambassador Cowen reviewed the situation within the Philippine House of Representatives and Senate which led him to the conclusion that any effort to impeach President Quirino during the current session of Congress was unlikely. Cowen summarized rumors and impressions leading him to feel that some of Quirino's Liberal Party opponents were still actively seeking some means of forcing him out of office.]

Insofar as overt action by United States is concerned, we are faced by an apparent paradox: (1) Quirino was returned to office in part because he convinced many Filipinos that he was particularly *persona grata* to United States; (2) United States dictation that he withdraw would be widely interpreted as outside interference in a family quarrel. We do not believe that an ultimatum from United States privately given would cause him relax his hand; made publicly it might well bring him some sympathy and support he now does not enjoy. However, were Tydings privately to convey to Vice President Lopez or perhaps Senator Cabili [1] information that we consider further aid would be wasted so long as Quirino remains in power but would be glad re-examine situation were Vice President to succeed to presidency we believe result probably would be to encourage efforts for showdown. In order make Tydings visit as casual in appearance as possible it might be well in view his status Chairman Armed Services Committee have him make well-publicized trip Tokyo with Secretary of Defense Johnson on trip understand tentatively planned for June and then accompany latter Manila where Secretary of Defense hopes pay visit. This could be natural sequence recent trip Tydings to Hague with Secretary of Defense.

We appreciate confidence expressed reference telegrams but will welcome your weighing wisdom line action suggested from Depart-

[1] Tomas Cabili, Speaker of the Philippine Senate

ment's perspective and against accumulated Philippine experience officers now in Department.[2]

COWEN

[2] There was no reply to this telegram.

796.00/5–1250 : Telegram

The Ambassador in the Philippines (Cowen) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET MANILA, May 12, 1950—6 p. m.

1395. For Rusk. Deptels 503, March 24 [1] and 792, May 4.[2] I, May 11, attended luncheon given for Diplomatic Corps by President Quirino ostensible purpose which was bid farewell Italian Chargé Strigari. President looked very tired but somewhat better than when I last saw him. He asked Diplomatic Corps return 5 p. m. witness swearing in of Romulo, explaining he want him have position as Foreign Secretary when he visits Indonesia.

I asked the President if from now on we were to see him or see Romulo. He said that as we all knew, and as I particularly knew, the post of Foreign Secretary had been and would continue to be his first love and that he was relinquishing it with no little heartache, but that he was now pleased to turn the reins over to Romulo. He remarked he assumed that this would please me as I was one of Romulo's earliest advocates for the position. He said that although we would necessarily see Romulo in his new official capacity when Romulo was here, he hoped all of us would continue come to see him because he wanted to maintain a close relationship with all of us.

At conclusion luncheon I stayed behind at his request in order further discuss question of economic mission, and in particular so that he might reconsider contents reftel March 24 and its implications. Having anticipated he might make such request, I had copy that telegram with me and again read him close paraphrase second paragraph. He indicated his satisfaction with proposal for American mission saying he would be pleased receive it any time we wished send it. I mentioned Elizalde's request (reftel May 4) that US Government supply written commitment that aid would be forthcoming. President expressed amazement that Elizalde should have effrontery make such request, and said that Elizalde should have realized no such undertaking should be expected or requested. (I did not remind Quirino he had himself made such request of me March 26 and had repeated it March 28.)

Quirino also stated he was instructing José Yulo and his associates

[1] *Ante*, p. 1425.

[2] Not printed, but see footnote 4 to telegram 1310, May 6, from Manila, p. 1445.

to reduce their thoughts to writing so that they might be available to mission immediately upon its arrival. He added that he would have Yulo get in touch with me; that Yulo would be moving into Malacanan May 12 where he would occupy desk in capacity of assistant to the President; and that Yulo would later be transferred Washington as Ambassador US. His eyes became moist as he told me that this, too, was something he knew I had wanted, and that he hoped I would be pleased. (On basis information I have received recently I am not at all sure that I am pleased, but I did not mention this to Quirino.) Romulo has since informed me Elizalde has discussed matter with him by telephone, suggesting that he be left in his post for time-being in order avoid creating impression their relations are such that Romulo immediately after taking office would effect his removal.

Incidentally, Quirino expressed great concern over unfavorable publicity Philippines has been receiving in US re lack law order and more particularly, in connection official corruption. He specifically mentioned two recent *Washington Post* editorials and alluded to fact that *Chronicle* (which is controlled by Vice President and his brother [3]) had May 11 reprinted in full *Post* editorial dealing with Buenavista–Tambobong estate deal.[4] This connection he said he has asked Vice President desist from further speeches on subject official corruption. (On May 12 Vice President informed me President had made no such request, stating he would continue making such speeches.)

These various steps by Quirino would appear be part of series moves designed end his dangerous political isolation and bring Vice President Lopez under control. He evidently has won over Romulo whose ego should be gratified by fact that he now is Secretary General UN,[5] Philippine Ambassador UN and Foreign Minister; Romulo's support will be invaluable during forthcoming SEAU meeting [6] and inclusion his name will lend prestige-value to Quirino's Cabinet, but he presumably will be in New York much of time between now and expiration his term as President UNGA and hence will not be too much in President's hair. President doubtless hopes appointments Romulo and Yulo will please me, will cause me put stop to unfavorable publicity in US press (which he apparently was led believe I had

[3] Eugenio Lopez, brother of Vice President Fernando Lopez, was a prominent Philippine businessman and publisher of the Manila *Chronicle*.

[4] The reference here is to the purchase of several properties (the Buenavista and Tambobong estates) by the Philippine Government at inflated prices which resulted in large profits for several persons, apparently including President Quirino's brother Antonio.

[5] Romulo was not Secretary-General of the United Nations but rather President of the Fourth Session of the U.N. General Assembly.

[6] For documentation on the meeting of Australian, Ceylonese, Indian, Pakistani, Philippine, and Thai representatives at Baguio in the Philippines, May 26–30, see p. 100.

instigated), and will minimize chance that I may lend other support to opposition elements within party which have formed about Vice President Lopez. By telling me he has forbidden Lopez talk on official corruption, he probably believes he will cause me conclude Vice President's disobedient and undependable—unless, of course Vice President makes no more such speeches in which case Vice President's leadership of opposition within party will be impaired. At same time President is wooing Nacionalista Party leaders, doubtless hoping prevent their voting with Liberal Party Senators who have been refusing grant him emergency powers. In short Quirino, whatever the condition of his physical health and not withstanding the errors of judgment which made these most recent steps necessary, has not lost his ability for political maneuvering.

COWEN

796.00/5–1750

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Rusk) to the Acting Secretary of State (Webb)

SECRET [WASHINGTON,] May 17, 1950.

Subject: The Situation in the Philippines

The Secretary last talked with the President in mid-April about the situation in the Philippines.[1] At that time he pointed out the high points of economic and political deterioration and suggested that unless there were a turn for the better within the next few days or months it might be necessary for the United States to consider what steps it would have to take to prevent a rapid decline into chaos with, presumptively, the emergency of the Communist-dominated Hukbalahaps as the primary power.

During the last month the downward trend has continued. Although there have been no major reverses in the economic picture, it has remained stagnant. The principal deterioration has been political. President Quirino's political control has continued to slip; and popular discontent with his administration has increased, despite his political maneuvering to re-establish his position. He requested the Congress to grant him emergency powers, which have so far been refused. He attempted to divide the opposition by the introduction of a disgracefully large pork barrel appropriation bill containing something for all political figures, but this measure also has failed to materialize.

[1] See the draft memorandum from the Secretary of State to President Truman, April 20, and footnote 1 thereto, p. 1440.

Despite the wide-spread nature of public discontent, however, the opposition has not yet become sufficiently cohesive so as to constitute an immediate threat for President Quirino's downfall.

Philippine-American relations have reached a serious impasse. A few days ago President Quirino, in a sudden reversal, orally agreed to accept an American Economic Mission at any time.[2] In view of his changeability and skill in securing his ends by political maneuvering, we are unwilling to accept this proposal unless we have it in writing. The most serious point in Philippine-American relations at the moment concerns a legislative proposal which would reserve 40% of all import quotas for new Philippine importers. We have protested[3] this proposal as contrary to the Trade Act,[4] and have suggested that its implementation might compel the United States to consider some kind of retaliatory action under Article 10, Section 4 of the Trade Act. Ambassador Elizalde has further confused the situation by telling President Quirino that the United States would in the end accept a compromise. Ambassador Cowen believes this development has seriously undermined his position and has asked the Department to take an unequivocal public stand to the effect that if the objectionable legislation is passed the United States would indeed be compelled to revoke [*invoke?*] Article 10, Section 4.[5] We have informed the Ambassador that although he should continue to make the strongest possible representations we cannot make the threat he desires because it is most unlikely we would invoke Article 10, Section 4. Such action would have consequences and repercussions on general Philippine-American economic and political relations far beyond the importance of the particular issue in question.[6]

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[2] See telegram 1395, May 12, from Manila, *supra*.

[3] The protest under reference here was contained in a note delivered to the Philippine Embassy on April 25, not printed (496.006/4–2650).

[4] The reference here is to the Philippine Trade Act of 1946, approved April 30, 1946; Public Law 371, 79th Congress; 60 Stat. 141. For documentation regarding the Act, see *Foreign Relations*, 1946, vol. VIII, pp. 873, 937–938.

[5] Article X, Section 4 of the United States–Philippine Trade Agreement of 1946 authorized the President of the United States to suspend the agreement if he determined that the Philippines was discriminating against United States citizens or business enterprises. Ambassador Cowen's recommendations referred to here were presented in his telegram 1266, May 3, from Manila, not printed (496.006/5–350).

[6] The details of the policy summarized here were transmitted in telegram 808, May 5, to Manila, not printed (411.9631/5–550). A brief version of the Department of State's views on the pending Philippine import control legislation was issued to the press as a statement on May 12; see Department of State *Bulletin*, June 19, 1950, p. 1019. A Philippine import control bill, incorporating a few of the concessions requested by the United States, was adopted by the Philippine Congress on May 18 and published on May 23. The Department of State continued to feel that the legislation inflicted undue hardship on established United States importers. Documentation on this problem is concentrated in Department files 496.006 and 411.9631.

896.00/5–2650 : Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, May 26, 1950—7 p. m.

934. In connection Economic Mission Dept is considering Pres Truman send fol ltr to Pres Quirino : [1]

"My dear Mr. Pres: I was delighted to learn from Amb Cowen that you have recovered from the effects of ur recent operation and have fully resumed ur activities.

Since your conversation with Secy Acheson and me during ur brief visit to the US in Feb of this year, this Govt has continued to take an active interest in the problems of ur Country and as I assured you in Feb we are anxious to be of help in any feasible and practicable way. You will recall that at our conference you suggested to me the possibility of a US Econ Survey Mission which might go to the Phils to examine the entire econ situation. to make recommendations and to advise the PhilGovt in devising a program which the US Govt might consider helping the Phils to implement. I informed you that I was most interested in this suggestion and that we wld give it deep and sympathetic consideration. It was agreed at that time that the best way to proceed on this matter was through consultation between you and Amb Cowen in Manila.

While this Govt has continued to give this matter further study to the extent possible, actual implementation of the proposal which had received considerable publicity has been unfortunately delayed. It is my understanding that you have been reluctant to proceed because you felt that it would be preferable to have a joint Phil-Amer Mission; although, for reasons which have been explained to you, the US Govt does not believe that such a mission would be fruitful. I wld under no circumstances want to embarrass you in any way by sending such a mission at this time if you had any mental reservations or doubts about the question, but in view of the long period which has elapsed, and the public interest in the matter, I do believe it wld be desirable either to proceed with the Mission or to decide to abandon the plan for the time being.

I understand that you have already appointed a group of Phil citizens to study the pres Phil economic situation. This Govt wld of course hope and expect to receive the fullest coop of all Filipinos concerned about the situation, and particularly of any group specially designated for the purpose by you, otherwise the work of the Amer Mission wld be fruitless. The success of any venture such as this, of course, depends in large measure upon the coop and good faith of all concerned.

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[1] Telegram 933, May 26, to Manila, not printed, explained the purpose of the proposed letter from President Truman to President Quirino quoted here as follows:

"Purpose of this letter is to put Quirino in a spot where he will have to accept Mission on our terms or else withdraw entirely from the proposal and bear the onus for the failure of the Mission to materialize. Letter is also designed to prepare the public record in the event such should be necessary. Before actual delivery of letter Dept would propose to brief members of House Senate Foreign Relations Comites on situation in the Philippines and how we are attempting to remedy situation" (896.00/5–2650).

This letter, therefore, is merely a reiteration of my previously expressed willingness to proceed with the formation of such a mission if it is still desired by you. I also wish, however, to take this opportunity to assure you that this Govt has no desire or intention to insist on such a mission or to embarrass you in connection with it. I wld be very happy to have your present views on this question. Very sincerely yours."

Ur comments urgently requested. The Dept wld not expect to give any publicity this ltr and the mission until after a reply had been received from Quirino.[2]

WEBB

[2] In his telegram 1562, May 29, from Manila, not printed, Ambassador Cowen reported that he saw President Quirino at Baguio on May 27 at which time Quirino confirmed his willingness, indicated earlier that same day by Philippine Secretary of Finance Pedrosa, to receive a United States economic mission. Cowen recommended that in view of the developments, the proposed letter to Quirino quoted here be modified (896.00/5–2950). For the text of President Truman's letter of June 1 to Quirino, see p. 1458.

896.00/6–150 : Telegram

The Ambassador in the Philippines (Cowen) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)

TOP SECRET MANILA, June 1, 1950—7 p. m.

1596. For Rusk eyes alone. Deptels 933 and 934 May 26,[1] Deptel 943 and Embtel 1566 May 29, 1950.[2] Quirino explicitly stated during our May 27 meeting [3] that he would accept American mission and that sooner it came better it would please him—provided only that its purpose is helpful rather than just criticize. I reminded him of Elizalde's effort make acceptance conditional upon our agreeing it would be accompanied by aid. He thereupon stated Elizalde had not properly represented his own position, asserted Elizalde had phoned in order press him take that position and declared he finally had got disgusted and had hung up on Elizalde. Romulo Pedrosa and Cuaderno [4] each later confirmed to me that President told them he was accepting US mission. I talked with two American correspondents who were present press conference which Quirino gave after seeing me May 27 and they understood him speak of US mission. Phrase "joint mission" has become firmly affixed peg on which hang

[1] Telegram 933 is not printed, but see footnote 1 to telegram 934, May 26, to Manila, *supra*.

[2] Telegram 1566, May 29, from Manila, not printed, reported that President Quirino had told the press that he was anticipating a joint United States–Philippine economic mission. Telegram 943, May 29, to Manila, not printed, asked for an explanation of the statement (896.00/5–2950).

[3] Regarding the meeting under reference here, see footnote 2 to telegram 934 to Manila, *supra*.

[4] Miguel Cuaderno, Governor of the Central Bank of the Philippines.

local news stories this subject and I am inclined think it was due this circumstance that story was printed local press in form reported reftel May 29.

When I first told Romulo that President had decided accept US mission, he remarked that I had better get that in writing before Quirino changed his mind. I concur in his and Department's estimate that it is desirable have exchange letters on subject not only because Quirino may later reverse his present position but also because it is desirable obtain his commitment in writing to extension cooperation essential mission's success. I would merely wish letter proposed reftel May 26 modified reflect present status matter and be so drafted that it would not seem indicate President Truman questions accuracy my reporting of Quirino's declarations to me.

With passage time and acquisition additional information, I am more than ever convinced that serious deterioration cannot be arrested so long as Quirino remains at head of government. He has yielded to pressure only to extent making few gestures in direction reform while in meantime government has lost large amounts revenue through dishonesty throughout tax collection agencies. President's brother Antonio has been getting rich at government expense through intervention in various deals and pro-administration Congressmen have still been thinking in terms large pork barrel appropriations. In conversation May 28, Central Bank Governor Cuaderno told me that government has borrowed up to legal limit of pesos 44,000,000 from Central. Bank has completely used up special and trust funds for government expenses, has failed pay school teachers for periods up to two months and three months hence may be unable pay army and constabulary without resorting questionable financial measures. He asserted pressure on him from within administration to turn loose flood paper money or resort other dangerous expedients has become constantly heavier but that he would resign before yielding thereto. (He stated he is making study of government financial situation and promised supply fuller information June 2; we will, of course, transmit it soon as available.)

Romulo's appointment has been popular one and it adds to picture major factor, effect of which cannot yet be judged. Unlike most everybody else in cabinet, he is both intelligent and prone speak his mind—indeed I am reliably informed he already has twice offered resignation as Foreign Minister. But whatever his abilities and independence his sphere is foreign not domestic affairs and he will be out of country much of time. Not withstanding his appointment it is clear that Quirino is becoming increasingly disliked, that popularity Vice President Lopez—his logical successor—is growing and that Lopez and his associates in Senate are heading for eventual showdown designed force President out. However, we fail detect much evidence they feel

great sense urgency. US mission may serve bring to light full facts which may give that sense of urgency. Assuming that we are going ahead with mission we assume Senator Tydings' visit will have to await completion its work as what he would have to say would doubtless put Philippine Government cooperation with mission under freeze from then till such time as Quirino may be replaced. Accordingly, it seems desirable we send mission soon as practicable.

View Quirino's enormous vanity and habitual stubbornness particularly when he is faced with threats either direct or implied, we do not believe message Tydings would give him would suffice cause him turn over office forthwith—unless, of course, visit come at time Quirino considered he could not carry on further without US aid. We can scarcely hope achieve such happy timing on basis analysis situation containing many imponderables. Combined with findings of mission it probably would put on enough heat to speed time political situation may reach bogging point, forcing change leadership.

Department having stated it proposes brief members Senate, House Foreign Relations Committees and having urgently requested our comments, we venture set forth in following paragraphs certain aspects situation most of which Department officers experienced in Philippines affairs will have taken for granted as basic to Philippine politics but which some members those committees may not yet appreciate.

It is well that corruption and malfeasance are principal issues on which lines are drawn and fact that best men in Philippine politics are on side opposing Quirino, reinforces belief that situation would be altered for better were his stultifying hand removed from helm. However, we should like point out certain circumstances which should be kept in mind in interests maintaining realistic perspective. Majority Philippine politicians are self-seeking and unscrupulous men who self-righteously attack their opponents for acts which they themselves would commit were they in position do so. Vice President Lopez will need and will receive support considerable numbers such politicians in and out of Congress well as help of the relatively few honest men in Philippine politics. Granting that survival of Philippine Government appears incompatible with Quirino's serving out the remainder of his current term and that he will use any means—good or evil, but usually latter—to remain in power, it is probably necessary that the strategy employed against him be plotted by a remorseless mind. Vice President Lopez himself is likeable, unpretentious and apparently disingenuous man; the cold-blooded strategist is his brainier brother Eugenio.[5] Behind and close to them is rest of tightly knit Lopez clan—a group of better-than-average upper class Filipinos but half-enlightened and half-feudal, with demonstrated capacity for ruthless operations against outsiders and not without clan-members who

[5] Eugenio Lopez, a prominent Philippine businessman and publisher.

understand fact that in Philippines business and politics are complimentary activities.

In light of above it will be realized that solution which appears ahead is no ideal one. However, Philippine politics presents no ideal solutions. Replacement of Quirino by Vice President is probably best answer to immediate problem of leadership which Filipinos could evolve in present situation—and in any case it is the solution towards which Philippine politics appears to be working. It seems clearly desirable that we help it along. But we should be under no illusions that the battle against governmental corruption and mismanagement will thereby be wholly won or that Philippine politicians will thereafter abandon their customary struggle for power in favor of harmonious cooperation. What we can legitimately hope is that Philippines, which with present leadership can see nothing but downward spiral ahead, can with reshuffling of the cards be afforded fresh and better opportunity face up to its problems and without help bring them under control.

It may not be possible present all of foregoing to members Senate, House Committees without unjustifiably selling short our efforts remedy Philippine situation. At same time we hope presentation can be such that members those committees do not gain false impression that smooth road lies before us once the towering obstacle immediately ahead is surmounted. Road will be rough and we shall need their continued confidence.

COWEN

896.00/6–150

Memorandum by the Secretary of State to the President [1]

[WASHINGTON,] June 1, 1950.

Subject: Proposed American Economic Mission to the Philippines.

You will recall that during the course of your conversation with President Quirino last February, he suggested the possibility of an American Economic Mission in the Philippines to study the economic situation, to make recommendations on measures of self-help which

[1] According to a memorandum by the Secretary of State, the proposed United States economic mission to the Philippines was one of the matters taken up with President Truman during their meeting on June 1. The President recalled very clearly his discussion with President Quirino on this subject in February. The President reviewed the memorandum printed here and approved the letter to President Quirino. (Executive Secretariat Files: Lot 52D444: Secretary's Meetings with the President)

This memorandum was drafted by John F. Melby and was recommended to the Secretary of State by Assistant Secretary of State Rusk on May 31.

should be taken by the Philippine Government, and further, to make recommendations on ways and means in which the United States could be helpful. You expressed your sympathy with this suggestion, and directed Ambassador Cowen to pursue the matter with President Quirino.[2]

President Quirino, following his return to Manila, announced that a Joint Philippine-American Mission would be established. It appears that he made this change because of his fears of what a solely American Mission might expose concerning the limitations and malfeasance of his administration which would damage his political position. Ambassador Cowen was instructed by the Department to discuss this matter with President Quirino, pointing out to him the agreement with you on a solely American Mission, as well as the fact that a Commission composed of Filipinos and Americans would find it difficult, if not impossible, to prepare a report which all members could sign, since the Philippine members would certainly wish some assurance of financial assistance which only the Congress of the United States is qualified to give, and the American members would wish to include comments and suggestions on the deficiencies of the Philippine Government which the Philippine members, because of their own internal political positions, would be unable to sign. In his discussions with Ambassador Cowen, President Quirino continued to waver on the question of a Joint Mission, although in his public statements he persisted in referring to a Joint Mission, despite the Ambassador's renewed assurance that the United States was not interested in a Joint Mission. We are firmly convinced that any withdrawal from this position would have most unfortunate consequences by persuading President Quirino that if he kept at it long enough and maneuvered sufficiently, he could always have his own way with the United States on any question.

In the meantime, political and economic conditions in the Philippines have continued to deteriorate at an alarming rate. We believe the time has come to take action to break this unfortunate impasse in Philippine-American relations, lest we find ourselves suddenly in a position where we would have to take drastic and unpleasant actions to save the Philippine Government from its own mistakes. As a first step, we must force President Quirino to make up his mind one way or another in writing about the Economic Mission. It is recommended that you authorize Ambassador Cowen to deliver the attached letter from you to President Quirino.[3]

DEAN ACHESON

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[2] Regarding President Truman's meeting with President Quirino on February 4, see the Secretary of State's memorandum of conversation, p. 1412.

[3] For President Truman's letter to President Quirino as approved without change by the President and ordered delivered on June 1, see *infra*.

896.00/6–150

President Truman to the President of the Republic of the Philippines (Quirino)[1]

[WASHINGTON,] June 1, 1950.

MY DEAR MR. PRESIDENT: I was most pleased to learn from Ambassador Cowen that on May 27 of this year you expressed to him your readiness to receive an American Economic Mission.[2] Since your conversation with Secretary Acheson and me during your brief visit to the United States last February, the American Government has continued to take an active interest in the problems of the Philippines. As I assured you in February, we desire to give help in any feasible and practicable way. At the time of our last meeting you suggested to me the possibility of a United States Economic Survey Mission which might go to the Philippines to examine the entire economic situation, to make recommendations and to advise the Philippine Government in working out a program which the United States Government might consider in its efforts to assist the Philippines. As you will recall, I said that I was most interested in the project and that we would give it sympathetic consideration.

Subsequent to your return to Manila I had received reports that you had been debating in your own mind whether this Mission should not be a Joint Philippine-American undertaking.[3] I am, therefore, most pleased to learn that on May 27 you told Ambassador Cowen of your readiness to accept an American Mission, because as you are aware, the United States Government is firmly convinced that an American Mission will be most conducive to mutually satisfactory

[1] The text of this letter was approved by President Truman during his meeting with Secretary of State Acheson on June 1; see footnote 1 to the Secretary's memorandum to the President, *supra*. This text was transmitted in telegram 992, June 5, to Manila, not printed, with instructions that it be delivered with the expectation of a written reply. Telegram 992 also indicated that the Department of State was prepared to move at once with the establishment of an economic mission if President Quirino's reply was satisfactory (896.00/6–550). The signed original letter from President Truman was transmitted as an enclosure to instruction 104, June 8, to Manila, not printed (896.00/6–850). Ambassador Cowen delivered this letter to Philippine Foreign Secretary Romulo on June 7.

[2] See footnote 2 to telegram 934, May 26, to Manila, p. 1453.

[3] In his telegrams 1655, June 7, 1667, June 8, and 1697, June 11, from Manila, none printed, Ambassador Cowen reported that Foreign Secretary Romulo requested either that this sentence be deleted from the letter as delivered to President Quirino or that the sentence be deleted from the letter at the time it was made public (896.00/6–750, 896.00/6–850, 896.00/6–1150). Telegram 1018, June 9, to Manila, not printed, stated that the Department of State was unable to agree to such a deletion. The telegram added that the sentence had been deliberately inserted in the letter in order to avoid any possibility that President Quirino at some later date might be able for his own purposes to allege a misunderstanding or lack of understanding on the question of a joint mission (896.00/6–850).

results. I would under no circumstances have wanted to embarrass you in any way by sending out an American Mission if you had had any mental reservation or doubts about the question. In view of the wide public interest in the matter I do believe now that it would be desirable either to proceed with the Mission or to decide to abandon the plan for the time being.

I understand that you have already appointed a group of Philippine citizens to study the present Philippine economic situation. The United States Government would, of course, hope and expect to receive the fullest cooperation of all Filipinos who are concerned about the problems of their country, and particularly of any group especially designated by you for this purpose. Without such cooperation no American Mission, of course, could be expected to produce a program and suggestions which would be helpful to the Philippines or susceptible of consideration by the United States.

This letter, therefore, is merely a reiteration of my previously expressed willingness to proceed with the formation of such a mission if it is still desired by you. I also wish, however, to take this opportunity of assuring you that this Government has no desire or intention to insist on such a mission, or to embarrass you in connection with it. I would be most happy to have your present views on this question.

I was delighted to learn from Ambassador Cowen that you have recovered sufficiently from the effects of your recent operation to enable you to resume your difficult tasks, and I trust that your recovery will continue satisfactorily.

Sincerely yours, HARRY S. TRUMAN

896.00/6–2050

The President of the Republic of the Philippines (Quirino) to President Truman[1]

[MANILA,] June 8, 1950.

MY DEAR MR. PRESIDENT: I was happy to read the text of your letter, dated June 1, 1950,[2] which has been transmitted to me by

[1] The text of a draft of this letter, given to Ambassador Cowen by Foreign Secretary Romulo on June 10, was transmitted in telegram 1697, June 11, from Manila, not printed (896.00/6–1150). Telegram 1037, June 14, to Manila, not printed, instructed that the proposed reply was wholly acceptable to the United States (896.00/6–1150). Following slight drafting changes by Philippine authorities, the final signed version of this letter was reported upon in telegram 1761, June 19, from Manila, not printed (896.00/6–1950) and was transmitted as an enclosure to despatch No. 796, June 20, from Manila, not printed (896.00/6–2050).

[2] *Supra.*

Ambassador Myron M. Cowen through Secretary of Foreign Affairs, Carlos P. Romulo, in advance of the signed original.

A proper regard for the abiding interest which you, Mr. President, and your government, have in the welfare of my country and my peoples moves me to express my concurrence in your proposal to form an American economic mission which will come to the Philippines to examine the entire economic situation, make recommendations, and advise the Philippine Government in working out a program which the United States Government might consider in its efforts to assist the Philippines.

There is scarcely any need, at this juncture, to review the course of the negotiations concerning this project of the United States Government. Suffice it to say that the arrangement outlined in your letter is accepted by the Philippine Government on a basis of cooperative procedure indicated therein and out of a desire see this enterprise carried out.

I appreciate your assurance that the US Government, and in particular, the US Survey Mission, will seek the fullest cooperation of all Filipinos who are concerned about the problems of the country. No other group of Filipinos will be in a better position to render such cooperation than the group of experts which I have designated, and to which reference is made in your letter. I am gratified over your statement that their advice will be availed of by the Survey Mission and by the US Government at every opportunity, for, to quote your own words, no American Mission, lacking such cooperation, "could be expected to produce a program and suggestions which would be helpful to the Philippines or susceptible of consideration by the US."

The Philippine Government is prepared to receive the US Survey Mission at any time, and to place all necessary facilities at the disposal of the members to assist them in their work.

I am grateful to you for your kind inquiries about my health and most specially for the spirit of helpfulness which inspires your esteemed letter. I have never for a moment doubted the continued interest of the US in the future and welfare of my country and people.

Your personal interest has made it more patent. I pray that Divine Providence may give us continued strength and well-being to discharge our grave responsibilities at this critical time.

Sincerely yours, ELPIDIO QUIRINO

Executive Secretariat Files : Lot 61D167 : File—NSC 84 Series

Draft Paper Prepared in the Department of State for Consideration by National Security Council Staff [1]

TOP SECRET [WASHINGTON,] June 20, 1950.

THE SITUATION IN THE PHILIPPINES

THE PROBLEM

1. To assess and appraise the position of the United States with respect to the Philippines.

ANALYSIS

The American Objective in the Philippines.

2. The American objective in the Philippines is to achieve and preserve a stable and self-supporting economy, and a reasonably honest and efficient government, in order that it may plan its proper role in the community of free nations, preserve and strengthen its basically anti-Communist attitude, and maintain the traditionally pro-American orientation of the Philippine people and government.

The American Interest in the Philippines.

3. The United States has a fundamental interest in insuring that the Philippines shall be free and stable, because of the responsibility arising from the half-century of American sovereignty over the islands and the public commitment that the Philippines should be independent and stable.

4. The United States has played a primary role in convincing the other free nations of the world that the new wind of nationalism in Asia is a basic reality which can no longer be ignored. This force of nationalism can be tempered or changed somewhat in course, but it can no longer be reversed. The Philippines, in the eyes of the peoples of Asia and of the European colonial powers, is living evidence of American faith and belief in its protestations. Failure of the Philip-

[1] Papers in the Executive Secretariat Files, Lot 61D167, File—NSC 84 Series indicate that President Truman in late May 1950 orally requested James S. Lay, Executive Secretary of the National Security Council, to arrange for the preparation of a policy paper on the Philippines by the Council. Following discussions by Lay with high-ranking officers of the Departments of State and Defense, the Philippine question was considered by the National Security Council Consultants on June 8. The draft paper printed here, prepared in the Office of Philippine and Southeast Asian Affairs, was circulated to the National Security Council Staff on June 20, but no action was taken on it pending submission of the views of the Joint Chiefs of Staff. Following submission of those views (NSC 84, September 14, p. 1484), a new policy paper on the Philippines was prepared which eventuated in NSC 84/2, November 9, p. 1514.

pine experiment could only correspondingly discredit the United States in the eyes of the world and proportionately decrease its influence.

5. The Philippines plays an important role in the determination of the United States to contain the tide of communism within its present limits, and eventually to reverse its present expansionist trend. It must be assumed that failure or collapse of the present Philippine Government or any constitutional successor would eventually, though not immediately, precipitate the Communists into power. Such an eventuality would almost certainly end the possibility of anti-Communist successes on the mainland of Southeast Asia and, in all probability, in Indonesia also.

6. The Philippines assumably occupies a strategic point in the island chain of American military security in the Western Pacific. The relative importance of the Philippines in this respect is, of course, a matter properly for evaluation by the Department of Defense, which should be requested to set forth its views. . . .

The Domestic Philippine Situation.

7. In the light of the appalling human and physical destruction which took place in the Philippines during the war against Japan and whose only comparable parallel in modern times surely was that which took place in Eastern Europe, the progress in reconstruction and rehabilitation since independence has been remarkable. Due to the present world threat of communism and the generally chaotic conditions of Asia, however, this progress has been insufficient to enable the Philippines to achieve and preserve stability on the basis of its own resources alone.

8. Production of exportable commodities and of basic domestically-consumed foodstuffs, such as rice and fish, has not yet reached pre-war levels, or levels sufficient to reach a balance of international payments, or to preserve or strengthen the Philippine foreign exchange position. To do so some financial assistance will be required from the United States, together with a measurable amount of American technical advise, and enough American control over the expenditure of American aid to insure that such aid will achieve the desired objectives.

9. Tax laws are inadequate and improperly enforced. Consequently, there is a serious budgetary deficit. Until recently Philippines resources had been squandered on the import of unnecessary and unjustifiable luxury consumer goods. Corruption is a dominant characteristic at all levels of public administration and correspondingly tends to infect most activities of private life.

10. Since the tragic death of President Roxas in 1948, Philippine leadership has been discouragingly weak and short-sighted. This

leadership has failed to understand the problems confronting the country and the remedies which must be applied. There is, however, a group of intelligent younger men who do understand. They must somehow be persuaded to exert greater influence in the conduct of the public affairs of their country.

11. A potentially serious military situation exists arising from the Hukbalahap movement. The Huks draw their primary strength from the central Luzon plain, the great rice growing areas of the Philippines, which had traditionally been the center of agrarian discontent. During the period of its sovereignty, the United States failed to solve this problem, and the Philippines has been no more successful. The Huks as such were first organized as anti-Japanese guerrillas, and since the end of the war against Japan have maintained and strengthened their organization by capitalizing upon economic discontent. In marked contrast to the Philippine army and constabulary, which has usually mistreated and oppressed the population in areas where they have operated, the Huks have increased their popular support by correct behavior. The leadership of the Huk movement has now been totally captured by the Communists, and must be considered as an out and out Communist movement. Although the Huk problem properly would have been susceptible of solution by economic and social measures some years ago, these measures must now be accompanied by a determined military effort. Philippine military efforts so far have been on the whole ineffectual because they have been based on conceptions of classical warfare. To solve the military aspect of the problem, the Philippine Government must apply the same kind of military tactics which the Huks are now using so successfully as they gradually extend their activities from Luzon into the other major parts of the island.

CONCLUSIONS

12. The vital interests of the United States require that the Philippines must become and remain stable, anti-Communist, pro-American, and an example for the rest of Asia of progressive and responsible government.

13. In so far as necessary, and through appropriate and face-saving means, the United States must reassert its influence in order to assist the Philippines to achieve economic stability and reasonably good government. This objective will require technical advice and limited financial assistance which should, however, be given only with such American control as will insure the accomplishment of the desired objectives.

14. Such American military advice and material aid must be granted to insure the liquidation of the military phase of the Huk problem.

507-851—76——93

611.96/6–2350

Memorandum of Conversation, by the Secretary of State

CONFIDENTIAL [WASHINGTON,] June 23, 1950.

Participants: Secretary of State
Brigadier General Carlos Romulo, Secretary of Foreign Affairs of the Philippines [1]
Ambassador Elizalde of the Philippines
R. R. Ely, Deputy Director, Office of Philippine and Southeast Asian Affairs

General Romulo and Ambassador Elizalde brought up a number of subjects as follows:

1. *War Damage Legislation:*

General Romulo raised the question of the Philippine War Damage Legislation, saying that he understood that the groups which had been supporting the so-called Catholic Church bill had been instructed by Cardinal Spellman,[2] at the request of Romulo, to agree to accept the Philippine War Damage Bill instead and Romulo hoped that the Department would be able to get action on the War Damage Bill.[3]

I told him that I knew that the House Foreign Affairs Committee's calendar was very crowded and that the Chairman, Representative Kee,[4] was not in good health and the Department had no idea when the bill would be reported out. I told him we would look into the situation and see what if anything could be done.[5]

2. *Adverse Philippine Publicity in the United States:*

General Romulo spoke at some length on the great amount of unfavorable Philippine news appearing in the United States press in recent weeks and rather broadly hinted that personnel of the Embassy in Manila were partly responsible for it. He took the line that President Quirino was doing the best he could and that he thought it was unfortunate that unfavorable publicity in this country was causing Americans, particularly American investors, to lose confidence

[1] Foreign Secretary Romulo returned to the United States in mid-June to resume his position as Permanent Philippine Representative to the United Nations.

[2] Francis Cardinal Spellman, Archbishop of New York.

[3] For the identification of the bills under reference here and the position of the Department of State thereon, see the letter of April 17 from Assistant Secretary of State McFall to Senator Connally, p. 1438.

[4] John Kee, Representative from West Virginia and Chairman of the House Committee on Foreign Affairs.

[5] Telegram 1571, July 28, to Manila, not printed, reported that in an executive session held the previous day the House Committee on Foreign Affairs had unanimously voted to hold proposed Philippine war damage legislation in abeyance. Most members appeared to be sympathetic but felt no action ought to be taken until the current situation was clarified (296.0041/7–2850).

in his Government. Mr. Ely remarked that Ambassador Cowen seemed to have gone to considerable trouble to take Tillman Durdin of the *New York Times* around the Philippines and both Romulo and Elizalde admitted that Durdin's stories were very fair. It was also pointed out that the stories in the American press were often based on information in the Philippine press, to which General Romulo agreed, and he remarked that the fact that the Philippine press was critical of the Government was a good thing.

3. *Economic Mission:*

General Romulo asked what the current status of the Mission was and referred to an article by Weintal in this week's issue of *Newsweek* which he said had created a very bad impression in Manila and had put President Quirino in an embarrassing position.

I asked, if the *Newsweek's* story of the exchange of letters between President Truman and President Quirino was unfavorable, why the actual text of the letters had not been released as I thought President Truman's letter was a very friendly one. General Romulo said that President Quirino had felt that one clause in President Truman's letter was a little embarrassing and had suggested that if and when the letter was released to the press that clause be deleted but that the Department had not concurred.[6] I told him that I thought it would be very unwise to release a letter of this kind with part of it deleted, that that was just the sort of thing that newsmen liked to make capital out of, and reiterated my feeling that I thought it would be desirable that these letters be released to the press. General Romulo said he would get in touch with President Quirino and take the matter up again with the Department.

4. *Communist China:*

General Romulo asked me if our position on the admission of the Communist Government of China to the United Nations meant that in the event the Communist Government was admitted the United States might not later recognize the Communist regime. I told him that I saw no immediate prospect of such recognition as there was great opposition to it in this country. He said that it was the set policy of the Philippines not to recognize the Communist Government and that he had so informed all of the delegates to the Baguio Conference. But he posed the hypothetical question if the United States does ultimately recognize the Communist Government and the Philippines do not and are put under pressure by the Communist Government what short of a shooting war will the United States

[6] Regarding the clause under reference here, see footnote 3 to President Truman's letter of June 1 to President Quirino, p. 1558.

Government do to help the Philippines? I asked him what specifically he had in mind but his answer to that question was very vague. He reiterated, however, several times that it was the "set policy" of the Philippines not to recognize the Communist regime.[7]

5. *Abaca:*

Both Romulo and Elizalde seemed very much disturbed and spoke quite vehemently about the legislation now being considered by Congress to promote the production of abaca in Central America. General Romulo remarked that at the hearings before the House Committee a representative of the Bureau of Inter-American Affairs had appeared as the Department's witness and that there was no indication that the Bureau of Far Eastern Affairs had taken any interest. Mr. Ely said that FE had taken an interest in this matter for some months and had endeavored to get either in the legislation or in the report some indication that the United States had an interest in the production of abaca in the Philippines but pointed out that this was primarily a defense measure which had been strongly supported by other agencies of the Government and as we had no concrete proposal for an abaca program in the Philippines it did not seem feasible at this late date to have included in the bill any actual financial assistance for Philippine abaca. Mr. Ely also pointed out that there was very strong support for the Central American bill and raised the question of whether Filipinos and others interested in Philippine abaca might not raise so many questions that no legislation at all would be enacted thereby antagonizing so many people that Philippine interest in the long run would suffer. Elizalde in particular was quite bitter about this subject, saying in effect that if he could not get the Philippines provided for in the legislation he was going to do everything he could to stop it.

6. *Seating of Chinese Communist Delegates at United Nations:*

Romulo said that he had discussed this question with the Department's representatives in New York and had told them that the Ecuadorean delegates had proposed that the Security Council seat the Chinese Communists *ad referendum* and that the final decision with regard to the question would be made by the General Assembly in September.

7. *Philippine Membership in ECOSOC:*

Romulo said that he had previously been interested in having the Philippines continue as a member of the Trusteeship Council but he had understood that the Department was disposed to support them for membership in ECOSOC and he was therefore dropping the idea

[7] For documentation on the question of the membership of the Communist Chinese regime in the United Nations, see vol. II, pp. 186 ff.

of membership in the Trusteeship Council and was putting out his lines for election to ECOSOC.

The conference ended at 3:40 p. m., having lasted an hour and ten minutes.

[Source text not signed]

Editorial Note

In a statement issued to the press on June 29, President Truman announced that the United States Government, at the request of Philippine President Quirino, was sending an Economic Survey Mission to the Philippines to survey the entire Philippine economic situation, to make recommendations on measures of self-help which might be undertaken by the Philippine Government, and to make recommendations on ways in which the United States might be helpful. As Chief of the Mission, Daniel W. Bell, President of the American Security and Trust Company and former Under Secretary of the Treasury, would be President Truman's personal representative, with the personal rank of Ambassador, and would report directly to the President. Maj. Gen. Richard J. Marshall (ret.), Superintendent of the Virginia Military Institute, would serve as Deputy Chief of the Mission, with the personal rank of Minister. For the full text of the statement, see Department of State *Bulletin*, July 17, 1950, page 117 or *Public Papers of the Presidents of the United States: Harry S. Truman*, 1950 (Washington, Government Printing Office, 1965), page 506. On July 7 the Department of State announced the membership of the Economic Survey Mission which was scheduled to arrive in Manila on July 10; see Department of State *Bulletin*, July 17, 1950, page 118. Documentation on the organization and selection of members of the Mission is included in Department of State file 896.00.

Telegram 45, July 7, to Manila, not printed, informed Ambassador Cowen that the Economic Survey Mission would function under broad terms of reference and oral instructions from President Truman as an independent group reporting directly to the President. For "obvious political reasons" it had been decided that the Mission should operate separately from and independently of the Embassy. The Mission would have independent means of communication through Embassy facilities to the Department of State. It was left to Ambassador Cowen and Chief of Mission Bell to decide means for the proper coordination of work of the Embassy and the Mission (896.00/7–750).

A letter dated July 13, 1950, from President Truman to Chief of Mission Bell, discussed and approved by the National Advisory Coun-

cil in Action No. 408 of the meeting of July 5, and later slightly revised by the White House and the Bureau of the Budget, set forth the terms of reference for the Mission. The letter stated that the Mission (1) would survey generally the Philippine economy including internal and external finances, public administration, agriculture, mining, industry, domestic and foreign trade and related matters, and would make recommendations concerning both immediate measures necessary to prevent further deterioration and also a longer term plan designed to achieve permanent economic viability and steady progress in Philippine productivity and living standards; (2) would work closely with the Philippine Government and maintain close liaison with the Embassy in Manila, but would function as an independent group; and (3) would give consideration to an assessment of the effects of past and of any possible future assistance from abroad (896.00/7–1950).

896.10/8–150

Memorandum by the Chief of Mission, United States Economic Survey Mission to the Philippines (Bell) to the Secretary of State and the Secretary of the Treasury (Snyder)[1]

SECRET [MANILA, August 1, 1950.]

Although the Mission is still gathering data and is not yet ready to make definite recommendations, the State and Treasury Departments should be currently informed of our tentative views on a number of urgent financial problems.

We are giving very careful attention to the difficulties of tax collection, including inefficiency and corruption and the need for a better tax program under a tax coordinator. We are studying the flow and control of public funds, in the Treasury in Manila and in the provinces. We are looking into the activities of the numerous Government corporations: their borrowing, lending and investment. We are examin-

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[1] A covering letter of August 2 from Chief of Mission Bell to Secretary of State Acheson, filed separately in the Department of State files, explained this memorandum as follows:

"There is attached a memorandum addressed jointly to you and John Snyder giving our tentative views on some of the problems confronting this country. It is just possible that we may have to act quickly one of these days and we wanted the State and Treasury Departments to be thinking about the problems concurrently with us.

"If you or your experts have any views different from those expressed in the basic memorandum or the two memoranda attached [see footnotes 4 and 5, below], I shall be very glad indeed to receive them as promptly as possible. We are working under great pressure and still hope to conclude our work by the end of this month.

"I am sending a copy of these memoranda directly to John Snyder." (896.00/8–250)

This memorandum and covering letter arrived in Washington by courier on August 14. Copies were subsequently circulated as National Advisory Council Document No. 1033, dated August 15.

ing the lending policies of the Philippine National Bank and the Central Bank. We are going over the recent experience with exchange, import and price controls. On all these questions, our report will have much to say and much to suggest. We have in mind particularly the manner in which American advisers can assure a better managed financial system.

Our technicians in agriculture, mining and engineering have been working on the technical side of the development problem. At the same time, the economists on the staff are working on the scope and direction of a well-balanced development program. We hope to be able to report on means to undertake a useful development program without bringing about inflation or a serious balance of payments deficit. We are giving special thought to the manner in which American aid might be made available for such a program and its proper use safeguarded.

These matters will be covered in our report, parts of which will be sent to you as they are prepared. In the meantime, we want to make sure that there is a clear view of the immediate financial difficulties confronting the Philippines. In stating the measures that could be taken to meet these difficulties, we have in mind to make any financial aid contingent on proper policies. These suggestions on meeting the immediate financial difficulties should, of course, be regarded as preliminary.

1. *Treasury Cash Position*

The cash position of the Philippine Treasury is now critical. The cash balances have been run down to dangerously low levels, utterly inadequate for properly conducting public business. Special and trust funds have been diverted from their legal destination to meet the every-day expenditures of the Government. Accounts payable are rapidly accumulating and warrants drawn on the Treasury are not cleared at the banks. The school teachers and perhaps other public servants are not being paid. There is obviously a limit to such practices and that limit will be reached when the Army payroll is not met.

The Treasury's cash position is deteriorating so rapidly that action may be necessary within six weeks to provide funds to cope with this emergency. About ₱75 million may be needed to finance the every-day payments of the Treasury to December 31, 1950. The precise amount it still under study. These funds could come from a number of sources:

(*a*) If this can be done under Philippine law, the peso deposits of the International Monetary Fund and the International Bank in the Central Bank of the Philippines could be replaced with non-interest-bearing notes of the Government to the extent of about ₱22 million. This is in line with what nearly all members of the Fund and Bank, including the United States, have done. This transaction may have to be undertaken almost at once.

(*b*) About ₱12 million, more or less, of tax anticipation notes can probably be sold as soon as appropriate new tax measures are voted. There is some indication that an issue of 2% nine-month tax anticipation notes can be sold in this amount if the banks and business firms believe that the budget situation will improve. Another ₱5 million may be raised by selling Treasury bills.

(*c*) This would still leave the peso equivalent of $20 million to $30 million to be raised to carry the Treasury through to the end of the year. There are no peso funds that can be used for this purpose without destroying the remnant of confidence in the monetary and banking system. A way will have to be found to use dollar funds which would indirectly provide financial aid to the Treasury.

(i) A three to five-year loan of $5 million to $10 million by the Commodity Credit Corporation to finance imports of wheat and flour could be made to yield considerable peso funds before the end of this year.

(ii) Payments of $15 million to the Philippine Government under the pending war damage bill (H.R. 7600)[2] could be made without waiting for completion of the projects.

(iii) If the peso deposits of the International Fund and Bank cannot be used, another $10 million would be necessary which could come, perhaps, as a grant from ECA funds for the Far East.

2. *Budget Position in 1951*

The budget deficit for fiscal 1951 will be more than ₱200 million, which would be nearly half of the total expenditures unless new revenues are secured promptly. This is nothing less than a collapse of the public finances of the Philippines in a period of exceptionally high income. No lasting improvement in the financial position of the Philippine Government is possible until tax collections have been materially increased. The tax structure of the Philippines involves the collection of too little revenue from Philippine citizens who have high incomes and large property holdings. The tax structure must be revised to yield more revenue with a more equitable distribution of the tax burden and with this must come a notable improvement in the honesty and efficiency of tax collection.

A satisfactory reform of the tax system will take time. A plan for such reform will be recommended in the report. To improve the budget position at once, public works and other pork barrel expenditures must be cut and the operations of the government corporations should be curbed. And additional revenues must be raised quickly to avoid continued large deficits while the tax system is reformed. Emergency tax measures must be resorted to as soon as possible in order to secure additional revenues at a rate of about ₱250 million a year beginning

[2] Regarding the legislation under reference here, see the letter of April 17 from Assistant Secretary of State McFall to Senator Connally, p. 1438.

not later than January 1, 1951. We are considering the following measures:

(*a*) If the peso is not devalued, an emergency special import duty of 25% would be levied on all imports except rice, flour and canned milk. This may yield ₱175 million or more annually. Alternatively, if the peso is devalued, the customs, excise and sales taxes on imports would rise by ₱30 million. An emergency devaluation profits tax could be levied equivalent to one-third of the increase in the receipts of exporters attributable to the devaluation. This may yield ₱60 million. In either case, when larger revenues are collected from taxes on income and property, as contemplated in the tax reform, this special import or export profits tax would be repealed.

(*b*) An excise tax of 40 centavos a pack would be levied on imported cigarettes and 20 centavos a pack on lower-priced domestic cigarettes. This may yield ₱70 million to ₱80 million a year. The revenue stamps on imported cigarettes would be supplied to manufacturers under bond and would be attached by them prior to export to the Philippines. This is the plan we had in mind when we cabled the U.S. Treasury our Belto 4, July 21, 1950.[3]

(*c*) There would be minor adjustments of excise taxes on certain luxury import goods, such as liquors and automobiles, in order to reduce the demand for such goods without the need for import controls. The revenue from these excises may amount to perhaps ₱10 million a year.

3. *International Payments*

The payments problem of the Philippines would be completely out of hand without the use of exchange and import controls. It is probable that under present conditions the uncovered deficit in international payment could amount to $265 million or more in 1951. At the same time it is clear that the Philippine authorities are not capable of managing an import control efficiently or honestly. Inevitably the retention of such a system will lead to arbitrary and discriminatory action unnecessarily harmful to the interests of American business men in the Philippines.

The payments problem of the Philippines cannot be met until the proper measures are taken to offset the effects of the inflation of the past now built into the Philippine economy and to end the inflation that is being currently generated by the Philippine Government. The high level of income and of domestic prices makes imports very cheap and very attractive. The cheapness of imports hampers the development of domestic production even in fields in which the Philippines are capable of producing economically for home needs. The high internal costs may in some instances be a factor limiting the recovery of exports, although this requires further study.

Before the war, the Philippines used to buy imports to an amount equivalent (c.i.f.) to 30% of the national income. This ratio was

[3] Not printed.

about 38% in the early post-war years and declined gradually to about 33% before the recent import controls. With high peso incomes even the pre-war ratio of imports to national income would involve enormous dollar expenditure. The only way to reduce imports (without the use of import controls) is to make the peso cost of imports considerably higher. This could be done by devaluation or by special import duty. A memorandum on devaluation of the peso is attached.[4]

Even if imports could now be reduced sufficiently through devaluation or a special import duty, the balance of payments would soon be out of hand unless the present domestic financial policies were modified to avoid inflation. Import and exchange controls can prevent these inflationary forces from creating a balance of payment deficit. In that case, the inflationary forces would be diverted inward to the home economy and result in a sharp rise in prices. The best program for balancing international payments would be to adjust the relationship of import costs to peso income, terminate the current inflation, and dispense with import controls.

4. *Control of American Aid*

The scope and financing of the development program are still being studied. In the meantime, a memorandum is attached [5] indicating our preliminary views on how the use of American aid could be supervised and technical assistance provided to the Philippine Government.

DANIEL W. BELL

[4] The lengthy memorandum under reference here, entitled "Preliminary Memorandum on the Exchange Rate," and dated July 28, 1950, is not printed.

[5] The memorandum under reference here, dated July 25, is not printed.

896.00/8–1850 : Telegram

The Secretary of State to the Chief of the United States Economic Survey Mission to the Philippines, at Manila [1]

SECRET WASHINGTON, August 18, 1950—7 p. m.

Tobel 22. From State and Treas. Ur memo [2] rcd Aug. 14. Fol tentative views and technical questions. Understand replacement peso deposits IMF entirely in discretion PhilGov and requires no action here.

While legal position under exam here, assume you interpret Art 1

[1] Messages to the United States Economic Survey Mission, designated Tobel, and from the Mission, designated Belto, were transmitted through the facilities of the Embassy in Manila.

[2] Memorandum from Bell to the Secretary of State and the Secretary of the Treasury, August 1, p. 1468.

Para 4 of Trade Agreement [3] to permit imposition special import duty. However feel this probably contrary to intent of Agreement and wld appear to be inconsistent with Phil participation in GATT conference convening Sep 28 for purpose undertaking negots for reduction tariffs.[4] State also concerned that once special duty imposed PhilGov wld try to continue permanently.

Will await your further assessment relative desirability rate adjustment versus special duty or alternative thereto. Assume you are weighing other possible alternatives such as spread between buying and selling rates, tax on sales fon exch, flexible rate, sharper devaluation than level suggested or uniform tax on all sales.

Extremely doubtful if loan cld be obtained from Commodity Credit Corp and ECA does not have available funds. On basis estimates at hearing wld be $15 million surplus if H.R. 7600 enacted which if advanced prior completion projects probably cld be used to help fin Treas payments. Hesitate however to press for full $100 million war damage bill pending decision on basis your report as to assistance which will be needed from US. In view PhilGov reluctance enact adequate tax measures (Belto 19 [5]) hope your report will assess practical possibilities and problems associated with adoption and implementation your short and long term tax and budget proposals and conditions that might need to be attached to any possible further US assistance.

Interested appraisal RFC in memo on control of investment aid and technical assistance. Impression here had been that agency had yielded to pressure and allocated disproportionately large amt of available resources to residential construction for those in upper

[3] The reference here is to the agreement between the United States and the Philippines concerning trade and related matters, based upon the Philippine Trade Act of 1946, signed at Manila, July 4, 1946, amended by an exchange of notes of October 22, 1946; for text, see TIAS 1588 or 61 Stat. (pt. 3) 2811.

[4] The Third Round of Tariff Negotiations, under the General Agreement on Tariffs and Trade (GATT), began at Torquay, England, September 28, 1950.

[5] Telegram Tobel 18, August 7, to Manila, from Assistant Secretary of State Rusk, not printed, expressed concern over reports from the Philippines indicating the imminence of a serious financial crisis and asked for Chief of Mission Bell's judgment (896.00/8–750). Telegram Belto 19, August 19, from Manila, not printed, replied with a review of the condition of Philippine finances. The Economic Survey Mission felt that the Philippine Government's program for a miscellany of taxes to raise about 90–100 million pesos in additional revenues during the next fiscal year was inadequate, that it would increase the burden of tax administration, and was not related to a systematic reform of the tax structure. The Mission estimated that new revenues of 25 million pesos per year were required. There was little indication that the Philippine Government was prepared to ask or that the Congress would vote such a sum in additional taxes. The Mission felt that long term tax reform and emergency levies both required simplification of the tax structure and reorganization of the tax collecting machinery. The Mission further believed that the Philippine Government should institute a sweeping cleanup of the large number of corrupt and inefficient tax administrators and collectors. In addition, the Philippine Government's activities in banking and business would have to be curtailed in view of its record of waste, corruption, politics, and unsound financial practices (896.00/8–1050).

income brackets. Proposed setup PDFC raises question as to how effectively US director cld operate. US subscription to preferred stock wld be a unique arrangement with wide policy implications. Also impressed with magnitude of overhauling entire gamut Govt enterprises as suggested. Entire question this area will require further consideration here after your report submitted.

In view of time required for airmail pouch suggest that summaries be cabled of parts of report concerning immediate problem as completed.

ACHESON

896.00/8–2350

Memorandum of Conversation, by the Chief of Mission, United States Economic Survey Mission to the Philippines (Bell) and the Deputy Chief of Mission (Marshall)[1]

[MANILA, August 21, 1950.]

General Marshall and I had breakfast this morning with President Quirino and Secretary Romulo for the purpose of advising the President on the findings of the Mission to date. Before we got into our problems, President Quirino discussed the political situation in general and the Lions Club dinner Saturday night in particular.[2] He said he had been definitely promised before hand that the dinner would be on a high plane for the purpose of trying to establish unity in their Government and that in view of the high purpose, which was charity, for which the dinner was given, he was assured that there would be no dirty political speeches and that, in any event, the speeches would be limited to 30 minutes. Under those conditions he accepted the invitation.

After these preliminary discussions of his troubles on the political front, as well as his difficulties in getting top men for the Government, he finally got down to the main business for which we were having the conference. He said he would like first to ask whether there was any reason from our standpoint why the special session of this Congress should be extended. Some of the members, particularly in the Senate, would like to extend it for another 10 days. Before he advised them he said he would like to know whether or not we have any

[1] The source text was transmitted to Assistant Secretary of State Rusk by Ambassador Cowen under cover of a brief explanatory letter of August 23, not printed.

The conference took place at Malacañan Palace, the Philippine Presidential residence.

[2] In his telegram 431, August 22, from Manila, not printed, Ambassador Cowen reported that President Quirino had participated with Senator Lorenzo M. Tañada and José P. Laurel, Sr., in a broadcast symposium held at a Lions Club banquet on August 19. In the course of the symposium, Senator Tañada made an impassioned and detailed criticism of the Quezon administration (796.00/8–2250).

recommendations to be embodied in our report which would require special attention at this session. We told him that we did not want, of course, to get into the question of whether or not he should extend a special session but very definitely we would not be prepared to submit recommendations at this time. We did feel, however, that in view of the critical financial position of the Government, it would be highly desirable to have a special session sometime either in October or the first part of November for the purpose of acting upon the recommendations of the Mission with respect to taxes. We told him that his Government needed ₱75 or ₱80 million to run it between now and December 31, about half of which was in the form of unpaid warrants which they would have to find ways of meeting, that beginning January 1 it was absolutely essential that new taxes begin flowing into the Treasury, but that as far as this session was concerned we would have nothing to recommend.

I then said that I would like to go through some of the notes that I had made for the purpose of this conference and give him a presentation of our tentative findings. First, we wanted him to know that we had received complete cooperation from his Cabinet and all of their subordinates in the various departments and agencies; that they all had been quite frank and had worked quite hard to give us the information we needed. We told him that we wanted to be quite frank with him in discussing this subject and while our language might not be couched in diplomatic style we wanted to assure him of our eagerness to help in the situation and hoped that he would overlook our bluntness and frankness.

We told him that we had all read in the American press before we came here about the alleged graft and corruption in the Philippine Government. All of our members and staff were admonished to ignore these press comments; that we were not out here to look for graft and corruption; we were out here to look for the causes of the present dilemma of the Philippine Government and to prescribe some remedies. We said that as we started through the Government departments and as we visited the provinces, we could not very well ignore the question of graft and corruption. We met it on every front and about the first thing we were told in almost every conference was that if the Government would eliminate the graft and corruption and collect its taxes due, there would be plenty of money to pay all the bills and people throughout the Philippine Islands would then cooperate with the Government in its program. We told him also that we had run into a great deal of anti-foreign sentiment, some of which we thought was directed against Americans. We said this not only came from the foreign elements but we even found some Filipinos who thought there was an attempt on the part of certain officials in the Government to take longstanding businesses away from

American interests. He interrupted here to say that he had taken action on this front a few days ago. We told him we thought that was an excellent step but that probably more would have to be done.

We then called attention to the paragraph in the 1947 report and recommendations of the Joint Philippine-American Finance Commission which reads as follows:

"The next few years will thus be a critical period in the economic development of the Philippines. Unless proper steps are taken there is great danger that the swollen stream of payments will flow into the pockets of the Philippine people and flow promptly out again; much of it to pay for a wide variety of luxury and non-essential imports. There may well be an easy money buying spree which will come inevitably to an end when foreign exchange receipts fall again to a level at which they are provided primarily from current exports." [3]

We said that contrary to this warning, the country had certainly gone on a spending spree, both in the foreign and domestic fields. It has run a budget deficit and even the $60 million loan from the American RFC was only a temporary stop-gap; this enabled the Government to get on a higher expenditure plateau and after that money was gone it had a deficit larger than ever. It has also a large deficit in the international payments field. As a result of all of this, it has used up all its dollar reserves that it had accumulated over a period of years and is using up current receipts from U.S. payments in the Islands which will materially decrease from here on. We told him that he had set up corporations to cover almost every front of the Philippine economy, many of which competed with private business. These corporations are inefficient, extremely costly and very few of them make money, then only in fields where they have a monopoly. What is more important than the money spent, they have spread what little managerial ability they have so thinly over the Government organizations that they are not able to function properly and some of the managements have been downright inefficient. This is a front on which action should be promptly taken to consolidate.

We told him that in early 1948 his Government began to talk about import controls, which were put on in January 1949 after they had been discussed for a period of more than six months, and for a year they were rather loosely administered. Then in December 1949 the exchange controls were added, after another six months of discussion. By the time that the controls were adopted everyone had full knowledge of what was likely to take place and they had ample time to get their money out of the country or to get a large volume of goods into the country. We said that this was a rough estimate but that it was possible that as much as $500 million had left the country during this

[3] For documentation regarding the activity of the Joint Philippine-American Finance Commission, see *Foreign Relations*, 1947, vol. VI, pp. 1105, 1107, and 1109–1111.

period and was hiding in foreign lands, principally the United States, and that inventories had considerably increased. We told him that if high excise taxes on imports had been put on early in the game when they began to talk about controls, it would have been a deterrent against imports and the taxes collected would have helped balance the budget. It might have been possible under these conditions for the price level to come down to something well below what is now prevailing and more nearly to the wage level index. We told him that it was the Mission's opinion that profits during this period had been fantastic and that the Government certainly missed the boat in not taxing and taxing heavily during that time.

We then came to the current position, part of which was a repetition of the information we had given to him in answer to his first question. We said that the budget deficit for 1950 was estimated at more than ₱200 million. At the present time there is no cash in the Treasury and they have unpaid warrants amounting to approximately ₱40 million, all of which vitally affects their Government credit. It has created a situation where the Government cannot borrow except from the Philippine National Bank or the Central Bank, both of which are owned and controlled by the Government. We called his attention to his request for additional taxes, which were all to the good as far as they have gone but that he did not go far enough on this front; that he recommended expenditures almost equivalent to those additional taxes so there was very little if any gain on the budget deficit. We told him that certainly from the information that we have been able to gather, taxes are not being collected, not even the real estate taxes where they have fairly good records to check up on individuals as to whether they have paid their taxes. We said that real estate taxes were certainly not high enough in many cases. We have found situations where land is selling currently for ₱3,000 a hectare, is assessed at ₱500 a hectare and at the rate of 1 percent, which is about the top limit, the owner pays ₱5 per hectare in taxes. In many cases even this is not being collected. We told him that someone would have to reorganize his revenue collection agencies, namely, the Bureau of Internal Revenue and the Bureau of Customs, so as to make them highly respected by all of the Philippine people. I said that if there is one organization in the Government of the United States which has the respect of the American people it is our Bureau of Internal Revenue. It plays no favorites, political or otherwise, and it gets the money; that that is what he has to work towards in the Philippine set-up. He said here that as soon as his reorganization committee reports he expects to make some drastic changes in his cabinet and other posts, particularly the revenue positions. We stressed that what the various departments and agencies need is a real career service and that when crookedness is found the culprits should be put in jail. He then went into a lengthy

discussion of the various cases prosecuted and convicted but most of them are now on appeal.

We said that we had gone over the necessity for an extra session of Congress in October or November. On the short term program we told him again that it was absolutely essential that new revenue be flowing into the Treasury by January 1 in order to eliminate borrowing from the Philippine National and Central Banks and that a program of taxes ought to be laid out under which the Treasury would not only balance the budget but it would have at least a ₱50 million surplus for improvements and development. As to a long-term program, we thought that it was necessary to study the whole tax policies of the Philippine Government. It has many taxes which produce very small sums and probably the paper work and the administration in the office of the Collector costs more than the taxes that are received; that the relationship of the provinces and the National Government from a tax angle ought to be studied with a view to possibly giving the provinces more autonomy in taxes and expenditures, particularly for public schools. As it is now, the public schools are a political football and if you put the responsibility on the local people they will be more inclined to see that there are sufficient taxes to pay for the public schools and that they get the schools they want.

We then discussed the question of foreign capital flowing into the Philippines. We told him that everyone seemed desirous of getting foreign capital into the Philippine Islands to help develop their various industries but that it was quite apparent that this was more lip service than anything else. The attitude toward foreigners and their investments in this country would have to change if they expect to attract foreign capital. We said that we had no objection if the Philippine Government wanted to adopt nationalistic policies but that they shouldn't expect foreign capital to flow here in any volume if that was going to continue to be its policy. Another thing that would have to be taken care of in order to attract foreign capital is the establishment of law and order and that foreign capital will have to be convinced that it is established beyond any shadow of a doubt before it will come here.

We told him that while this was not necessarily a part of the attraction for foreign capital it might help to a great extent and that further in suggesting it we knew we were on ticklish grounds because it involves the sovereignty of the Philippine Government, but we wanted him to understand that in suggesting it it was done on the most friendly terms and that we feel it is very much needed—that is a question of technical assistance. We told him that we thought the Philippine Government needed technical assistance on almost every front: fiscal, monetary, banking, internal revenue, public works, public health, education, etc. We said that while we hoped the President

would accept this in a friendly spirit we felt that we had to make this suggestion in our report. We told the President that this Mission was out to help the Philippine people and its Government to get out of this dilemma and to get on to a sound financial and economic basis; that if we were able to help we did not want any credit for it. For that reason, I would prefer that the suggestion for technical assistance come from him. I said that I thought the people of this country would welcome it with open arms; while there might be a few political opponents I thought by and large throughout the entire Islands it would be accepted wholeheartedly. I said if he thought well of the suggestion we would help draft the kind of letter that we thought ought to be embodied in our report which we could readily endorse.

To our amazement, the President accepted this suggestion with enthusiasm, as did also Secretary Romulo. The President immediately said he thought it would be accepted much better by the country if it came from him rather than from us and that it was in line with his suggestion to President Truman that he send this Mission here. It would be continuing his request for help in this situation. He said he didn't want his Government to be in the same position as China when General Chiang kai-Shek refused technical assistance, the consequences of which the money given resulted in very little benefit to China. We told him that in view of this we couldn't, of course, say that it would be accepted by our State Department, Treasury Department, and the Congress of the United States but that we were perfectly willing to recommend in our report that the expenses of this technical assistance be paid for by the United States Government for a period of 5 years, and that if it is to be continued beyond that time it be a matter of agreement between the two Governments. He said he was very grateful for this suggestion and he thought it would be of very great help to his Government and to his people. He expressed great appreciation for the President's having sent this Mission to the Islands and how fortunate it was for his Government that it came here at such a crucial time. He said that he appreciated the frankness with which we had discussed the matter and that he hoped if we ran into anything that needed to be corrected and that could be corrected at once without waiting for our report, he would like again to have a frank discussion about it and he would be glad to take whatever action is necessary on any front.

As we bade him good-by at the top of the stairs in the mansion he said: "Do you think that there is any possibility of the United States Government's giving any aid for this immediate emergency? In other words, to help out in this financial crisis between now and December 31." I said that I had some doubts about it because I said, as he knew, the wheels of government move very slowly and we have a war on our hands and all the departments of Government are bogged

down with war problems and I would suspect that it would take longer than 3 months to get anything through that would do his Government much good in this crisis. I thought, therefore, that it was a problem which he and the rest of his cabinet would have to find the answer to. He appeared rather downcast at this remark but bade us good-by in the most friendly terms and again expressed appreciation for the fine job that we are doing.

D[ANIEL] W. B[ELL].
R[ICHARD] J. M[ARSHALL]

896.00/8–2550 : Telegram

The Chief of Mission, United States Economic Survey Mission to the Philippines (Bell) to the Secretary of State

TOP SECRET MANILA, August 25, 1950—noon.

Belto 26. Personal for Rusk. UrTobel 24, August 22.[1] Due to tax collections and sale of Treasury bills, cash position this month slightly improved but in all probability will deteriorate from here out. Real crisis may come about October 15 according to Governor Cuaderno. He can still get 20 millon pesos from IMF which he will discuss when he reaches Washington about September 20. Have not made up my mind as to whether we should help on report in present budget difficulty or let them stew in own mess. The experience would be a lesson much needed.

Had breakfast with Quirino this week at which time we went over situation. Cowen is sending you copy of our memorandum on conference.[2] President readily accepted suggestion of technical assistance on all government fronts and is writing us a letter requesting that the US furnish such assistance. As we started to leave he asked if there is any chance of getting US aid for period up to December 31. I told him I doubted that it would be handled in time available with Congress trying to get away for elections and all Departments burdened with Korean situation. I said I thought he and his cabinet would have to work out of their short term difficulty. Also told him that he should call special session of his Congress for October 15 to November 1 to pass legislation imposing much higher taxes as

[1] Not printed. In it Assistant Secretary of State Rusk expressed concern over the question of the timing and possible consequences of a further Philippine economic and financial deterioration in the immediate future. Rusk asked Bell's view on when the United States should make an all-out effort to persuade the Philippine Government to adopt and implement adequate economic and financial measures. Rusk also suggested that it might be possible to meet some of the Philippines' internal defense costs by funds provided under Section 303 of the Mutual Defense Assistance Act of 1949 (63 Stat. 714). That section authorized the expenditure by the President of $75 million for military aid in the "general area" of China (896.00/8–2250).

[2] See the memorandum of conversation by Bell and Marshall, August 21, p. 1474.

absolutely imperative that new taxes begin to flow into Treasury by January 1, 1951.

Believe further pressure on Quirino and final decision to help in budget situation can be left for further discussion with you in Washington. You should survey possibilities of getting amount not to exceed $20 million to be immediately available if we find it necessary. Their national defense expenditures may amount to not less than 10 million pesos a month including Korean expedition. Emergency assistance under section 303 of MDAA would therefore be of real benefit.

Believe it necessary to discuss main financial features of report with Snyder and Martin before conference on September 9, Bernstein [3] and I are therefore leaving for Paris September 2, expecting to be home Thursday or Friday. Will you ask them to reserve some time for us either 4th or early on 5th.

[BELL]

[3] Edward M. Bernstein, Chief Economist of the United States Economic Survey Mission to the Philippines.

896.00/8–3050 : Telegram

The Chief of Mission, United States Economic Survey Mission to the Philippines (Bell) to the Secretary of State

SECRET NIACT MANILA, August 30, 1950—10 a. m.

Belto 30. UrTobel 29, August 29.[1] In our opinion there is no urgency requiring passage of No. 7600. Funds made available will not deal with ills of Philippines but may aggravate them.

There are 18 million poverty stricken Filipino citizens who need and deserve help from US far more than the relatively few to be benefited by passage of this bill. Most of latter have enjoyed fantastic profits.

We feel that recommendations our report should first be considered before further action on this bill.

Earnestly hope our views can be conveyed to committee without any publicity prior to departure of other members and the staff on September 6. Publicity here would definitely interfere with our winding up report.

[BELL]

[1] Not printed; it reported that the Department of State had informally requested Congressman John Kee, Chairman of the House Foreign Affairs Committee, to defer the intended reporting out of the proposed additional Philippine war damage legislation (H.R. 7600). Bell's urgent views on the matter were requested (896.00/8–2950).

896.10/8–3150

Memorandum by the Secretary of State to the President[1]

SECRET [WASHINGTON,] August 31, 1950.

Subject: Critical Financial Problems in the Philippines Reported by Mr. Bell

Mr. Bell will submit his report to you when he returns about September 9. He has, however, forwarded a memorandum to the Secretary of the Treasury and myself[2] giving his tentative views on a number of urgent financial problems, which are in addition to the problems of economic development.

The Philippines is facing nothing less than a financial collapse in a period of exceptionally high income, and with only approximately six percent of the national income being collected in taxes. Mr. Bell, in his memorandum, has suggested emergency revenue measures that would probably enable the Philippine Government to achieve a satisfactory budgetary position pending adoption and implementation of long-term corrective measures. It is apparent, however, that the Philippine Government will not take adequate action on its own initiative and even with an all out effort to persuade them to do so, effective implementation probably cannot be hoped for before the beginning of the next calendar year.

In the interim, however, the current cash position is so critical that school teachers, and perhaps other public servants, are not being paid. Mr. Bell states that there is obviously a limit to such practices and that limit will be reached when the Army payroll is not met. Even after exhausting all presently available sources of pesos suggested by Mr. Bell, the Philippine Government probably will not be able to meet minimum Treasury payments through December 31, 1950, and would require $20 million to $30 million from the United States in order to do so.

In view of the situation in the Far East and the reaction that could be expected to even a temporary financial collapse, it may be found advisable, when Mr. Bell's final report has been submitted, to consider temporary budgetary assistance. Such assistance presumably would be conditioned, among other things, on immediate adoption and implementation of adequate emergency revenue measures. In order to

[1] In a memorandum of September 2 to the Secretary of State, President Truman replied as follows to this memorandum: "I think you are right on the Philippine situation. We will discuss it as soon as we have further information and see if we can't arrange to save the Philippine Republic." (796.00/9–250)

[2] Of August 1, p. 1468.

facilitate action, in case this decision is made, as much preparatory work as possible will be completed prior to Mr. Bell's return.

The Secretary of the Treasury has read and concurs in this memorandum.

DEAN ACHESON

Executive Secretariat Files: Lot 52D444: Secretary of State's Memoranda

Memorandum of Conversation, by the Secretary of State [1]

SECRET [WASHINGTON,] September 11, 1950.

Mr. Bell and General Richard Marshall reported to the President on the Philippine Mission.[2] They told the President they had made a similar report here in the Department on Saturday and therefore I shall not repeat it.

The points which they made were:

1. Extreme seriousness of the situation and the need there for a program of say $50 million a year for five years supervised and administered by an American Mission which they thought might require in the neighborhood of 150 to 200 people and which would in effect have to assume direction of most of the Philippine Government activities.
2. The Huk situation they regarded as most serious and thought that that had to be dealt with by a three point program, the first point being competent and vigorous military action; the second, the social reforms contemplated in the economic report; and the third, the assurance in the Philippines of continued American interest if not direction.

They also reported adversely to any hope that important personages might be changed in the Philippines.

The President was most interested in their report; was horrified at the situation they reported; indicated general agreement with the lines of their thought, and wished the most vigorous possible effort made to act as soon as possible.

The actual report will not reach him for a week or ten days.[3]

[DEAN ACHESON]

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[1] Secretary of State Acheson met with President Truman on September 11 in one of their frequent meetings to discuss important foreign policy problems. The memorandum printed here covers one of the six subjects discussed by them.

[2] Major General Marshall returned to Washington from Manila on September 5 and Chief of Mission Bell returned on September 8. Bell and Marshall held a series of meetings with Department of State officials and with representatives of other Government agencies on Saturday, September 9. Bell and Marshall apparently conferred with Secretary Acheson on September 11, preceding this meeting. Records of the substance of these other meetings have not been found.

[3] For the final text of the Report of the United States Economic Survey Mission to the Philippines, October 9, see p. 1497.

Executive Secretariat Files: Lot 61D167: File—NSC 84 Series

Memorandum by the Secretary of Defense (Johnson) to the Executive Secretary of the National Security Council (Lay)[1]

TOP SECRET WASHINGTON, 14 September 1950.

NSC 84

Subject: The Position of the United States with Respect to the Philippines

With respect to the above subject, which the National Security Council Staff now has under consideration at the request of the President, I am transmitting herewith, for the information of the Council members, the views and recommendations which the Joint Chiefs of Staff, at my request, submitted to me on 6 September 1950.

In view of the situation in the Far East and in the Philippines, there are certain views of the Joint Chiefs of Staff on which I wish to comment at this time. In the first place, I concur in the view of the Joint Chiefs of Staff that prompt and positive political and economic action to arrest and reverse the current political deterioration in the Philippines is essential to the maintenance of the United States strategic position in the Far East. Secondly, I concur in the recommendation of the Joint Chiefs of Staff that direct United States military intervention in the Philippines would be justifiable, from the strategic point of view, only if there remained no other means of preventing Communist seizure of the Islands; and that such intervention would require, in the light of the present world situation, a considerable increase in the extent of mobilization currently envisaged.

In the light of the views and recommendations of the Joint Chiefs of Staff, I recommend that the NSC Staff submit a report to the Council on this subject at the earliest practicable date.

LOUIS JOHNSON

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[1] This memorandum and its enclosure were circulated to the National Security Council as document NSC 84, September 14, 1950, under cover of the following note by Council Executive Secretary Lay:

"At the request of the Secretary of Defense, his enclosed memorandum and its attached views and recommendations of the Joint Chiefs of Staff on the subject [The Position of the United States with Respect to the Philippines] are circulated herewith for the information of the National Security Council and the Secretary of the Treasury, and referred to the NSC Staff for use in connection with the draft report on the subject currently under preparation at the suggestion of the President."

Regarding the request by President Truman for a paper on the Philippines, see footnote 1 to the draft paper prepared by the Department of State, June 20, p. 1461.

[Enclosure]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson)

TOP SECRET WASHINGTON, 6 September 1950.

Subject: The Philippines

1. In accordance with the request contained in your memorandum dated 7 July 1950,[2] the Joint Chiefs of Staff have formulated the following views regarding the military situation in the Philippine Islands and the steps that should be taken to protect United States security interests therein.

2. By terms of the agreement of 14 March 1947 between the United States and the Republic of the Philippines,[3] the United States guarantees the security and defense of that Republic. This commitment, together with other commitments implicit in the relationship of the two governments, invests the United States with special political and moral responsibilities toward the Philippines, extending further than merely military defense and security of the islands. The basic military policy of the United States with respect to the Republic of the Philippines, therefore, is to develop and strengthen the security of the Philippines against organized external aggression or internal subversion (NSC 48/2[4]). The following statement in the public announcement by the President on 27 June 1950 now controls the actions to be taken with respect to this problem:

"I have also directed that United States forces in the Philippines be strengthened and that military assistance to the Philippine Government be accelerated."[5]

3. The Philippines are an essential part of the Asian offshore island chain of bases on which the strategic position of the United States in the Far East depends. The threat of further Communist encroachment in Formosa and in Southeast Asia renders it imperative that

[2] Not printed.

[3] Presumably the reference here is to the Agreement between the United States and the Philippines concerning military bases, March 14, 1947 (TIAS No. 1775, 61 Stat. (pt. 4) 4019), or *A Decade of American Foreign Policy: Basic Documents, 1941–49*, p. 869.

[4] The reference here is to a Report to the President by the National Security Council, dated December 30, 1949, and entitled "The Position of the United States with Respect to Asia;" for documentation, see *Foreign Relations*, 1949, vol. VII, Part 2, p. 1215.

[5] The quotation here is from the statement by President Truman on the situation in Korea, June 27, 1950; for the text, *see Public Papers of the Presidents of the United States: Harry S. Truman*, 1950, p. 492.

the security of the Philippines against internal subversion and external aggression be assured. The strategic importance of the United States position in the Philippines is such as to justify the commitment of United States forces for its protection should circumstances require such action.

4. From the viewpoint of the USSR, the Philippine Islands could be the key to Soviet control of the Far East inasmuch as Soviet domination of these islands would, in all probability, be followed by the rapid disintegration of the entire structure of anti-Communist defenses in Southeast Asia and the offshore island chain, including Japan. Therefore, the situation in the Philippines cannot be viewed as a local problem, since Soviet domination over these islands would endanger the United States military position in the Western Pacific and the Far East.

5. Military intelligence from the Philippines is considered inadequate. Action is required to obtain more effective collection and dissemination of information regarding the actual strength, activities, and capabilities of insurgent forces.

6. External threats to the Philippines appear to be relatively remote at this time. An enemy invasion would not be feasible now and, in all probability, would not be undertaken until after Formosa had been captured. The Joint Chiefs of Staff believe, therefore, that a sound military policy for the Philippines justifies maximum emphasis on forces required for internal security and minimum expenditure for defense against external invaders.

7. The sole apparent military threat to the internal security of the Philippine Republic lies in the guerrilla operations of the Hukbalahaps (Huks) who now call themselves the "Peoples Liberation Army". This movement stems mainly from long-standing agrarian discontent in the agricultural provinces of central Luzon and, in part, from a preference for guerrilla life acquired by certain individuals during the Japanese occupation of the Philippines. Leadership over these lawless elements has been assumed by disciplined Communists who conduct their operations in accordance with directives from the Far Eastern Cominform. The ultimate objective of the "Peoples Liberation Army" undoubtedly is the overthrow of the Philippine Republic and the substitution of a Communist regime. On the basis of military factors alone, the Huks lack the capability to achieve this objective. According to the best available intelligence the Huks are maintaining in the field forces totaling not more than 10,000 to 15,000 lightly armed men. These forces operate on a hit-and-run basis. The existence of these guerrilla bands reflects the unsatisfactory socio-political situation in the Philippines and the general deterioration of the existing political and economic structure. Further, the influence of the Chinese Communists apparently is being felt by the large Chinese population in the

Philippines. Such influence may encourage this important ethnic minority into subversive activities. Should all of these trends continue, there might arise a situation in which an armed and militant Communist minority could seize power from a corrupt and discredited regime.

8. Opposed to the Huks are some 33,000 relatively well-armed Philippine troops who are supported by the civil police. Based on military factors, the eventual elimination of the Huks should be within the capabilities of these forces. Vigorous action by the Philippine armed forces in accordance with present plans should, therefore, eliminate the Huks as a serious threat within one year, provided the Huks receive no substantial external support and provided further that the political situation in the Philippines can be stabilized.

9. The threat to the United States position in the Far East now magnified by events in Korea demands prompt and conclusive action to eliminate unrest in the Philippines and justifies increased United States assistance to the Philippine armed forces in order to remove the Huk threat without further delay.

10. Military measures, however, can only be a temporary expedient. Remedial political and economic measures must be adopted by the Philippine Government in order to eliminate the basic causes of discontent among the Philippine people.

11. From the military point of view, the immediate security interests of the United States in the Philippine Islands include occupied installations, certain bases under treaty provisions not now occupied or in use, and United States armed forces personnel and materiel. In addition, there are other areas in these islands which may be needed for operational use. United States strategic and security interests require not only that the facilities and rights granted under the agreement reached between the Republic of the Philippines and the United States on 14 March 1947 be available for United States use but also that the Philippine Islands be denied to the USSR. This requires continued orientation of the Philippines toward the United States and away from the Communists. Therefore, the matter of direct military support of the immediate United States security interests in the Philippines must be examined from both the political and the military points of view. . . .

12. There is implicit in the United States-Philippine Agreement of 1947 authority for the United States to determine the garrison strength required for the local protection of United States bases in the Philippines. Substantial reinforcements of United States armed forces in the Philippine Islands would be inadvisable at this time inasmuch as such action could be construed as imperialism and as a prelude to intervention in the internal affairs of the Philippine Republic. In this connection, Asiatic opinion generally, and Philippine opinion specifically, would prove especially sensitive to any implica-

tion of a United States revocation of Philippine independence. The Joint Chiefs of Staff understand the position of the Department of State to be that United States military intervention in the Philippines could be justified only on the basis of a clear, present, and overriding military necessity. The Joint Chiefs of Staff believe that such a necessity cannot now be demonstrated on the basis of the current internal military situation in the Islands. Furthermore, intervention would only be justified if there were no other means of preventing Communist seizure of the Philippines.

13. Although there may be some reason for concern regarding the local security of United States installations in the Philippines, the Joint Chiefs of Staff are of the opinion that, from the military point of view, present conditions in the Philippines do not indicate a requirement for the stationing of additional Army units in those islands. Further, in the light of the already over-extended position of the United States in Korea, no units should be earmarked at this time for redeployment to the Philippine Islands. The Joint Chiefs of Staff believe that the internal security of the Philippines, as well as the security of United States installations, can be improved by:

a. Immediately restoring the Joint United States Military Advisory Group (JUSMAG), Philippines, to its previous strength of 32 officers and 26 enlisted men, which action has already been authorized by the Joint Chiefs of Staff;

b. Continued study of the possibility of increasing the personnel of JUSMAG, Philippines, to pattern it generally after the United States Mission in Greece during the recent large-scale guerrilla activities in that country. Such augmentation to be instituted if measures already adopted prove inadequate to cope with the situation;

c. Granting increased dollar amounts for equipment and supplies as military assistance for the Fiscal Year 1951; and

d. Increasing the numbers of security personnel and the effectiveness of their equipment in the military units now guarding United States installations in the Philippine Islands.

If the foregoing measures prove ineffective and the situation in the Philippines deteriorates further, a reevaluation of the situation will be required.

14. There is some doubt as to whether the Philippine Government is prepared to accept at this time a military advisory group patterned after that in Greece, in which United States officers act as tactical advisors in the field to native troop commanders. The Philippine Government has agreed, however, to the size mission now employed. Negotiations for the mission providing advisors at battalion level would necessarily be long and would not meet the immediate requirement for increased assistance.

15. The basic problem involved in maintaining the United States strategic position in the Philippines against internal aggression is pri-

marily political and economic. Military action should not be an alternative for a stable and efficient government based on sound economic and social foundations. Remedial action insuring such changes in the Government of the Philippines as would regain the support of the people would go further toward removing the immediate threat to the United States strategic position in those islands than military action alone. It is recognized, however, that the two should proceed as part of an integrated plan.

16. In response to the specific query in your memorandum of 7 July 1950, regarding the strengthening of United States forces in the Philippines, the Joint Chiefs of Staff would state that:

a. The Marine contingent[s] at Subic Bay and at Sangley Point have been strengthened since May 1950 in numbers considered adequate to meet the present problems of security. A further increase to meet further possible contingencies is under study; and

b. Orders have been issued for a considerable increment of air police who should arrive in the Philippines by 15 September 1950. Action has been taken to assure that the air police in the Philippines will be maintained at 100% strength.

In this connection the Joint Chiefs of Staff have directed that appropriate measures be taken to improve the collection of essential intelligence in the Philippine Islands. The Joint Chiefs of Staff will submit recommendations in the near future on the subject of a military defense assistance program for the Republic of the Philippines.

17. The Joint Chiefs of Staff recommend that the Secretary of Defense:

a. Urge upon the National Security Council the necessity for prompt and positive political and economic action to arrest and reverse the current political deterioration in the Philippines as essential to the maintenance of the United States strategic position in the Far East;

b. Remove the present limitation on service attachés to the Philippines;

c. Advise the National Security Council that direct United States military intervention in the Philippines would be justifiable, from the strategic point of view, only if there remained no other means of preventing Communist seizure of the Islands; and that such intervention would require, in the light of the present world situation, a considerable increase in the extent of mobilization currently envisaged; and

d. Note that JUSMAG, Philippines, has been restored to its former strength of 32 officers and 26 enlisted men; and that the desirability of further augmentation is being studied.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

896.00/9–2250

Memorandum of Conversation, by Mr. Eugene H. Clay of the Office of Philippine and Southeast Asian Affairs

CONFIDENTIAL [WASHINGTON,] September 22, 1950.

Subject: Consultation with Subcommittee on the Far East and Pacific Ocean Area of the House Foreign Affairs Committee on Bell Report and Recommendations [1]

Participants: Members of the Foreign Affairs Committee and Subcommittee [2]
Members of the American Economic Survey Mission to the Philippines [3]
Department of State—Mr. Dean Rusk, Mr. Ben H. Brown, Jr.,[4] Mr. Eugene H. Clay

Mr. Bell

Mr. Bell stated that the Mission was sent by the President and outlined the purpose of the Mission as set forth in his terms of reference. He stated who the members of the Mission were, and gave a brief background description of the Philippines including reference to their loyalty to the United States and their resistance to the Japanese. He described the current extremely serious internal financial situation and the large imbalance in international payments. He stated that there had been a large flight of capital and described the over-all conditions in agriculture and other fields. He then said that the Mission was recommending that the United States provide the Philippines with $250,000,000 in loans and grants over a five-year period. Mr. Bell stated that the Mission was recommending a long-term mission be sent to the Philippines which would include advisers and experts in practically every field of the economy.

Mr. Chiperfield

Mr. Chiperfield said that it would take a man of great ability to head the mission and that it would be an extremely difficult task.

[1] The Chief of the American Economic Survey Mission to the Philippines, Daniel W. Bell, accompanied by Deputy Assistant Secretary of State for Far Eastern Affairs Livingston T. Merchant, also called upon Senators Tom Connally and Alexander Wiley of the Senate Foreign Relations Committee on September 28. Clay's memorandum of that much briefer meeting is not printed (896.00/9–2850).

[2] An attachment to the source text indicates that this meeting, which was held in the House Foreign Affairs Committee Room on the morning of September 22, was attended by the following Congressmen—members of the Committee: Mike Mansfield of Montana, A.S.J. Carnahan of Missouri, Thurmond Chatham of North Carolina, Abraham A. Ribicoff of Connecticut, Robert B. Chiperfield of Illinois, Joseph L. Pfeifer of New York, Lawrence H. Smith of Wisconsin, Walter H. Judd of Minnesota, John Kee (Chairman) of West Virginia, George A. Smathers of Florida, Frances P. Bolton of Ohio, and Thomas S. Gordon of Illinois.

[3] Mission members present were Chief of Mission Bell and Mission Chief Economist Edward M. Bernstein.

[4] Deputy Assistant Secretary of State for Congressional Relations.

Mr. Rusk

Mr. Rusk said it would be a good deal like U.S. operation in Greece.

Mrs. Bolton

Mrs. Bolton asked why we hadn't done more about it in the years during which the Philippines were under our control.

Mr. Bell

Mr. Bell said that a good deal had been done before the war but that the war and the years of occupation destroyed a great deal that had been accomplished. He stated that the Civil Service was demoralized and the prewar leaders were either dead or too old to now be effective.

Mrs. Bolton

Mrs. Bolton asked if this was an example of what we were up against in the whole Southeast Asia area.

Mr. Rusk

Mr. Rusk said that the problem was similar. He said that all of these countries had insisted on their independence and freedom and that we had supported them in this desire. We now had the problem of helping them develop at least the skeleton of adequate governments.

Mr. Smith

Mr. Smith asked if the Filipinos were really ready for the type of guidance that was being recommended and suggested that Filipinos should be sent here for training instead of a mission going to the Philippines.

Mr. Bell

Mr. Bell said it was too late for this approach. He said, however, that he considered one of the primary tasks of the mission would be to train Filipinos there.

Mr. Smith

Mr. Smith asked about corruption.

Mr. Bell

Mr. Bell said that there was no doubt about corruption and that it was widespread throughout the Government. He stated that one reason for the existence of such corruption was the almost complete absence of adequate checks and balances.

Mr. Ribicoff

Mr. Ribicoff said it was going to be an extremely difficult task to persuade the propertied class to go along with the recommendations

and he wanted to know how tough the United States was prepared to be.

Mr. Bell

Mr. Bell said that the United States should be prepared to be extremely tough and the Mission's task was to exert whatever pressure was required.

Mr. Ribicoff

Mr. Ribicoff said that if there was an extreme crisis the incompetents might be thrown out and that therefore we might be doing more harm than good by taking action to avoid such a crisis.

Mr. Bell

Mr. Bell said that we could not now take this risk.

Mr. Rusk

Mr. Rusk said that the Mission would act as a check on inefficiency and corruption.

Mr. Kee

Mr. Kee asked if the Mission had any opinion on the War Damage Bill.

Mr. Rusk

Mr. Rusk said that he would appreciate it if that question could be answered in two parts, first by Mr. Bell and then by himself on behalf of the Department of State.

Mr. Bell

Mr. Bell said in the opinion of the Mission additional war damage funds would not be justified. He said that enterprises that could economically operate had been restored and that almost all of those who would receive the additional war damage payments had made enormous profits in the period since liberation and had had ample funds with which to reconstruct. He stated that the $100,000,000 could be used much more effectively in another way.

Mr. Rusk

Mr. Rusk said that the Department continued to feel the same about the moral obligation as at the time of the hearings on the war damage bill. He said, however, that this did not mean that the bill was on the list of must legislation.

Mr. Judd

Mr. Judd said that he hoped when operations were undertaken that favorable consideration would be given to joint commissions as were used in the latter days in China.

[EUGENE H. CLAY]

896.00/9–2850 : Telegram

The Officer in Charge of Philippine Affairs (Melby) to the Director of the Office of Philippine and Southeast Asian Affairs (Lacy)[1]

SECRET MANILA, September 28, 1950—1 p. m.

752. Upon returning to Manila this time I find that not only has the law and order situation continued to deteriorate but the economic picture has done the same thing but more rapidly than I had anticipated it could. Symptomatic is the rather startling fact that government cash reserves had declined to 5 million pesos and that within 2 weeks I am told there will literally be no cash left in the Government Treasury. I understand and I assume you know it also that Cuaderno is now in Washington asking Snyder for a budgetary loan. Yulo has estimated government cash requirement at 10 million dollars a month.

I have mixed reactions to a budgetary loan. The argument against it obviously is that such a loan solves no real problem. Certainly not unless there is that kind of control which will guarantee its repayment and the development of the resources to insure adequate revenues in the future. I think it questionable that the Philippine Government will give us that control unless it were part and parcel of a very large over-all program. On the other hand, the absence of cash creates an immediate crisis situation. School teachers have been unpaid since last spring and the army will not likely tolerate finding itself in the same position. The only alternative to a budgetary loan and a long-range solution is increased taxation and increased efficiency in collection but this will take considerable time. The immediate alternative to a budgetary loan is inflationary financing out of the Central Bank. This devise has apparently not yet occurred to Quirino and I understand that Cuaderno is most anxious it should not occur to him because once Quirino discovers how simple it is to raid the Central Bank simply by depositing therein worthless government securities, it will really be impossible to deal with him or get him to agree to anything. This process of inflationary financing, if our China experience is pertinent, can go on indefinitely.

Almost every responsible person except Quirino appears fully

[1] This telegram was transmitted through the facilities of the Embassy in Manila. Melby and Marine Maj. Gen. Graves B. Erskine were principal officers of a joint State–Defense survey mission (Erskine–Melby Mission) which visited various Southeast Asian countries, including the Philippines, during September, October, and November 1950, to survey, evaluate, and make recommendations on the type and scope of military assistance to be extended to those countries. For documentation on the mission, see pp. 1 ff.

aware of the imminence of crisis.[2] Quirino is more serenely self-confident than I have ever seen him. He seems to feel that since he has reorganized his Cabinet [3] all his problems have been solved by a mental process wherein he identifies his own pronouncements with accomplished fact. It must be admitted that the Cabinet reorganization is entirely in the right direction but his new appointments do not share his confidence. Quirino, for undisclosed reasons, is confident that he will secure a budgetary loan. He also talks as though he had secret information on what the Bell report will or will not recommend and Manila is full of rumors on the same subject. Washington press dispatches speculating on mission report contents and recommendations appear reasonable accurate from what Bell told me, although I have never seen a final copy nor has the Ambassador.[4]

One of the most discouraging aspects of the current situation more particularly attitude of all with whom I have talked, is general feeling of self-helplessness. Officials and private individuals alike have invariably ended up by stating that the present situation is hopeless, the government can do nothing and the only solution is for the US at once to extend large scale financial aid. Upon questioning they always agree that in the long run the basic solution must come from the Philippines itself but that this will take time and that in present impossible situation the long-range program can only succeed if the US makes possible an extended breathing period. I am afraid this line of reasoning is for the most part sound. The fact that the present crisis is largely of their own making cannot deny its existence or prevent Huks from exploiting a situation made to order for their purposes.

I question whether anything short of quick action by the US will prevent this situation from deteriorating beyond a point where the

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[2] During a conversation on September 27 on another subject with John M. Allison, Director of the Office of Northeast Asian Affairs and an Adviser to the United States Delegation to the Fifth Session of the U.N. General Assembly which convened in New York on September 19. Foreign Secretary Romulo, who headed the Philippine Delegation to the General Assembly, expressed his extreme concern with the current Philippine financial condition. Romulo said that he had received a telephone call late the previous evening from President Quirino who stated that unless some arrangements were made at once for a loan of some sort it would be impossible to meet the army payroll in the coming month (memorandum of conversation by Allison, September 27, 1950: 896.10/9–2750). According to a memorandum of September 27 from Eugene Clay to William S. Lacy, Director of the Office of Philippine and Southeast Asian Affairs, not printed, President Quirino also telephoned Philippine Central Bank Governor Cuaderno and Ambassador Elizalde to state that the internal financial situation was becoming desperate, and he requested both officials to make every effort to secure some immediate financial assistance from the United States (896.10/9–2750).

[3] On September 1, Philippine Congressman Ramon Magsaysay was sworn in as Secretary of National Defense replacing Ruperto Kangleon. On September 14, President Quirino named Vice President Fernando Lopez to be Secretary of Agriculture and Natural Resources and also named new Secretaries of the Departments of Justice, Education, Health and Economic Coordination.

[4] For the Report by the Economic Survey Mission to the Philippines, October 9, see p. 1497.

issue will be in doubt. It is not yet too late. I am impressed by the necessity that the American program must be over-all and comprehensive and not on a piecemeal basis which would only permit certain undesirable elements to play such one piece against the other to our mutual disadvantage. I am even more impressed with the necessity that this action must be rapid even at the expense of making a few mistakes in the process. All with whom I have talked have had an almost pathetic and desperate faith that the Bell Mission results will be apparent quickly and would have the answers. Even if first action on our part is only token and symbolic I believe it could provide psychological boost now badly needed. Of course any detailing on my part of need that any program be accompanied by proper and adequate controls would be superfluous.

[MELBY]

796.5 MAP/9–2950 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

SECRET MANILA, September 29, 1950—noon.

767. Tomap. Initial survey team report on military assistance to the Philippines is being dispatched to FMACC courier 30 September 1950. Basic and immediate recommendations are as follows:

a. JUSMAG–MAAG organization time being at least should continue as at present to administer MDAP in Philippines with consultation as recommended in Tomap number 765, dated 29 September.[1]

b. Assistance should be provided on a grant aid basis due to: (A) Importance of Philippine Islands in US defense system, (B) The present financial condition of the Philippine Island Government, (C) As a boost to our sincerity and prestige in the Philippine Islands and SEA.

c. Steps should be taken to effect soonest delivery of equipment under fiscal year 1950 MDA program and approval of fiscal year 1951 basic and supplemental MDA programs (as amended by service team reports which follow) should be accomplished without delay.

d. Consideration should be given to stationing US combat troops (not less than a reinforced division) in the Philippine Islands as soon as the troops can be made available in view of the present international situation.

e. Consideration should be given to stockpiling supplies, equipment and ammunition in the Philippine Islands under US control with a view to strengthening US position in this area.

f. The cost of any increase (above that now planned for in the fiscal year 1950 program) which may be necessary in the size of the Philippine Armed Forces be borne by US until the Philippine economy is in a position to bear these costs itself.

[1] Not printed.

g. Careful consideration should be given to possibly reestablishing the Philippine scouts on their pre-war basis with American officers to replace the present Philippine constabulary which is far from being satisfactory as a policing force.

h. Recommend limited funds be made available . . . to Philippine National Intelligence Coordinating Agency for anti-Huk covert activities, Embassy to be kept advised re expenditures and results obtained.

i. Contingent upon availability of US funds, the Philippine ground forces should be built up to the equivalent of two divisions (as recommended by the army team below) as soon as possible and remain at that level until the present Huk situation is completely ended.

Recommendations of service teams of survey mission regarding immediate aid for the Philippines are as follows:

Army.

Recommend full implementation of the fiscal year 1951 basic and supplemental MDAP programs as submitted by JUSMAG except for 1 AAA battalion and certain non-essential items which should be deleted. Details pertaining to these recommended deletions are contained in the army interim report being forwarded by courier.

Navy.

Recommend continued implementation fiscal year 1950 program and approval and implementation soonest of fiscal year 1951 and fiscal year 1951 supplemental navy program, as submitted by JUSMAG.

Air Force.

The equipment included in the fiscal year 1950 and the proposed fiscal year 1951 program and supplement thereto (as submitted by JUSMAG) I deemed adequate to improve the effectiveness of the PAF. Copy of the supplemental fiscal year 1951 program and a request for student allotments at US schools is being forwarded in Air Force section of the survey mission report.

Coast Guard.

Recommend for first priority ten 30 ft. Chris-Craft cruisers or equal including three years spares and peculiar consumable supplies. For second priority (for Marine division of customs) nine 30 ft. Chris-Craft cruisers or equal including three years spares and peculiar consumable supplies. These craft to be consigned to CINC, PNP, for Stateside delivery aboard Philippine Navy LST. Request this information be provided CINCFE through military channels from Washington.

Signed Melby; Erskine agrees.

COWEN

Report to the President by the United States Economic Survey Mission to the Philippines [1]

[Extracts]

WASHINGTON, October 9, 1950.

. . . . . .

I. SUMMARY AND RECOMMENDATIONS

At the request of the President of the Philippine Republic, President Truman appointed a United States Economic Survey Mission to consider the economic and financial problems of that country and to recommend measures that will enable the Philippines to become and to remain self-supporting. The Mission was instructed to survey all aspects of the Philippine economy, including agriculture, industry, internal and external finances, domestic and foreign trade, and public administration. The Mission was asked to give special consideration to immediate measures to help raise production and living standards in the Philippines. The Mission has had the full cooperation of the Philippine Government and of many individuals and organizations outside the Government. Their help has been invaluable in providing the Mission with the data necessary for its work.

Economic conditions in the Philippines are unsatisfactory. The economic situation has been deteriorating in the past two years and the factors that have brought this about cannot be expected to remedy themselves. Unless positive measures are taken to deal with the fundamental causes of these difficulties, it must be expected that the economic situation will deteriorate further and political disorder will inevitably result. Whatever is to be done to improve economic conditions in the Philippines must be done promptly, for if the situation is allowed to drift there is no certainty that moderate remedies will suffice.

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[1] This Report, subsequently generally referred to as the Bell Mission Report or the Bell Report, was delivered to President Truman under cover of a brief transmittal letter signed by Chief of Mission Bell and the other members of the Mission—Richard J. Marshall, Edward M. Bernstein, August L. Strand, and Francis McQuillin. Chief of Mission Bell submitted his resignation to President Truman on October 18.

The Department of State issued a press release on October 28 (Department of State *Bulletin*, November 6, 1950, pp. 723–726) comprising the summary and recommendations of the Report as printed here, President Truman's letter of October 26 to President Quirino (p. 1506), and a brief explanatory statement. A few copies of the complete Report were made available to the press in Washington on October 28. Soon thereafter, the full text of the 109-page Report was distributed as Department of State Publication 4010, Far Eastern Series 38.

The findings and recommendations of the Mission are summarized below and are presented more fully in the body of the Report. Technical memoranda for the guidance of the Philippine Government in determining policy on agriculture, industrial development, taxation, and public administration have also been prepared by the staff of the Mission.

Urgent economic problems

The basic economic problem in the Philippines is inefficient production and very low incomes. While a substantial recovery was made in production after the liberation, agricultural and industrial output is still below the prewar level. In the past ten years, however, the population has increased by 25 percent. Although home production has been supplemented by large imports, the standard of living of most people is lower than before the war. In Manila, real wages of industrial workers are about the same or slightly higher than in 1941; but in the provinces, real wages in agriculture are lower than before the war. For many agricultural workers, wages are wholly inadequate, in some instances less than one peso (50 cents) a day.

The finances of the Government have become steadily worse and are now critical. The Treasury has a large and mounting deficit, with taxes covering little more than 60 percent of the expenditures. Obligations have been allowed to accumulate, warrants have been issued for which funds are not available, and school teachers have not been paid in some provincial areas. The new taxes voted by the special session of Congress cannot meet the budget needs and the cash position of the Treasury is becoming steadily worse. If the Central Bank is used to cover the large deficit of the Government it may lead to a new outburst of inflation, the burden of which will fall on those struggling for a living in a land of very high prices and very low incomes.

The international payments position of the country is seriously distorted and a balance has been maintained in recent months only by imposing strict import and exchange controls. The country has had an excessive volume of imports, which hitherto could be paid for out of very large dollar receipts from United States Government disbursements and accumulated dollar balances. These balances have been drawn down and receipts from the United States Government have been declining sharply. Greater difficulty will probably be experienced in the future in paying for imports. In the meantime, the volume of exports is less than before the war and can be expected to grow only gradually. Unless foreign exchange receipts are increased or excessive dependence on imports decreased, import and exchange controls will have to become even more restrictive.

Causes of the difficulties

While production in general has been restored to almost the prewar level, little of fundamental importance was done to increase productive efficiency and to diversify the economy. In agriculture, the area under cultivation was brought to the prewar level, and the livestock population partially restored. But almost nothing was done to open new lands for the increased population, to improve the methods of cultivation, or to better the position of farm workers and tenants. In industry, production was restored very much in the prewar pattern. While some new enterprises have been started, particularly in the past year, there has been little real progress in opening new work opportunities and in strengthening the economy. The country still relies too heavily on the export of a few basic agricultural crops—coconut, sugar and hemp—which provide a meager livelihood to most of the people engaged in their production.

The failure to expand production and to increase productive efficiency is particularly disappointing because investment was exceptionally high and foreign exchange receipts were exceptionally large during most of the post-liberation period. Too much of the investment went into commerce and real estate instead of the development of agriculture and industry; investment undertaken by Government corporations has unfortunately been ineffective. A considerable part of the large foreign exchange receipts were dissipated in imports of luxury and non-essential goods, in the remittance of high profits, and in the transfer of Philippine capital abroad. The opportunity to increase productive efficiency and to raise the standard of living in the Philippines in the postwar period has thus been wasted because of misdirected investment and excessive imports for consumption.

The inequalities in income in the Philippines, always large, have become even greater during the past few years. While the standard of living of the mass of people has not reached the prewar level, the profits of businessmen and the incomes of large landowners have risen very considerably. Wages and farm income remain lower than the economy can afford because of the unequal bargaining power of workers and tenants on the one hand, and employers and landowners on the other. Under such conditions any policy that keeps prices high has the effect of transferring real income from the poor to the rich. This is what has happened in the Philippines, where prices on the average are three and a half times as high as prewar. The inflationary conditions which have made this possible were caused by large budgetary deficits and an excessive creation of credit, much of it for the Government and Government corporations.

As a consequence of the inflationary conditions, along with insufficient production, the demand for foreign exchange to pay for imports, and to remit profits and transfer funds abroad has exceeded the current

foreign exchange receipts from exports and United States Government disbursements. The foreign exchange reserves of the country, although still considerable, have been greatly reduced, confidence in the currency has been shaken, and a breakdown in international payments has been averted only by stringent import and exchange controls. The generally unfavorable economic and political environment and the fear of discrimination in the administration of import and exchange controls have the effect of discouraging foreign investment in the Philippines.

The high hopes of the Philippine people that with peace and independence, they could look forward to economic progress and a rising standard of living have not been realized. Because of the deteriorating economic situation, there is a widespread feeling of disillusion. Most agricultural and industrial workers have no faith that their economic position can or will be improved. Businessmen fear a collapse of the peso. The uncertainties created by these doubts are strengthened by the recent tendency toward unemployment resulting from the slowing up of construction and the sharp curtailment of imports. The economy shows little inherent capacity to overcome the difficulties with which it is faced.

There are officials in the Philippine Government who are aware of the dangers in this pervading economic unbalance between production and needs, between prices and wages, between Government expenditures and taxes, between foreign exchange payments and receipts. Some of them understand the reasons why these difficulties arose; but the measures that could halt the deterioration have not been put into effect. Inefficiency and even corruption in the Government service are widespread. Leaders in agriculture and in business have not been sufficiently aware of their responsibility to improve the economic position of the lower income groups. The public lacks confidence in the capacity of the Government to act firmly to protect the interests of all the people. The situation is being exploited by the Communist-led Hukbalahap movement to incite lawlessness and disorder.

The Government has thus far attempted to deal with some of these emerging problems through import and exchange controls and through price controls. Such measures are directed to the symptoms rather than the causes of economic disorder. At best, they are measures that can only delay a breakdown in the economy; they cannot remedy the fundamental ills from which the country suffers. A permanent solution to these problems will be found only through a determined effort on the part of the people and the Government of the Philippines, with the aid and encouragement of the United States, to increase production and improve productive efficiency, to raise the level of wages and farm income, and to open new opportunities for work and for acquiring land.

Recommendations

The Mission recommends that the following measures be taken:

1. That the finances of the Government be placed on a sound basis in order to avoid further inflation; that additional tax revenues be raised immediately in as equitable a manner as possible to meet the expenditures of the Government; that the tax structure be revised to increase the proportion of taxes collected from high incomes and large property holdings; that the tax collecting machinery be overhauled to secure greater efficiency in tax collection; that a credit policy be adopted which will encourage investment in productive enterprises; and that fiscal, credit and investment policy be better co-ordinated to prevent inflation.

2. That agricultural production be improved by applying known methods of increasing the yield from all basic crops; that the Department of Agriculture and Natural Resources be adequately supplied with funds and the agricultural extension service expanded; that the agricultural college at Los Banos be rehabilitated and the central experiment station located there, with other stations at appropriate places throughout the country; that rural banks be established to provide production credit for small farmers; that the opening of new lands for settlement in homesteads be expedited and the clearance of land titles promptly assured; that a program of land redistribution be undertaken through the purchase of large estates for resale to small farmers; and that measures be undertaken to provide tenants with reasonable security on their land and an equitable share of the crops they produce.

3. That steps be taken to diversify the economy of the country by encouraging new industries; that adequate power and transportation facilities be provided as needed for further economic development; that a Philippine Development Corporation be established to co-ordinate all government corporations and enterprises and liquidate those that are ineffective; that financial assistance be made available to productive enterprises by the Corporation acting in cooperation with private banks; that the natural resources of the country be systematically explored to determine their potentialities for economic development; and that the present laws and practices with respect to the use of the public domain be re-examined.

4. That to avoid a further deterioration in the international payments position and to reduce the excessive demand for imports, a special emergency tax of 25 percent be levied for a period not to exceed two years on imports of all goods other than rice, corn, flour, canned fish, canned milk and fertilizer; that if such an emergency import levy is not possible under the Trade Agreement with the United States, either very heavy excise taxes should be imposed or a tax of 25 percent should be levied on all sales of exchange; that, as a safety measure, the present exchange and import controls be retained but their administration be simplified and liberalized and the full remittance of current earnings be permitted; that a Treaty of Friendship, Commerce and Navigation be concluded between the Philippines and the United States and the present Trade Agreement re-examined in the light of the new conditions.

5. That an adequate program of public health and improved education be undertaken, and better facilities for urban housing be provided; that the right of workers to organize free trade unions to protect their economic interests be established through appropriate legislation; that abuses in present employment practices depriving the workers of their just earnings be eliminated by legislation making mandatory direct payment of wages and retroactive monetary awards to workers; that a minimum wage for agricultural and other workers be established to provide subsistence standards of living.

6. That public administration be improved and reorganized so as to insure honesty and efficiency in Government; that the civil service be placed on a merit basis and civil service salaries raised to provide a decent standard of living; that the Philippine Government remove barriers to the employment of foreign technicians and take steps to improve training facilities for technicians in the Philippines; and that in accordance with the request of the Philippine Government, the United States send a Technical Mission to assist the Philippine Government in carrying out its agricultural and industrial development, fiscal controls, public administration, and labor and social welfare program.

7. That the United States Government provide financial assistance of $250 million through loans and grants, to help in carrying out a five-year program of economic development and technical assistance; that this aid be strictly conditioned on steps being taken by the Philippine Government to carry out the recommendations outlined above, including the immediate enactment of tax legislation and other urgent reforms; that expenditure of United States funds under this recommendation, including pesos derived from United States loans and grants, be subject to continued supervision and control of the Technical Mission; that the use of funds provided by the Philippine Government for economic and social development be co-ordinated with the expenditure of the United States funds made available for this purpose; and that an agreement be made for final settlement of outstanding financial claims between the United States and the Philippines, including funding of the Reconstruction Finance Corporation loan of $60 million.

No one must expect that even so comprehensive a program as this will quickly or automatically remove all the ills of the Philippine economy. What it can do is to provide an environment in which the people of the Philippines can work out a reasonable solution of their problems. What they ultimately achieve will be determined primarily by their own efforts and by the devotion of the Philippine Government to the interests of all the people. The nation has the physical and human resources to accomplish this task with help from the United States. In the few years since independence, the Philippines has taken a leading position in world affairs and in the United Nations. With thorough measures to deal with its economic problems, it can take its rightful place as a prosperous and stable nation.

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Editorial Note

President Truman and General of the Army MacArthur, together with their advisers, met on Wake Island on October 15 to discuss various Far Eastern topics, particularly the situation in Korea. Prior to the general conference, President Truman and General MacArthur held a private conversation. According to the very brief account of this conversation in Courtney Whitney, *MacArthur: His Rendezvous with History* (New York, Alfred A. Knopf, 1956), page 387, Truman and MacArthur devoted the bulk of their conversation to the fiscal and economic problems in the Philippines. According to the record kept by General of the Army Omar Bradley, Chairman of the Joint Chiefs of Staff, there was a brief discussion of the Philippines during the general conference session of the Wake meeting. The possibility of Joseph Dodge serving as the head of an economic mission to the Philippines was discussed (see telegram 643, October 17, to Manila, *infra*), and President Truman mentioned, but did not accept, a suggestion by General MacArthur that President Quirino be invited to the conference. For General Bradley's record of the Wake Island Conference of October 15, see volume VII, page 948.

Telegram 887, October 11, from Manila, not printed, reported that President Quirino, who learned from press accounts of an imminent meeting somewhere in the Pacific area between President Truman and General MacArthur, had wired an invitation to President Truman to hold his conference in the Philippines or to visit the Philippines while in the Pacific (711.11–TR/10–1150). Telegram 607, October 11, to Manila, not printed, reported that President Truman had telegraphed his appreciation of President Quirino's invitation and expressed his regret that the short time available for the Pacific conference and pressure of other commitments in the United States made it impossible for him to visit the Philippines (711.11–TR/10–1150).

896.00/10–1750 : Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, October 17, 1950—7 p. m.

643. Urtel 930.[1] Shockingly accurate accts contents Bell report[2] already appearing US press (see *NY Journal Com* Oct 16) and will probably continue in increasing volume. To avoid losing effect surprise Dept desires that fol receipt final instructions, you present report to Quirino soonest together with Pres Truman's covering letter[3] which has been prepared for his consideration. One copy report air-

[1] Not printed; in it Ambassador Cowen stated that there were matters which required urgent discussion, and he requested authorization for immediate return to Washington for consultation (896.00/10–1650).

[2] Of October 9, p. 1497.

[3] See *post*, p. 1506.

pouched fourteenth. Additional copies and tax appendix will be airpouched eighteenth. If Pres approves letter, Dept will tel its text together with press release to be issued simultaneously Wash and Manila. Pls advise urgently your views as to date report, tax appendix, and letter shld be presented to Quirino and date and hour of release to press. In view foregoing we hope you are prepared to remain Manila until first round completed.

Phil Govt will unquestionably find report hard to swallow and will probably try desperately to stop publication. We strongly believe, and Bell agrees, it shld be published.

Recommendations in report are of course those of Bell and his mission. We anticipate however that final US position now being formulated will be in substantial agreement. In near future plan is US will state specifically what is expected of Phil Govt and what US Pres is prepared to recommend to US Congress if Phil Govt actually takes certain of the steps immed and agrees to undertake the remainder in reasonable time. Fol for ur info only.

A small staff will proceed to Manila to assist in explanation US position and recommendations and to assist Phil Govt in execution those recommendations it accepts. Joseph Dodge [4] is being asked to head mission and Bernstein is being asked to accompany together with experts in finance, taxation, and possibly agriculture and labor. Group cannot possibly arrive before Nov one.[5]

As you know from previous communications Dept holds view with great conviction that no financial asst shld be extended to the Phils unless it undertakes to do those things which US Govt on basis of Bell Report specifies as requisite to a solution of the basic economic, financial and social problems which plague Phils. As you have so often pointed out and in which Mr. Bell has enthusiastically concurred, further financial asst of an unsupervised character to the Phil Govt on a continual basis will not encourage the Phil Govt to face up to those problems the solution of which is requisite to a stable anti-Commie society.

Phil Govt will unquestionably find recommendations unpalatable to swallow and painful to execute. Pres Quirino and his cabinet must ultimately understand however that unless those recommendations in form approved by US Govt are accepted and acted upon, financial asst from the US Congress will not, in Depts estimation, be forthcoming.

ACHESON

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[4] President and Director of the Detroit Bank: Financial Adviser to the Supreme Commander, Allied Powers (Japan), General MacArthur.

[5] Dodge declined the invitation of Secretary of State Acheson to head the special mission to the Philippines. William C. Foster was subsequently named to head the mission; see the editorial note, p. 1511.

S96.00/10–2350

Memorandum by the Under Secretary of State (Webb) to the President

SECRET [WASHINGTON,] October 23, 1950.

It had originally been planned to have a special emissary present the Bell Report to President Quirino about November 1. However, press speculation has given rise to numerous damaging rumors in the Philippines. One of them, to the effect that the Bell Report recommended devaluation, caused panic buying in the Manila stock exchange and drove the black market peso quotation to a new low. Consequently, I believe that Ambassador Cowen should present the Report to President Quirino as quickly as possible and that a few hours thereafter we should issue a summary of the Bell Mission's Report and recommendations to the press both in Manila and Washington.[1] Past experience has shown that information, no matter how confidential, communicated to the Philippine Government finds it way immediately to the press and often in distorted form. The true facts, as given in an official United States release, will be far less damaging than rumors. Publication of the full report can, of course, be delayed until the Philippine Government has had time to consider it.

The attached is a proposed draft of the letter to be presented by Ambassador Cowen to President Quirino at the time he delivers the Report.[2] The purpose of the letter is four-fold: (1) To point out to President Quirino that the Bell Report, although serving as a basis for the United States Government's program of economic aid, is still under study by the United States Government, which has not yet adopted an official position. Several of the Bell recommendations must still be considered by the National Advisory Council. (2) To make clear that the Philippine Government will have to undertake certain reform measures before you could recommend to the United States Congress a program of economic aid for the Philippines. (3) To convince President Quirino that the Bell Report is not intended as a slap in the face because of its frank appraisal of conditions in the Philippines. (4) To forestall any attempt of President Quirino to prevent the release of a summary of the Report to the press.

It is hoped to telegraph the text of the letter to Manila so that Ambassador Cowen may present the Report to President Quirino the very soonest possible.

JAMES E. WEBB

[1] Because of the events reported upon in telegram 1074, October 27, from Manila (p. 1507), it was decided to release to the press on October 28 the full text of the Report to the President by the Economic Survey Mission to the Philippines (Bell Report); see footnote 1 to the Report, p. 1497.

[2] For the text of the letter to President Quirino, which President Truman approved on October 26, see *infra*.

896.00/10–2350

President Truman to the President of the Philippine Republic (Quirino)[1]

WASHINGTON, October 26, 1950.

MY DEAR MR. PRESIDENT: Through Ambassador Cowen at Manila I am sending you the Report of the United States Economic Survey Mission to the Philippines. At your request the Mission, under the leadership of Mr. Daniel W. Bell, made as thorough a study as possible in the short time permitted of economic conditions in the Philippines and gave its recommendations for a general course of action which I believe will make possible a stable and prosperous Philippine economy.

The Report is in exactly the same form it was presented to me on October 9. Unfortunately other commitments and particularly my conference with General MacArthur on Wake Island [2] delayed my giving this matter my personal attention.

My Government is now carefully studying the Report in order to arrive at an official position on the recommendations contained therein, and I am sending it to you for your Government's consideration and study. The Report is not a blue-print containing all answers to the complicated problems of the Philippines. It does, however, provide our Governments with a basis on which to work. After you and your Government have had an opportunity to consider the Report, I trust there may be discussions between representatives of our two Governments. From these discussions I would hope that there could be an understanding as to measures which the Philippines would be prepared to undertake. I would regard such an understanding as requisite to the formulation of recommendations to the United States Congress.

Our two nations have been the closest of friends over a period of more than half a century. Our relations have been marked by a spirit of straightforwardness and candor in our dealings with each other. I earnestly hope that we can continue in this same spirit.

Since the economic well-being of the Philippines is of great importance to the American people as well as to the Philippine people, I believe that the facts of this Report should be freely communicated to both. Until the facts are so communicated rumors and speculation will only confuse our joint efforts. I am convinced that the Report should be released promptly after its presentation to you. Full public discussion

[1] Telegram 772, October 26, to Manila, not printed, transmitted the text of this letter which had been signed by President Truman. Ambassador Cowen was authorized to deliver the text of this letter, together with copies of the Report to President Truman by the Economic Survey Mission to the Philippines (p. 1497), to President Quirino (896.00/10–2950). Counsellor of Embassy Vinton Chapin delivered this letter and copies of the Report to President Quirino on the morning of October 28.

[2] Regarding the conference under reference here, see the editorial note, p. 1503.

in the democratic tradition will contribute to our joint efforts to find the best solutions to the problems that confront us.

Sincerely, HARRY S. TRUMAN

896.00/10–2750 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

CONFIDENTIAL MANILA, October 27, 1950—5 p. m.

1074. Embtels 1049 and 1056, October 26 and 1067, October 27.[1] President Quirino paid call on me early evening October 26.[2] In course our conversation we discussed official Malacanan release October 25 allegedly evoked by *US News World Report* story on Bell report.[3] Quirino did not deny he had approved it but alleged he had intended it be given local press without attribution to President's office. (In view his failure issue immediate denial of statement subsequent its publication I doubt truth of this assertion.) I informed him statement would be considered serious insult: (1) to American people, who are portrayed as mentors of Filipinos in racketeering and conspicuous consumption; (2) to US Goverment which is inferentially identified with "the stink familiar and now taken for granted in Washington"; and (3) to General MacArthur because of comment that Philippines paid billions dollars worth property and life for "luxury of welcoming General MacArthur's triumphal return."

President asked how he could get out of his predicament. Having in mind propaganda value for Commie's all over world which the statement might have particularly if not disavowed, I indicated I personally felt that besides removing person or persons responsible from Malacanan Public Relations Post, President ought to retract the statement. Accordingly, he late same evening issued statement repeated to Department in reftel October 27.[4]

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[1] On October 25 the Office of Public Information of Malacañan, the Philippine Presidential residence, issued to the press a statement, credited to an unnamed Philippine "commentator", which strongly condemned the criticism of Philippine corruption and inefficiency contained in the Report to the President by the United States Economic Survey Mission to the Philippines. The telegrams under reference here, none of which are printed, reported upon this incident and its aftermath. For significant portions of the Malacañan statement of October 25, see George E. Taylor, *The Philippines and the United States: Problems of Partnership* (New York, London: Frederick A. Praeger, Publisher, 1964), pp. 140–141.

[2] At the time of President Quirino's visit, Ambassador Cowen was confined to bed suffering from a detached retina. Cowen departed from Manila by plane for the United States on October 28 in order to undergo urgent medical treatment. Counselor of Embassy Vinton Chapin assumed charge of the Embassy.

[3] Of October 9, p. 1497.

[4] A statement was issued to the press from Malacañan on October 26 repudiating the October 25 press statement referred to in footnote 1. The text of the press release of October 26 was sent to President Truman under cover of a short memorandum from the Secretary of State, dated November 2, not printed, which very briefly summarized some of the points made in the telegram printed here (896.00/11–250).

President's admission that he approved statement's publication but did not intend it be attributed Malacanan, forces us conclude that it expressed his own views. However, almost all the Philippine politicians who have deplored statement indicated concern over the relationship to Philippine expectations for US aid (even Vice President Lopez was quoted as saying it was "unfortunate") since the statement was made at this time when the Philippines is seeking aid from the US has heavily mercenary overtones, this incident seems to me to force us recognize following as axiomatic in all dealings with Philippines: Filipinos may gracefully accept criticism which is tendered in private but they may be expected strike back bitterly when publicly reproached. Bitterness of this reaction appears to be directly proportional to validity of the censure.

COWEN

896.00/10–2850 : Telegram

The Ambassador in the Philippines (Cowen) to the Secretary of State

CONFIDENTIAL MANILA, October 28, 1950—6 p. m.

1081. Re Embtel 1079, October 28.[1] President Quirino this p. m. asked me convey President Truman his appreciation for spirit helpfulness which pervades entire report; that he is convinced more than ever of determination American people help build and strengthen this democracy.

He said that he was relying on same helpful spirit during his entire administration as cornerstone for its success; that he would call shortly meeting National Economic Council and Council State to study report "with a view to preparing the mind of Congress" in the implementation of reports recommendations.

Quirino still sensitive re designation technical mission. He wishes avoid any assumptions world-wide that Philippines under US domination and reverts to formula by which he requests the technical assistance which State Council and NEC may determine necessary.[2]

COWEN

[1] Not printed. It reported that the Report to President Truman by the Economic Survey Mission to the Philippines (Bell Report) had been delivered to President Quirino that same morning. President Quirino had telephoned Ambassador Cowen and indicated his general satisfaction with the Report and the proposed procedure for its release to the press later that day. President Quirino intended to call upon Ambassador Cowen at the Embassy residence for a further talk prior to the Ambassador's departure that same day for the United States for urgent medical treatment (896.00/10–2850).

[2] The substance of this telegram was reported upon in a memorandum of November 2 from the Secretary of State to President Truman, not printed (896.00/11–250).

Under Secretary's Meetings Files : Lot 53 D 250 : File—UM Minutes—Memos

Record of the Under Secretary's Meeting, November 3, 1950 [1]

TOP SECRET

UM M–264

The Position of the United States with Respect to the Philippines (UM D–122)[2]

1. Mr. Lacy [3] reviewed the importance of the Philippines to the United States and discussed the present conditions in that country. He noted that Mr. Foster will discuss the Bell report with President Quirino in an effort to emphasize the internal reforms which are necessary prior to United States assistance.[4] Mr. Lacy pointed out that this paper had been prepared at the request of the President and was drafted in the Department. It was also noted that the military agreed generally with the stated position. It was emphasized that this paper suggested direct and indirect participation by the United States in the Philippine Government. It was also noted that the assistance proposed would be long range, conditioned on the Philippine Government meeting certain minimal requisites. Mr. Rusk pointed out that the paper does not include the proposal that the United States should strengthen our own forces in the Philippines. Since this point is unresolved at the moment, it was decided to leave this matter out of this paper.

2. Mr. Armstrong [5] pointed out that the reference to 33,000 well-armed troops is inconsistent with the G–2 report as of yesterday that Philippine forces amounted to only 25,000.[6] Mr. Lacy suggested that the larger figure used in this paper included constabulary not yet drawn into the forces. He agreed to check this point.

3. Mr. Ohly [7] objected to paragraph 1–b as it related to "deterring external aggression". He felt that this reference was unrealistic in view of the internal economic conditions in the Philippines, which do not

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[1] The top-level officers of the Department of State (Assistant Secretary of State-level) or their alternates met frequently, often several times weekly, under the Chairmanship of the Under Secretary of State, as the "Under Secretary's Meeting", to discuss important foreign policy problems. Agenda were prepared, documents were circulated to members, and meeting transactions and summaries of action were recorded. Secretariat functions for the Under Secretary's Meeting were performed by officers of the Executive Secretariat. Twenty-two officers attended the meeting recorded here.

[2] Not printed, but see footnote 1 to NSC 84/2, November 9, p. 1514.

[3] William S. B. Lacy, Director of the Office of Philippine and Southeast Asian Affairs.

[4] Regarding the Foster Mission to the Philippines under reference here, see the editorial note, *infra*.

[5] William Park Armstrong, Jr., Special Assistant to the Secretary of State for Research and Intelligence.

[6] See paragraph 13 of the National Security Council Staff Study on the Philippines, NSC 84/2, November 9, p. 1517.

[7] John H. Ohly, Acting Director, Mutual Defense Assistance Program.

permit the Government to maintain a force sufficiently strong to deter external aggression. He agreed that as conditions improve in the Philippines these forces could be built up in order to discourage such aggression. Mr. Rusk pointed out that it should not be assumed that the Philippines would never be in a position to deter such aggression. It was agreed that the question raised by Mr. Ohly was a matter of timing, and changes in wording would be worked out with Mr. Lacy.[8]

4. Mr. Ohly stated that information which he has would indicate that the communists in labor unions are a problem with respect to internal security. Mr. Lacy doubted this report and pointed out that probably the communists in labor unions would disappear once the economic conditions in the Philippines improve.

5. With respect to paragraph 13, Mr. Ohly suggested that the wording was a bit too optimistic regarding elimination of the Huks. With respect to the first sentence of paragraph 14, Mr. Ohly suggested that the sentence be reworded so it would indicate that denial of the Philippines to communist control would depend less upon military measures and much more upon prompt vigorous political and economic action. Mr. Lacy said that this was the intended meaning of this sentence.

6. Mr. Humelsine[9] pointed out that the Department had been slow to work with the Quirino Government. He suggested that it might have been wiser for the United States to work more closely with the Philippine Government rather than waiting until the situation had deteriorated so far. He felt that our reservations with respect to the Quirino Government probably had restricted our support of the Philippines and perhaps now that we are willing to support the Philippine Government it would be much more costly. Mr. Rusk pointed out that there had been some doubt as to whether President Quirino could carry the load expected of him in the present crisis. It appears now that he has recovered and we feel that he can now do the job. Mr. Lacy stated that if the United States had made a move to assist Quirino

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[8] The Summary of Acting of this meeting (UM S–264), reads as follows: "This paper will be revised, prior to the meeting of the NSC Senior Staff, to include changes in wording suggested by Mr. Ohly." Despite the efforts of the representatives of the Department of State, the proposed changes were not approved by the NSC Senior Staff and were included in the papers circulated to the National Security Council as NSC 84/1 (see footnote 1 to NSC 84/2, November 9, p. 1514). In a memorandum of November 8 to the Secretary of State, Ohly renewed his strong disagreement with the inclusion of the phrase "and deterring external aggression" in paragraph 1–*b* of the draft statement of policy on the Philippines and in paragraph 27–*b* of the accompanying staff study (NSC 84/1). In his memorandum, Ohly argued that the development, at least over a period of several years, of a Philippine military capability of deterring external aggression was an unrealistic and unwise objective, and that it would be a serious mistake to include in a statement of national policy a completely unrealistic objective. (Executive Secretariat Files, Lot 61D167, File—NSC 84 Series) Regarding the deletion of the phrase in question from approved policy statement and staff study circulated as NSC 84/2, November 9, see footnotes 2 and 7 thereto, pp. 1514 and 1520, respectively.

[9] Carlisle H. Humelsine, Deputy Under Secretary of State for Administration.

last January, for example, Quirino would have been very pleased and probably would not have corrected the internal situation within the Government. Things have now deteriorated so far that the United States has a lever in order to press for necessary internal reforms.

7. The question of working with governments such as Quirino's was raised. Mr. Rusk referred to the important domestic public relations problem that the Department has in working with governments such as Quirino's. He felt that the P area had an important job to do in this respect. The people of the United States must realize that we cannot dictate who rule foreign countries. They must also realize that we cannot make these rulers over in our image. Mr. McGhee [10] agreed to this and pointed out that these governments, even though they are not ideal, are the instrumentalities to accomplish our objectives. The Department should be careful not to give adverse publicity to these governments and should continue to work through them in order to strengthen them, and, it is hoped, to correct some of their abuses. In every case we have no choice and must work through these governments. The United States must recognize the necessity of working through these governments in an effort to stabilize them and improve them. Mr. Webb agreed with this point and suggested that more be done with respect to the domestic public relations problem.

[10] George C. McGhee, Assistant Secretary of State for Near Eastern, South Asian and African Affairs.

Editorial Note

In a statement issued to the press on November 1 by the White House, it was announced that William C. Foster, Administrator of the Economic Cooperation Administration, was to go to the Philippines as the Special Representative of President Truman in order to discuss the Report of the United States Economic Survey Mission to the Philippines (page 1514). Foster was to meet with President Quirino to discuss Philippine needs for United States economic assistance and the measures to be undertaken by the Philippine Government to rebuild the country's economy. Following his visit to the Philippines, Foster was to visit other Far Eastern countries receiving economic aid under the program of the Economic Cooperation Administration. For the text of the White House press statement, see Department of State *Bulletin*, November 13, 1950, page 777.

According to a memorandum of November 2 for President Truman by ECA Administrator Foster, approved by the President on November 3 and serving as the terms of reference for Foster's mission to the

Philippines, Foster was authorized to express to President Quirino the intention of President Truman to request from Congress the necessary authority and appropriations to inaugurate a program of assistance to the Philippines, if certain assurances and commitments could be provided by President Quirino to assure effective use of such aid and a vigorous effort by the Philippine Government and people to solve their immediate and long-term economic and other problems. In general, it was Foster's understanding that the steps on the part of the Philippine Government which would be considered essential for the full effectiveness of the proposed aid were generally those outlined in the Report of the Economic Survey Mission (Manila Embassy Files: 500 ECA Mission).

Foster and a small party of Economic Cooperation Administration officials arrived in Manila on November 7.

103.02–ECA/11–850: Telegram

The Administrator of the Economic Cooperation Administration (Foster)[1] *to the Secretary of State*

CONFIDENTIAL MANILA, November 8, 1950—7 p. m.

1200. From Foster.

1. Negotiations initiated in two discussions of about two hours each with Quirino. Lopez and Yulo participated. Also met with Perez and about 35 Congressmen for period of question and answer.

2. Discussions were cordial in tone.

3. President's main preoccupation was with "control and supervision" aspects of an ECA program. Our response was that we had a responsibility to Congress and US taxpayer to make sure ECA funds were effectively used but we had worked out satisfactory arrangements with other countries on this problem without affronting their sovereignty and we were sure we could do it with the Philippines. Believe we can arrive at an agreement in principle this point but that specific day to day implementation will be long hard job for permanent mission requiring utmost in tact and firmness.

4. Taxation discussions have not yet come to the point. President agrees that more revenue is needed but has ducked issue of calling special session now and sponsoring tax legislation of the order of magnitude that is needed. Have made it clear to him there is little prospect of Philippines receiving financial assistance from US until

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[1] This telegram was transmitted through the facilities of the Embassy in the Philippines. Regarding the Foster Mission to the Philippines, see the editorial note, *supra*.

appropriate tax program passed. Will smoke him out on matter of special session before departure.

a. The question was raised as to what proportion of any aid would be loans and what would be grants. Told the President this was a matter to be worked out later when we had further opportunity to study Philippine needs.

5. President concerned over size of possible mission. Had heard report it would consist of 900 people. Told him we hadn't yet got down to these specifics but that, in any case, this figure absurd. The size of the mission would depend on the kind of program we could develop together.

6. In discussions covering use of technicians, President stated he thought technical assistance would be forthcoming outside of ECA, through Point Four. Told him this was possible but not certain; that any ECA program would attach great importance to technical assistance; that we would be prepared to provide technicians for full time work in Philippine Government departments.

7. President raised question of what kind of Philippine organization should be created to utilize US aid. He thought Philippine Development Corporation proposed by Bell could be such a body, organized with Americans serving as minority members of the board. Told him that organization of such a corporation might be a possible means of improving coordination of Philippine Government development activities but that US mission would still have to control disbursement of funds and could not abdicate this responsibility to a Philippine Government organization, even though this organization had American representatives on it. On whole, am cool to idea of Americans serving as minority members of Philippine Development Corporation. Believe that better arrangement, at least in beginning, would be for Quirino to appoint high level committee with which our mission could work in planning, use of aid. This will probably be solution finally adopted.[2]

8. Through non-Presidential source, have learned that technicians studying Bell report for President are in favor of 25 percent import levy. We will, of course, discourage this type tax in favor other methods raising needed revenue.

Please pass ECA. [Foster.]

CHAPIN

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[2] Foster left Manila by airplane on November 9 for visits to Japan and Korea before returning to the Philippines on November 14 to sign the memorandum of agreement with President Quirino whose text had been prepared in negotiations between members of Foster's party and a Philippine committee headed by Presidential adviser Yulo.

Executive Secretariat Files: Lot 61D167: File—NSC 84 Series

Statement of Policy Proposed by the National Security Council[1]

TOP SECRET [WASHINGTON,] November 9, 1950.

NSC 84/2

THE PHILIPPINES

1. The United States has as its objectives in the Philippines the establishment and maintenance of:

a. An effective government which will preserve and strengthen the pro-U.S. orientation of the people.

b. A Philippine military capability of restoring and maintaining internal security.[2]

c. A stable and self-supporting economy.

2. To accomplish the above objectives, the United States should:

a. Use all appropriate measures to assure that the Philippine Government effects political, financial, economic and agricultural reforms in order to improve the stability of the country.

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[1] This policy statement and accompanying staff study were circulated to the National Security Council as document NSC 84/2 under cover of a title page reading "A Report to the President by the National Security Council on The Position of the United States with Respect to the Philippines, November 9, 1950," and a brief explanatory note of November 9 by Council Executive Secretary Lay.

A policy paper on the Philippines by the National Security Council was originally requested by President Truman in late May 1950. The earliest draft of such a paper, prepared by the Department of State, was circulated to the National Security Council Staff on June 20 (see p. 1461), and the views of the Joint Chiefs of Staff were circulated to the Council Staff on September 14 (see NSC 84, p. 1484). Based upon a new Department of State draft which incorporated the views of the Joint Chiefs of Staff and the results of the United States Economic Survey Mission to the Philippines, the National Security Council Staff during October developed a draft statement of policy on the Philippines and an accompanying staff study on the position of the United States with respect to the Philippines. Versions of the draft policy statement and staff study were circulated to the Under Secretary of State's Meeting as document UM D–122, November 2, not printed. UM D–122, which differed little from the text subsequently circulated as NSC 84/1 (see below), was discussed at the Under Secretary's Meeting of November 3 (see p. 1509). The final version of the National Security Council Staff's draft policy statement and staff study were circulated to the Council as document NSC 84/1, November 6, not printed. Differences between NSC 84/1 and the approved version printed here are indicated in footnotes 2, 3, 4, 7, and 8, below. At their 71st meeting, the National Security Council considered NSC 84/1, adopting the version of the policy statement printed here and modifying the staff study to correspond to the amended policy statement. A note of November 13 by National Security Council Executive Secretary Lay for the Council, not printed, reported that President Truman on November 10 approved the statement printed here and directed its implementation by all appropriate executive departments and agencies under the coordination of the Secretary of State.

Full documentation on the genesis of NSC 84/1 is included in the Executive Secretariat Files, Lot 61D167, File—Philippines: NSC 84 Series.

[2] In NSC 84/1, this paragraph included the following additional phrase: "and deterring external aggression." At their meeting on November 9, the National Security Council approved an amendment proposed by the Secretary of State providing for the deletion of the phrase.

b. Provide such military guidance and assistance as may be deemed advisable by the United States and acceptable to the Philippine Government.

c. Extend, under United States supervision and control, appropriate economic assistance in the degree corresponding to progress made toward creating the essential conditions of internal stability.

d. Continue to assume responsibility for the external defense of the Islands and be prepared to commit United States forces, if necessary, to prevent communist control of the Philippines.[3]

[Enclosure]

National Security Council Staff Study

TOP SECRET [WASHINGTON,] November 9, 1950.

[NSC 84/2]

THE POSITION OF THE UNITED STATES WITH RESPECT TO THE PHILIPPINES

THE PROBLEM

1. To determine the position of the United States with respect to the Philippines.

ANALYSIS

United States Interest in the Philippines.

2. The relationship, the military commitments, and the moral obligations of the United States to the Philippines are unique. The United States was responsible for the creation of the Philippine state and the independence and stability of the Philippine Republic are a fundamental interest of the United States. It is implicit in the agreement of March 14, 1947 that the mutuality of interests of the U.S. and the Philippines calls for common action, if necessary, to maintain the security of the Philippines.[4]

3. The independence of the Philippines testifies to the recognition by the United States that nationalism in Asia is a basic reality which cannot be ignored. Failure of the Philippines to maintain independence would discredit the United States in the eyes of the world and seriously decrease U.S. influence, particularly in Asia. Collapse of the present Philippine Government or any constitutional successor might

[3] The clause "and be prepared to commit United States forces, if necessary, to prevent communist control of the Philippines" was not included in NSC 84/1. The addition of the clause was proposed by the Joint Chiefs of Staff and was approved by the National Security Council at their meeting on November 9.

[4] In NSC 84/1, the final sentence of this paragraph read as follows: "The security and defense of the Philippines are guaranteed by the United States under the terms of the agreement of March 19, 1947, between the two countries." The revised sentence printed here resulted from an amendment adopted by the NSC Staff and further modified by the National Security Council at their meeting on November 9.

immediately and probably would eventually result in seizure of governmental power by the communists. Failure of the Philippine Government to maintain its pro-U.S. orientation would also probably result in the early seizure of governmental power by the communists. Such an eventuality would seriously increase the danger of communist control on the mainland of Southeast Asia and in Indonesia.

4. It is the policy of the United States to strengthen its position in the Pacific area, particularly with respect to the Philippines, Japan and the Ryukyus. As Japan reassumes her position as an independent Pacific nation, the United States favors the establishment of friendly political and economic relations between Japan and the Philippines and hopes that the simultaneous sound development of these two nations will contribute to the stability of the Pacific area.

U.S. Security Considerations.

5. The Philippines are an essential part of the Asian off-shore island chain of bases on which the strategic position of the United States in the Far East depends. The threat of further communist encroachment in Formosa and Southeast Asia renders it imperative that the security of the Philippines be assured. The United States is committed to the external defense of the Islands and cannot permit them to be taken by aggression or internal subversion. The strategic importance of the Philippines to the United States is such as to justify the commitment of United States forces for its protection should circumstances require such action.

6. From the viewpoint of the USSR, the Philippine Islands could be the key to Soviet control of the Far East. Soviet domination of these Islands would seriously jeopardize the entire structure of anti-communist defenses in Southeast Asia and the offshore island chain, including Japan. Therefore, the situation in the Philippines cannot be viewed as a local problem since communist domination would endanger the United States military position in the Western Pacific and the Far East.

7. From the military point of view, the immediate security interests of the United States in the Philippine Islands include occupied installations, certain bases under treaty provisions not now occupied or in use, and U.S. armed forces personnel and material. In addition, there are other areas in the Islands which may be needed for operational use.

8. There is implicit in the United States-Philippine Agreement of 1947 authority for the United States to determine the garrison strength required for the local protection of United States bases in the Philippines.

9. Military intervention in the Philippine Islands would be justified only on the basis of a clear, present, and over-riding military necessity.

Such a necessity cannot now be demonstrated. Although there may be some reason for concern regarding the local security of United States installations in the Philippines, strengthening of the Joint U.S. Military Advisory Group (JUSMAG), Philippines, has been accomplished and it is expected that it will contribute to the internal security of the country and to the security of U.S. installations. Present conditions do not indicate a requirement for stationing additional Army units there.

External Security.

10. External threats to the Philippines appear to be relatively remote at this time. An enemy invasion does not appear feasible at this time and, in all probability, would not be undertaken unless Formosa had first come under communist control. In view of the U.S. commitment for external defense of the Islands, a sound Philippine military policy justifies maximum emphasis on effective forces required for internal security and, under existing conditions, minimum expenditure for defense against external invaders.

Internal Security.

11. The sole apparent military threat to the internal security of the Philippine Republic at present lies in the guerrilla operations of the Hukbalahaps (Huks), who now call themselves "Peoples Liberation Army". Although on the basis of military factors *alone* the Huks lack the capability to acquire control of the Philippines, their continued existence, growth, and activities reflect the ineffectiveness of the Philippine armed forces and the generally unsatisfactory social, economic, and political situation in the Philippines.

12. The large Chinese minority in the Philippines is a potential source of subversion. As the influence of the Chinese communists becomes greater in Asia this important ethnic group might contribute to a situation in which an armed and militant communist minority could seize power from a corrupt and discredited regime.

13. Opposed to the Huks are some 26,000 [5] relatively well-armed troops who are supported by the civil police. JUSMAG, Philippines, is now engaged in assisting and stimulating the Philippine armed forces. If these forces are trained, adequately equipped, and financed, they can develop the military capability for the eventual elimination of the Huks. In fact, the Philippine armed forces, in accordance with present plans, should, by aggressive and well-directed action and leadership, be able to eliminate the Huks as a serious threat within one year, provided that the Huks receive no substantial materiel support from outside and provided further that the political situation in the Philippines can be stabilized.

[5] In early versions of this staff study, the number 33,000 was used at this point.

Political Considerations.

14. Denial of the Philippines to communist control depends not only upon military measures but even more upon prompt vigorous political and economic action. The present situation in the Philippines is of such gravity that military assistance may prove unavailing unless solutions are found rapidly for the pressing political and economic problems now facing the country.

15. The Philippine Government has lacked the courage and initiative to take bold, vigorous measures to wipe out corruption in government, to create a stable administrative system and to encourage confidence in the government and in the future of the country on the part of the people. Leadership in the Philippine Government has been largely in the hands of a small group of individuals representing the wealthy propertied class who, except in isolated instances, have failed to appreciate the need for reform and the pressures generated among the less prosperous and more numerous groups of the population.

16. The leadership of the Philippine Government, while friendly to the United States, is extremely sensitive and suspicious of actions by the United States which would appear in Philippine eyes to be an infringement of national sovereignty. Not only Philippine public opinion but Asiatic opinion generally would prove particularly sensitive to any step by the United States which could be interpreted as implying a revocation or abridgment of Philippine independence.

Economic Considerations.

17. Due to the effect of the war and the failure of the Philippine Government to take adequate measures to increase productive efficiency since the war, the economic situation in the Philippines has deteriorated to a grave degree. The basic economic problems in the Philippines are inefficient production and extremely low incomes. Although substantial recovery in production occurred after the liberation, agricultural and industrial output per capita is still below the pre-war level, government finances have become steadily worse and are now critical, and the international payments position of the country is seriously deteriorated.

18. In agriculture, the area under cultivation was brought to the pre-war level and the livestock population partially restored. However, almost nothing was done to open new lands for the increased population, to improve methods of cultivation, or to better the position of farm workers and tenants.

19. The opportunity to increase production efficiency and to raise the standard of living during the post-war period has been wasted, largely due to misdirected investment and excessive imports for con-

sumption. Inequalities in the Philippines, always large, have become greater during the past few years while the standard of living of the mass of people has not reached the pre-war level. The profits of businessmen and the incomes of large land owners have risen considerably.

20. The deterioration of the economic system has caused a widespread feeling of disillusionment among the population. Most agricultural and industrial workers have no faith that the economic position can or will be improved. Filipino as well as foreign businessmen are fearful of the economic future of the country. The uncertainties created by these doubts are strengthened by the recent tendency toward unemployment.

21. The communist-led Hukbalahap movement has taken advantage of the deteriorating economic situation and exploited the antagonistic attitudes of the people toward the government in order to incite lawlessness and disorder.

22. The President of the United States dispatched to the Philippines an Economic Survey Mission, which has completed an exhaustive survey of the Philippine economic situation and has submitted recommendations for improvement.[6] The Mission's recommendations contemplate governmental reforms, reorganization and improvement of agricultural and industrial production, increased rates of taxation, and more efficient collection of taxes.

23. The Mission stresses the necessity of a program of widespread social and economic reforms, which, coupled with increased production and more competent management, the Mission finds necessary to restore the elements of sound and stable government. The Mission recommends, contingent upon the institution of these reforms by the Philippine Government, a substantial program of financial assistance through loans and grants to be carried out under supervision by representatives of the United States Government.

Method of Action.

24. The security interests of the United States require that the Philippines become and remain stable, anti-communist, pro-American, and an example for the rest of the world of the intention of the United States to encourage the establishment of progressive and responsible governments. This entails the reassertion of U.S. influence to the extent required to eliminate prevalent corruption, provide efficient administrative services, and restore public faith in the concept of government in the best interests of the people.

25. Owing to the extreme sensitivity of Philippine officials and the

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[6] For the Report to the President by the United States Economic Survey Mission to the Philippines, October 9, see p. 1497.

people in general on the question of their national sovereignty, the extent and manner in which the necessary influence is brought to bear on the Philippine Government to accomplish essential reforms presents to the United States Government a most difficult and delicate problem. It is not to be expected that broad social and economic reforms can be brought about quickly or easily, even with the best of intentions on the part of the Philippine Government. Extreme care must therefore be exercised in the methods used to persuade the Philippine Government to take the necessary action.

26. It would appear, however, that this Government has no choice except to attempt to help the Filipinos bring about the necessary reforms since to do nothing would result in disaster. It should be made clear that disaster can be avoided by vigorous action on the part of the Philippine Government accompanied by the economic and advisory assistance which the United States will be prepared to extend.

CONCLUSIONS

27. The United States has as its objectives in the Philippines the establishment and maintenance of:

a. An effective government which will preserve and strengthen the pro-U.S. orientation of the people.

b. A Philippine military capability of restoring and maintaining internal security.[7]

c. A stable and self-supporting economy.

28. To accomplish the above objectives, the United States should:

a. Persuade the Philippine Government to effect political, financial, economic and agricultural reforms in order to improve the stability of the country.

b. Provide such military guidance and assistance as may be deemed advisable by the United States and acceptable to the Philippine Government.

c. Extend, under United States supervision and control, appropriate economic assistance in the degree corresponding to progress made toward creating the essential conditions of internal stability.

d. Continue to assume responsibility for the external defense of the Islands and be prepared to commit United States forces, if necessary, to prevent communist control of the Philippines.[8]

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[7] In NSC 84/1, this paragraph included the following additional phrase: "and deterring external aggression." At their meeting on November 9, the National Security Council modified the paragraph to make it correspond with the amended statement of policy (*supra*).

[8] The phrase "and be prepared to commit United States forces, if necessary, to prevent communist control of the Philippines" was not included in NSC 84/1. At their meeting on November 9, the National Security Council modified the paragraph to make it correspond with the amended statement of policy (*supra*).

896.00/11–1750

Memorandum of Agreement, Between the Administrator of the Economic Cooperation Administration (Foster) and the President of the Philippine Republic [1]

President Elpidio Quirino and the Hon. William C. Foster, as representative of President Harry S. Truman, have agreed to recommend to their respective Governments a program covering the nature and form of the assistance and cooperation which the Government of the United States would have to extend to the Government of the Philippines to assist the latter in the solution of age-old social and economic problems greatly aggravated by the last war, and to bring about a new Philippine era of progress and plenty.

1. It is realized that the Philippines must have greater production, a more diversified economy, and a higher family income for its industrial and agricultural laborers, all of which will greatly contribute to the enhancement of free institutions in the Philippines.

2. The President of the Philippines, highly appreciative of the proferred help on the part of the President of the United States, to bring about social and economic well-being in the Philippines, announces his determination to lead his country in the attainment of this great goal, through total economic mobilization and the bold implementation of measures that will bring about a higher degree of social justice in the Philippines.

3. The main recommendations of the Report to the President of the United States by the Economic Survey Mission to the Philippines [2] will be the basis for serious and immediate consideration by the Philippine Government in order to attain the objectives mentioned above, and may be considered a practical and sound point of departure in working out a program of social, economic and technical assistance and cooperation.

4. To this end, and considering that time is of the essence, the Council of State shall forthwith formulate a legislative program of

[1] The source text was transmitted to the Department of State as an enclosure to despatch No. 708, November 17, from Manila, not printed. The text had previously been transmitted in an unnumbered telegram of November 14, from Manila, not printed (896.00R/11–1450).

Regarding the nature of Foster's mission to the Philippines, see telegram 1200, November 8, from Manila, and footnote 1 thereto, p. 1512.

This agreement was worked out in negotiations held in Manila from November 9 to 13 between a committee of Philippine representatives headed by Presidential Adviser Yulo and a team of United States representatives including R. Allen Griffin, Chief of the Far East Program Division of the Economic Cooperation Administration, Vinton Chapin, the Chargé in the Philippines, and Vincent Checchi, Assistant Administrator for Programs of the Economic Cooperation Administration.

[2] Of October 9, p. 1497.

the following measures for prompt consideration by the Congress of the Philippines:

A. Tax legislation of an equitable nature designed to balance the budget and build up a surplus to gradually eliminate previous deficits and at the same time to help in counteracting inflationary trends. It is estimated that, in order to be able to take advantage fully of U.S. aid, it will be necessary to fix as an immediate goal a total of not less than 565 million pesos in tax revenues. It is proposed that new and increased taxes go into effect January 1, 1951.

B. A minimum wage law for all agricultural workers as the first step towards labor and rural legislation designed to raise the level of wages especially in agricultural areas and to improve the living conditions of agricultural and industrial workers.

C. A joint resolution expressing the general policy of Congress to accelerate the carrying out by Congressional enactment of the social reforms and economic development measures recommended by the Economic Survey Mission to the Philippines.

5. The United States Government agrees, at the request of the Philippine Government expressed herewith, to furnish with the least possible delay technical assistance, particularly in the fields of taxation and revenue collection, social legislation and economic development, to act in an advisory capacity to the appropriate departments or agencies of the Philippine Government.

6. Both Governments will appoint their respective committees to resume the negotiations for a Treaty of Friendship, Commerce and Navigation. It is assumed that these negotiations will re-examine at the same time the provisions of the present Trade Agreement. It is realized that the Philippines needs special U.S. assistance in trade and privileges for several years.

7. Each government will be represented in matters of social and economic assistance and cooperation by its own commission, as follows:

A. A Philippine Council for U.S. Aid will represent the Philippine Government in its relationship with the agency selected by the United States Government (the ECA) to represent the assistance and cooperation program.

B. The ECA will be the agency of the United States Government to collaborate with the Philippine Council for U.S. Aid. Its functions will be to advise with the Philippine Government, through the said Philippine Council, in planning the use of American social, economic and technical assistance and cooperation, and in advising and assisting the Philippine Government in carrying out the general aims and recommendations of the Economic Survey Mission to the Philippines.

8. In consideration of the determination of the Philippine Government to act boldly and promptly on the major program designed to fulfill the aspirations of the Filipino people, the President of the United States intends to recommend to the United States Congress

the appropriation of the necessary funds that will be required for a social, economic and technical assistance program which will require several consecutive years of substantial aid, envisioned in the report of the Economic Survey Mission at 250 million dollars.

9. It is understood that, subject to such modifications as may be agreed upon by the two countries, the operation of the ECA in the program in the Philippines will be along general lines already established by the ECA in its relationships with other sovereign states.

10. A bilateral agreement will be negotiated between the two governments to give force and effect to the pertinent paragraphs above.

DONE at the City of Baguio, November 14, 1950.

WILLIAM C. FOSTER
Representative of
President Harry S. Truman

ELPIDIO QUIRINO
President of the Philippines

896.00/11–1750 : Telegram

The Chargé in the Philippines (Chapin) to the Secretary of State

CONFIDENTIAL MANILA, November 17, 1950—3 p. m.

1308. Melby [*Chapin?*] for Ambassador Cowen. As you are aware results of negotiations as finalized in memorandum agreement signed by President Quirino-Foster in Baguio [1] were not in accord with Department's views particularly re ECA assuming agency responsibility for implementation Bell report. When Foster first arrived in capacity personal representative of President Truman his terms of reference as approved by President indicated broad negotiating authority with direct relationship to report. While ECA was not specifically mentioned in terms of reference Foster in memorandum approved by President expressed his purpose to explain to Quirino that other countries receiving aid from US had not considered US Congressional stipulation to certain commitments undertaken in bilateral agreements as either unique or discriminatory. The negotiations of a bilateral agreement is the last point in the Baguio undertaking.

In addition to sense of terms of reference the fact that Foster, specifically for Philippine negotiations, was surrounded only by ECA associates, gave negotiations ECA base from the start. We tried to keep Department informed over Armistice Day weekend when discussions were at Yulo-Griffin level and text for final negotiation between Quirino and Foster, together with points of outstanding differences were cabled Niact to Washington.[2] Unfortunately Depart-

[1] *Supra.*

[2] Reference here to telegrams 1237 and 1238, November 11, from Manila, neither printed (896.00(R)/11–1150).

ment's very definite and well taken views [3] arrived and were made available to us in Baguio only after agreement had been signed.

While this highly regrettable, purpose this message is to suggest you recommend that State representative experienced in special techniques be sent Manila on next occasion to assist negotiations of bilateral agreement unless, with concurrence Philippine Government, some other device to formalize Baguio understanding is adopted in modification of now existing undertaking.[4]

CHAPIN

[3] Telegram 897, November 13, to Manila, not printed, which was approved by Under Secretary of State Webb, Assistant Secretary of State Rusk, and Deputy Assistant Secretary of State O'Gara, commented in detail upon the draft memorandum agreement on United States-Philippine economic cooperation. The Department of State was dissatisfied with the failure of the draft agreement to provide for an emergency session of the Philippine Congress to deal with urgent economic legislation. The Department of State also saw no reason why the agreement should specify the Economic Cooperation Administration as the agency through which the United States would deal with the Philippines on economic development. The Department of State was also convinced that the agreement must include a stronger statement concerning United States control of expenditures under the economic assistance program in order to ensure accomplishment of mutually agreed objectives (896.00(R)/11–1150).

[4] Telegram 1288, November 15, from ECA Administrator Foster in Manila for the eyes only of Secretary of State Acheson, not printed, explained that the advice of the Department of State to omit mention of the Economic Cooperation Administration in the memorandum of agreement with the Philippines was only received after the agreement was signed. Foster thought the advice in any case would have been impracticable because the willing attitude of the Philippine Government was largely due to its favorable view of the ECA activities in Europe. Moreover, Foster felt he had a clear understanding from Secretary of State Acheson, informally from President Truman, and from Presidential Assistant W. Averell Harriman and Assistant Secretary of State Rusk that the ECA would administer any large-scale aid program to the Philippines (896.00(R)/11–1550).

In his telegram Toeca 856, November 17, from Taipei (where he had gone following the conclusion of his mission to the Philippines), not printed, Foster reported that President Quirino had personally pledged to convene a special session of the Philippine Congress in order to enact new tax legislation. Foster assured that there had been complete coordination between ECA and Embassy officials during the negotiations with Philippine representatives (Manila Embassy Files: 500 Foster Mission).

896.00–R/11–1750 : Telegram

The Secretary of State to the Embassy in the Philippines

CONFIDENTIAL WASHINGTON, November 17, 1950—6 p. m.

951. Eyes only Chapin. Deptel 897 Nov 13. Dept seriously concerned over omission Foster–Quirino agreement [1] to specify special session of Congr and date therefor. Even though Quirino may have had personal polit reasons for desiring this omission Dept considered and still considers this undertaking on his part as one of most important points he cld have made as evidence his determination and good faith.

[1] *Ante*, p. 1521.

His oral undertaking with Foster that he wld call special session in Dec only half satis and will be completely unsatis if he pursues his customary dilatory tactics and postpones session until late Dec.

Pls seek earliest opportunity discuss this matter with him and to make clear that US Govt confidently expects him to convene special session first week Dec.[2]

As you will have gathered from reference tel misunderstanding has arisen between Dept and ECA over division of responsibility. This misunderstanding now in process of being straightened out. For your info only and unless you receive instr to contrary you may proceed upon assumption that full responsibility for implementation Bell program and collateral matters rests with Dept and Emb and that ECA has been designated responsibility for implementation econ aid program under supervision of Emb and for such other phases of the program as Dept in future may opportunely designate.

ACHESON

[2] Telegram 1324, November 18, from Manila, not printed, reported that President Quirino that morning assured Chargé Chapin that he would recommend a special session of the Philippine Congress in accordance with his Baguio commitment (796.21/11–1850). The first part of the special session of the Congress was held, December 4–22, 1950, but it adjourned without passing tax or wage legislation.

896.00(R)/11–3050 : Telegram

The Secretary of State to the Embassy in the Philippines

SECRET PRIORITY WASHINGTON, December 1, 1950—3 p. m.

1066. Re last para Embtel 1459, Nov 30.[1] From State, Treas, and ECA for Chapin, May and Checchi.[2] Foster's memo approved by Pres Truman states tax legis as outlined in Bell Report believed essential first step toward preparing conditions in which aid program can be effective.[3] NAC action NR 431, para one, indicates Phil Govt shld be informed Council considers program to produce additional revenue at least 200 million pesos appropriate condition precedent to granting large scale financial aid.[4] Considered desirable you make perfectly clear to Phil Govt that US Govt regards tax legis essential

[1] Not printed; it reported on the rapidly mounting opposition in the Philippines, including by the American business community, to proposed tax increases (896.00(R)/11–3050).

[2] On November 23 Vincent Checchi was temporarily designated Special Representative of the Economic Cooperation Administration in the Philippines.

[3] Presumably the reference here is to Foster's memorandum of November 2 to President Truman, identified in the editorial note, p. 1511, which served as the terms of reference for the Foster Mission to the Philippines.

[4] The reference here is to an action taken by the National Advisory Council on International Monetary and Financial Problems at its meeting on October 31.

precedent to granting large scale financial aid and to effective utilization such aid.

Last sentence reference tel appears reflect misconception US Govt position re inclusion or exemption invisibles in proposed 25 percent exchange tax. While Dept in Dept tel 1008 [5] expressed preference inclusion invisibles, essential you shld inform Phil Govt that US Govt regards inclusion or exemption as solely matter for determination by Phil Govt, which is not to regard such expression as limiting or intending to limit complete freedom judgment and action Phil Govt in presenting fon exchange proposal tax to US President and IMF.

Subsequent tel fols on approach to Amer business community.[6] [State, Treas and ECA.]

ACHESON

[5] Not printed; it gave the Department of State's views on the desirability of a Philippine tax on foreign exchange as against a tax on imports (896.00/11–2150).

[6] Telegram 1438, November 28, from Manila, not printed, reported that the American Chamber of Commerce in the Philippines had presented a memorandum to the Embassy protesting features of the proposed Philippine tax program which discriminated against Americans (896.00/11–2850). Telegram 1141, December 8, to Manila, not printed, stated that the Department of State was convening a meeting of December 11 with leading American businessmen with Philippine interests in order to discuss the current Philippine situation and stress the urgent necessity of temporary import or exchange taxes as an essential step in the stabilization of the Philippine economy (896.00R/12–850).

896.06/12–250 : Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, December 2, 1950—4 p. m.

1083. Dept regards Manila port area situation as matter of great importance and while concerned over possibilities labor violence believes principles involved so significant that Phil Govt must meet challenges of racketeering labor bosses and their political supporters. Accordingly at ur discretion Dept suggests that you call to Quirino's attention labor recommendations Bell Report [1] concerning freedom of trade unions from domination by Govt and racketeering by labor unions, point out Dept's concern over waterfront situation, and state that effective Phil Govt action at this time wld go long way towards convincing Dept and US Congress of Phil Govt sincerity in imple-

[1] Of October 9, p. 1497.

menting Bell recommendations. Dept favors recommendation expressed concluding paras McKelvey memo Nov 20 [2] that Court Industrial Relations shld order holding of election of waterfront employees to determine which union shld represent them. Such union wld then be one to which Delgado [3] as co awarded contract wld deal. Vigorous action by Phil Govt to preserve law and order will undoubtedly be necessary during election and subsequently, but current situation is such that only way avoid violence is to surrender to UOEF.[4]

Dept realizes this extremely delicate situation and wishes you to use ur discretion as to means of accomplishing our objectives.

At same time you shld point out again to Quirino that Dept does not regard Figueras as suitable person to carry out labor reforms and to be Secy of Labor (Deptel 865 [5]). Attn shld be called to info contained ur 1382 Nov 24,[6] and cancellation of registration of member union of Fed Free Workers (Ur 1423 [6]) as most recent evidence of undesirable interference.[7]

Dept will discuss with Romulo at earliest opportunity urtel 1447.[8]

ACHESON

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[2] Graham M. McKelvey was Labor Attaché to the Embassy in the Philippines. His memorandum under reference here has not been further identified.

[3] Delgado Bros., Inc., a Philippine stevedoring firm, operated the United States Military Port of Manila.

[4] The *Union de Obreras Estivadores de Filipinas* (UOEF) was described as a target for criticism for various forms of labor racketeering in despatch No. 1230, February 23, 1951, from Manila, not printed (896.06/2–2351).

[5] Telegram 897, October 11, from Manila, not printed, reported that President Quirino had accepted the resignation of Philippine Secretary of Labor Primitivo Lovina and had announced the designation of Under Secretary of Labor José Figueras to serve as Acting Secretary. The Embassy reported that most Philippine labor leaders opposed Figueras, that Figueras apparently intended forcibly to create a government-controlled labor front, and that he had an unsavory wartime and government service record (896.06/10–1150). Telegram 865, November 10, to Manila, not printed, agreed that the Figueras appointment was unfortunate in view of United States plans to insist that the Philippine Government institute labor reforms in accordance with the recommendations of United States Economic Survey Mission to the Philippines. The Department of State did not feel it could recommend any specific course of action in such a delicate matter, but it authorized ECA Administrator Foster to indicate to President Quirino the official American dismay over the Figueras appointment (896.06/10–1150).

[6] Not printed.

[7] In telegram 1538, December 6, from Manila, not printed, Chargé Chapin reported that he had that day found President Quirino responsive to the considerations mentioned in the telegram printed here and determined on his own account to do away with racketeering and exploitation of labor. There was, however, no intimation by Quirino that he had any immediate plans to remove Figueras (896.06/12–650).

[8] Not printed; it reported indications that Figueras was likely to continue in his position as Acting Secretary of Labor, and it recommended that the question be discussed with Foreign Secretary Romulo in the United States (796.13/11–2950).

795.5 MAP/12–2550 : Telegram

The Chargé in the Philippines (Chapin) to the Secretary of State

SECRET PRIORITY MANILA, December 25, 1950—noon.

1771. Reference Deptel 1257, December 22 [1] and Embtel 1763, December 22.[2] After discussion with General Hobbs [3] our joint view is that immediate deliveries balance FY 1950 plus FY entire 1951 including supplemental MDAP coupled with outright financial assistance into certain initial support will have effect:

(1) Materially speeding up dissident suppression program;
(2) countering Huk expansion plans.

MB and JUSMAG feel that actual financial assistance in circumstances is necessary to success program in view precarious economic situation Philippines. Hobbs gives tentative estimate at $25,000,000; detailed estimates can be supplied later.

Ten additional combat teams have been considered for sometime in advance planning for MDA program; speedily formed, implemented and equipped and with good leadership, they should be sufficient for the job at hand.

Letter from Hobbs to JCS dated December 21 copy of which pouched to Department under covering concurring Embassy despatch December 23 [4] urges in strongest terms immediate implementation of above points namely deliveries now FY 1951 and FY 1951 supplemental MDAP together with outright financial assistance for military forces.

CHAPIN

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[1] Not printed. It stated that on December 21 Philippine Foreign Secretary Romulo asked the Departments of State and Defense to assist the Philippines in the creation of 10 additional battalion combat teams to combat the Huks. The Embassy was asked to ascertain urgently the views of JUSMAG authorities regarding the extent of American aid needed in such a project, its desirability and adequacy, and the actual objectives of the Philippine Government (796.5/12–2250).

[2] Not printed; it reported on a proposed Philippine program to reorganize the armed forces (796.55/12–2250).

[3] Maj. Gen. Leland S. Hobbs, Chief of the Joint United States Military Advisory Group to the Philippines.

[4] Neither the despatch under reference here, despatch No. 893, December 22, from Manila, nor the enclosed letter from Major General Hobbs of December 21, are printed (796.5–MAP/12–2250).

THAILAND

UNITED STATES RELATIONS WITH THAILAND

611.92/10–1550

Policy Statement Prepared in the Department of State [1]

SECRET [WASHINGTON,] October 15, 1950.

THAILAND

A. OBJECTIVES

The principal US objectives in Thailand are: to strengthen ties of friendship and trust between Thailand and the US; to include Thailand, as a supporter of US policies, wherever possible in the various organizations of the UN; and to help Thailand establish itself against Communist forces in the Far East by encouraging it in every feasible way to achieve (1) internal political stability, (2) a strong and solvent economy, and (3) a situation wherein the average Thai citizen might have the maximum benefit possible for modern technological advances.

B. POLICIES

The threat of Communism is ever present in the minds of Thai politicians. They see the Communist movement as one of the two major political forces in the Far East with which they must come to terms, the other force being western democracy. It has been traditional Thai procedure to balance the political forces which beset Thailand in order to remain independent. If one force became strongly dominant, Thailand in the past has opportunistically made terms with that force in order to survive. Until overt Communist aggression commenced in Korea on June 25, 1950, it was believed that Thailand was continuing her traditional policy for survival. Some Thai leaders were making public comment to the effect that little aid could be expected from the western democracies against the forces of Communism, and that therefore Thailand should prepare to resign itself to a period of Communist domination. Their fears were based on the success of the Communists in China and the continuing strength of the Communist-led Viet Minh forces in Indochina.

Thailand's Government, however, undertook a departure from its traditional policy of balancing political forces, when on February 28,

[1] Policy statements on various countries were prepared and updated periodically in the Department of State.

1950, it officially recognized the Governments of Laos, Cambodia, and Vietnam, thus aligning Thailand against the forces of Communism in Indochina. Thailand has also resolved not to recognize the Chinese Communist Government and is prepared to resist its entry into the United Nations. An even more decisive move was made by Thailand on July 21, 1950 when it became the second nation (China was the first) to offer ground troops to the United Nations in support of UN forces in Korea. Thailand has thus irrevocably severed its ties with Communist countries and committed itself positively to the cause of the free nations.

The US has attempted to consolidate Thailand's position among the non-Communist nations and has opposed infringement by other states on Thailand's political and economic sovereignty. It has also attempted by various means to promote Thai prosperity as an example to the emerging states of Southeast Asia of the advantage of good relations with the US, and the advantages of democracy over Communism. In formulating our policy toward the Thai Government we have kept the UK and France informed on certain matters of mutual interest so that all might act along similar lines when necessary.

The frequent changes of government in the past have tended to weaken Thailand's defense against Communism. Since World War II there have been nine administrations. The present government, however, has been longer-lived than any of its predecessors and gives promise of continuing at least until the next general election, to be held about December 1952. The Prime Minister, Phibun Songgram, achieved control of the nation by a *coup d'état* on November 28 [7–8], 1947 and made himself Prime Minister on April 8, 1948. Although he was Prime Minister during World War II and actively collaborated with the enemy, declaring war on the UK and the US, he has conducted his Government in a manner friendly to the US and has openly declared himself opposed to communism.

It has become increasingly evident that effective resistance to Communism must be based on widespread internal public support within the country. It is equally evident that the US cannot create that support; primary responsibility must be assumed by the government or by the anti-Communist leadership of the country itself. Our Ambassador has frequently expressed as strongly as possible US interest in stable government in Thailand, urging the Prime Minister and other officials to reconcile the dissident political groups for the good of the nation. During the frequent changes of government the US has carefully avoided supporting any one political group against the others.

It is now US policy to provide military aid to Thailand, to the amount of $10,000,000 in the fiscal year 1950. In view of the world

situation, active consideration is being given to the necessity of providing further military aid in 1951. So that our military aid should not become a disturbing factor in the internal political situation in Thailand, the arms are given on a balanced ratio to the various armed services. The effect is to increase the strength of the Government with respect to dissident elements amongst the Chinese or Viet Minh, without impairing the dominant position of the Government over those Thai elements which might desire a *coup d'état.* Military aid, therefore, not only tends to assure the independence of action of Thailand in opposition to external communism but also to stabilize the internal political situation.

The Thai Ministry of Defense has been studying the organization and administration of the US Services in order to lay plans for the reorganization of the Thai Army, Navy and Air Force in accordance with US practices. In connection with military aid to Thailand, a military mission of a technical nature will be dispatched to instruct the Thai military in American practices.

The US Department of the Air Force has for sometime desired to negotiate a military air agreement with Thailand for aviation rights to provide for necessary flights. At present, however, there is an informal arrangement whereby US military air needs are met on an "ad hoc" basis, and it is present policy to delay formalizing the agreement in order to avoid jeopardizing the present satisfactory informal arrangements and to save Thailand from the multiple difficulties which would arise if other nations—possibly less friendly than the US—sought similar air rights.

In the belief that a nation which stands alone is especially susceptible to Communist attacks from both within and without, the US has sought to draw Thailand fully into the activities of UN organizations. This task has been helped by the fact that Thailand is located on the air crossroads of the Far East—sixteen airlines use Bangkok as a transit point. The US has encouraged the establishment of regional offices at Bangkok of such UN organizations as the Food and Agriculture Organization, the International Rice Commission, and the Economic Commission for Asia and the Far East (ECAFE), and the Thai Government has given a warm welcome to them. Thai delegates are encouraged to take an active part in other organizations which convene in other parts of the world. In general Thailand follows the US position in controversial matters before UN organizations.

In order to help the Thai public form a broader view of the world situation and of US actions, we are using the instruments of press and radio, a library, educational films and study materials, and pamphlet and magazine distribution. The US is encouraging the exchange of

students and technical experts; and the US and Thai Governments have signed a Fulbright Agreement.[2]

Special attention is being devoted to countering Communist propaganda activities which are in a large part promoted by segments of the Chinese minority in Thailand. Special pamphlets and press materials are prepared in Chinese for this group.

Thai cultural traditions place a low premium on trade and industry. For many generations these activities were largely the province of alien trading communities, particularly Chinese, and in more recent times European, especially British. Hence, in a special sense, Thailand's economic policies have been largely means through which Thailand successfully pursued its major and modest objective of preserving its independence, since direct governmental interests in economic affairs was relatively small. Thai Government economic positions have traditionally been taken on grounds consistent with the Government's total view of Thailand's political position.

It was thus easy in the past for Thailand to accommodate itself to a world trading system of relatively little governmental intervention in trade and currencies, since a general policy of non-discrimination and grants of non-exclusive rights was in the Thai political interest. But the increasing breakdown of the liberal world economy during the past two decades has encouraged increasing Thai governmental action on economic matters. Related phenomena were the Thai variant of the world-wide intensification of nationalism during the 1930's, which remained consistent in form with the authoritarian Thai political traditions. Hence, in more recent years Thai government practices have continually presented minor points of conflict with our liberal and generally non-discriminatory principles and our private enterprise economy. So long as we are able to preserve, however, the elements of a world economic system based on our own policies, so long will Thai policies be adapted in practice to avoid major points of conflict with so powerful a country as the US.

Thailand is now in the fortunate position of being economically one of the strongest countries in the world, with a relatively high and rising standard of living, favorable terms of trade, a stable price level, no significant fiscal problems, a "sound" currency (even by orthodox standards), and no troublesome internal or external debt structure; furthermore Thailand is evidently able to borrow fairly freely for her capital needs.

It is against such a background that in the recent past we find Thailand rejecting invitations to ITO conferences, rejecting invitations to join in GATT negotiations, and informally stating that Inter-

[2] For the text of the Agreement for the financing of certain educational exchange programs (Fulbright Agreement), signed into force at Bangkok on July 1, 1950, see Treaties and Other International Acts Series 2095, 1 UST 529.

national Monetary Fund recommendations on Thai exchange rate practices are so displeasing that Thailand may withdraw from the Fund. Similar shows of independence have come in various Far East regional UN meetings of ECAFE and the FAO, at which the Thais have opposed regional schemes of economic cooperation.

We will, however, continue to take all reasonable opportunities to encourage full Thai participation in our international arrangements relating to trade and monetary practices. At this particular time, the Thai Government apparently wishes, on most fundamental political grounds, to give evidence of its adherence to US policies and support of US views. For example, it is reported that Thailand is reconsidering its former unfavorable attitude toward GATT, and we will seek for favorable occasions on which to encourage their participation in GATT. Through the meetings of the International Monetary Fund, we will actively encourage serious consideration by Thailand of the recommendations made by the Fund, designed radically to simplify the complex multiple exchange rate practices engaged in by Thailand, although we recognize that the baht-sterling rate cannot be brought into complete accord with the baht-dollar rate in the near future. We shall wish to take special action, however, to ensure that Thailand does not continue its practice of affording a discriminatory rate favoring imports from Japan as against the US, since this does not require full international action. We shall encourage, however, the growing revival of normal trade relations with Japan and, in line with our general policies, encourage all developments that will place such trade upon a more normal basis than does the present quasi-barter agreement.

We have a specific interest in the further economic development of Thailand because it has a politically stable and friendly government. We are particularly concerned to assist its efforts to increase the production of rice, in view of the continued rice shortage in the Far East. To this end, it is necessary for Thailand to develop its technical agricultural services, to improve and extend its control over water supply and to improve its internal transportation system as well as its port facilities. The Thai Government is fully aware of these problems and has taken steps to meet them. We shall cooperate fully within the restrictions imposed by our limited appropriation for economic assistance. With regard to the first of these problems, that of increasing the productivity of her present resources, we shall continue to assist through such means as the ECA program for Thailand, possibly through limited Point IV assistance and through our participation in international organizations. The last-named problems, water control and transportation, involve an increase in the Thai capital plant, and will for the time being be met partly by the ECA

program but largely through a loan from the IBRD, which we have supported and will continue to support.

Through the ECA and other channels for providing technical assistance we will also help to lay the groundwork for exploitation of Thai reserves of non-ferrous ores. We have already given assistance in connection with partial Thai geological surveys and will continue to help Thailand in this respect. The Thai, as well as ourselves, are concerned to create those conditions in the form of investment policies and tax practices which will stimulate US private investment in Thai mineral resources. Encouraged by recent official Thai statements, we shall take every opportunity to clarify and solve these issues.

We are concerned with various Thai Government practices increasing that Government's direct participation in international trade to the exclusion of private enterprise, although we recognize these practices derive from its political position. The Thai Government's monopolization of the rice export trade does not, however, significantly injure any direct American economic interests, and we concede that governmental profits made by this monopoly are a highly convenient fiscal instrument and also constitute a measure of not too inefficient control over the Chinese trading community. We are more concerned with Thai Government activities in the field of petroleum imports, storage and distribution. Continual US intercession has limited Thai restraints on private petroleum interests, and further intercession will undoubtedly be required in the future. We are currently particularly interested in these problems because of our interest in controlling the distribution of war potential matériel in the Far East.

The 1947 Bilateral Air Transport Agreement between the US and Thailand provides adequately for the air rights desired by each country in its respective stage of aviation development.[3] The US Civil Aeronautics Board (CAB) has received applications to conduct trans-Pacific services from two Thai companies, Trans-Asiatic Airlines (Siam) and Pacific Overseas Airways (Siam) Ltd. In the light of available information on the potential air traffic between the US and Thailand, it appeared that the CAB would find it difficult to justify the operations of two Thai carriers to the US as being in the US public interest. The CAB suggested that the Department try to persuade the Thai Government to withdraw its endorsement of one of the two carriers. Largely at the request of the Thai Civil Aeronautics Board, the matter has been held in abeyance pending possible amalgamation of the two Thai carriers. Recognizing that Thailand has the right to designate two carriers under the agreement, the Department will not

[3] For the text of the Air Services Agreement, signed into force at Bangkok on February 26, 1947, see Treaties and Other International Acts Series 1607, 61 Stat. (pt. 3) 2789.

request the Thai Government to waive its rights, but will continue informally to assist the US Civil Aeronautics Board to solve this problem.

C. RELATIONS WITH OTHER STATES

The UK has supported the Phibun Government and generally cooperated with the US in strengthening the economic and military position of Thailand in the face of possible Communist aggression. With the other members of the British Commonwealth, the UK has instituted a Southeast Asia economic assistance program. Thailand was invited to participate in a conference in London in September 1950, to discuss the Commonwealth program. Thai and British military forces have coordinated their efforts to suppress Chinese terrorists along the Malayan border and the UK has provided military equipment for Thailand on a reimbursable basis. Liaison between the Thai and British Governments was highlighted by the conversations between the British Commissioner General in Southeast Asia and Prime Minister Phibun in December 1949.

The UK is also endeavoring to rebuild its economic relations with Thailand. The UK had dominant influence there before World War II because of its large investments and its control of Thai fiscal policies. Since the war British influence in the country's economic life has been somewhat lessened owing to the UK's weakened economic and political position and the fact that the US has been better able to fill Thailand's rehabilitation needs. Nevertheless, the UK has retained considerable influence through the extensive mining and lumber interests of British subjects, through Thailand's favorable trade balances with sterling areas, and through the influence of the British financial adviser to the Thai Government.

The UK has been particularly interested in procuring Thai rice and in March 1950, contracted to purchase 464,500 tons for areas under British control in Asia. Following the devaluation of the British pound in 1949 the Thai Government announced an increase in the sterling price of rice but after vigorous protests by the UK agreed to maintain the pre-devaluation rice price. In May 1950 agreement was reached for settlement in a lump sum of certain British Commonwealth claims against Thailand for war damages to property owned by Commonwealth nationals. The claims were paid through the release of frozen sterling assets in London.

Australia's interest in Thailand as a key area in Southeast Asia has been most evident in the vigorous support that dominion has given to the Commonwealth aid program for Southeast Asia. Australia's principal economic interests in Thailand are in tin mines. By the terms of the Australian-Thai Agreement of April 3, 1946, Australia gained a possible advantage in certain future economic agreements: Thailand agreed to inform Australia before it entered into any economic

agreement with third nations, in order that Australia might have an opportunity to become a party to such agreements.

Relations between India and Thailand are friendly, although Thailand has not been inclined to respond to Indian attempts to assume leadership in stimulating interstate cooperation in Southeast Asia, partly because of fear of Indian hegemony in the area. In 1949 Thai statisticians were sent to India for training. This assistance possibly presages further technical cooperation between Thailand and India.

The return of the border territories in Laos and Cambodia which the Vichy Government, under Japanese pressure, had ceded to Thailand in 1941 brought about some improvement in Franco-Thai relations. Thailand accepted a French invitation to send a military mission to Saigon in September 1948 to discuss problems of border patrol and mutual defense against Communism. Thailand and France raised their respective Legations to Embassies in 1949 as a symbol of their good relations. However, the activities of Indochinese in Thailand in support of the revolutionary movements in Indochina continue to place a strain on relations between France and Thailand. Thailand continues to be a channel for shipments of arms and other supplies to the revolutionaries in Indochina, despite sporadic efforts by the Thai Government to improve border controls in response to French representations. The US has also attempted to impress the Thai Government with the importance of checking this traffic. On the other hand, the Thai Government did assist acceptance of the French-backed Bao-Dai regime by becoming the first Asian state to recognize Vietnam. Apart from the problems created by the dissident movements in Indochina there persists a latent Thai antagonism toward the French which stems from what the Thai consider the historic French encroachments on Thailand's eastern border.[4]

Formal relations between China and Thailand were established for the first time by the Treaty of Amity between the Chinese Nationalist and Thai Governments in 1946. The status of the Chinese minority of some three million in Thailand has been the key issue in the relations between these two countries. The Thai Government has attempted with indifferent success to ease the hold of the Chinese community on the economy of the country and to force assimilation of this important group by restricting occupations to Thai nationals, and controlling Chinese schools and organizations in Thailand. At the same time Chinese immigration quotas have been lowered and there are

[4] For further documentation on the United States policy on Indochina, see pp. 690 ff.

periodic attempts to roundup illegal Chinese entrants. The Chinese minority is posing increasingly critical problems with the growth of Communist influence among the Chinese. The Chinese Nationalist Embassy in Bangkok declined rapidly in influence in 1949–50. The Chinese Nationalist diplomatic mission in Thailand is now headed by a Chargé d'Affaires and the five Chinese Nationalist consulates in Thailand are closed. There is no Thai Ambassador in Formosa.

The newly constituted Chinese Communist Government has leveled several propaganda attacks against the Thai Government alleging mistreatment of the Chinese minority and subservience to the western "imperialists". Meanwhile the Peiping regime has increased its hold on the Chinese community in Thailand by developing the framework of a Chinese Communist apparatus in Thailand designed to exploit favorable political opportunities. The Thai Government has not recognized the Chinese Communist Government.

The termination of US purchases of Thai rice for China under the ECA offshore procurement program resulted in considerable loss in Thailand's dollar income. There are increasing indications that Thai rice is now being shipped indirectly to Communist China.

Relations between Thailand and Japan in the postwar period have centered on the revival of normal trade relations between the two countries. In 1946, at the invitation of SCAP, Thailand dispatched a mission to Japan to buy Japanese textiles. In June, 1948, SCAP invited a Thai trade mission to Japan to negotiate sales of railroad equipment, machinery, textiles, and other commodities in exchange for rice and other Thai products. In December, 1948, Thailand and SCAP signed a $60-million barter agreement for the re-establishment of trade connections along these lines. This was followed by another barter trade agreement in 1949 calling for the exchange of $90,000,000 worth of commodities. Several Japanese trade missions visited Thailand in 1949–50 to promote commerce between the two countries. In August, 1950, SCAP approved the establishment of a Thai diplomatic mission in Tokyo.[5]

Before World War II the Thai conducted negotiations with the USSR concerning the exchange of diplomatic missions. Agreement was reached in December, 1946. A Thai Minister went to Moscow in April, 1947; the Soviet Minister arrived in Bangkok in March, 1948. There have been limited contacts between the Thai Government and the Soviet Legation in Bangkok. The Soviet diplomatic mission conducts an information program in Bangkok and probably maintains covert contact with the Vietnamese and Chinese Communist minori-

[5] For further documentation on United States policy on Japan, see pp. 1109 ff.

ties. The staff of the Soviet Legation was augmented in 1950 by the arrival of eight new members, presumably information specialists. The USSR maintains an office of the Soviet trading company in Bangkok. However, trade has so far been promoted chiefly through Czechoslovakian and Chinese business firms.

The US is following the activities of the Soviet Legation in Bangkok in order to counteract Soviet propaganda and to determine the extent of liaison between the USSR and Communist-led political movements in Thailand and adjacent areas. The US is also interested in Soviet attempts to procure strategic materials in Thailand and possibly to channel rice shipments to Communist-held areas, particularly China. The western orientation of Thailand's foreign policy has minimized the likelihood that the Thai Government will play off the USSR against the US despite occasional rumors of covert Thai dealings with the Soviet Legation.

Thailand's relations with the metropolitan countries controlling adjacent colonies have influenced and complicated its relations with its neighbors in Southeast Asia. Some Thai attempted to lead the countries of Southeast Asia into regional cooperation through the short-lived Southeast Asia League that was organized in Bangkok in September 1947. In 1949 Prime Minister Phibun proposed a conference of Southeast Asian countries but deferred to a similar proposal by President Quirino of the Philippines. The Thai delegate to the resulting Baguio conference was instructed to eschew any military commitments and to emphasize social and economic discussions.[6]

As a member of the United Nations Thailand willingly undertook military obligations in support of the UN and Republic of Korea armies in Korea. Thailand has also been active in other UN activities and organs, particularly such specialized agencies as ECAFE and FAO, both of which maintain regional headquarters in Bangkok.

The Thai Government is apprehensive of the mounting Communist threat in the Far East and has generally cooperated with efforts of the western powers to block Communist expansion. The degree to which these efforts are successful in checking Soviet imperialism will be a determining factor in shaping the pattern of Thailand's foreign relations.

D. POLICY EVALUATION

US policy actions since World War II have been successful in helping Thailand re-achieve a substantial position in the family of nations. We have helped Thailand express its sovereignty in political and economic matters in connection with newly negotiated international agree-

[6] For further documentation on the Baguio conference and attempts to form a Pacific Pact, see pp. 1 ff.

ments. Our active interest in Thailand's rehabilitation has made the country less susceptible to the rising tide of Communism in the Far East. Our support of Thailand in various UN organizations has led it generally to take the US position in controversial matters and Thailand has willingly cooperated in selling her principal products under international allocations as desired. The fact that Thailand is the only comparatively peaceful area on the Far Eastern mainland from Korea to India is significant. A continuation of present US policies toward Thailand should help it remain free from Communist domination and should strengthen the bonds of friendship between Thailand and the US.

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