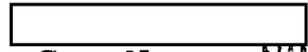


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30 September 1954



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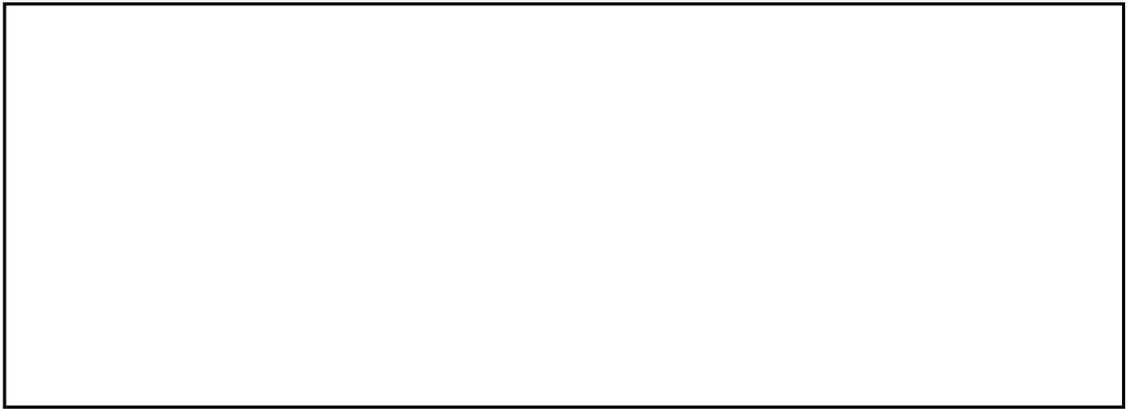
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CENTRAL INTELLIGENCE AGENCY



DIA and DOS review(s) completed.

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* * * *

[Redacted]

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[Redacted]

GENERAL

1. Menon broaches new UN membership plan:

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[REDACTED] Ambassador Lodge reported on 28 September that India's chief UN delegate, Krishna Menon, had approached him with a new UN membership proposal. Lodge added that he was skeptical of Menon's assurances that the proposal was a personal idea.

Menon proposed that:

(a) The General Assembly adopt a resolution assuring election to UN membership of all nations which had received seven votes in the Security Council;

(b) The Security Council meet promptly and vote on applications in accordance with this new procedure, which would in effect eliminate the veto;

(c) The United States and the USSR reach an understanding which would alternately grant membership to a group of American-supported states and one state in the Soviet group. "States like Japan and North and South Korea would not be considered at this time."

Comment: Menon's proposal, which would make UN membership applications a procedural matter not subject to the veto in the Security Council, conforms to the position taken by various UN groups studying the membership problem. The USSR has opposed such an interpretation.

In the past, most Western nations, including the United States, have opposed proposals which, like Menon's, involved package deals.

2. Comment on Soviet delegation to Peiping anniversary celebration:

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[REDACTED] The Soviet delegation to Peiping's fifth anniversary celebration, which includes

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Khrushchev, Bulganin, Mikoyan, Shvernik and the editor of Pravda, is the highest-ranking group known to have journeyed outside the USSR since the 1947 opening of the Cominform in Warsaw. Moreover, this is the first time any top Soviet party leader has made a public visit to China. Sending of this delegation thus provides overt demonstration of the importance the USSR attaches at this time to its alliance with China. The Satellites are also sending high-level delegations, which include North Korea's Kim Il-sung and the first secretaries of the Polish and Rumanian Communist Parties.

The dispatch of this galaxy climaxes a growing public acknowledgment by the present Soviet regime of the increased status of China and Mao in the Communist world.

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[redacted]

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4.

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SOUTHEAST ASIA

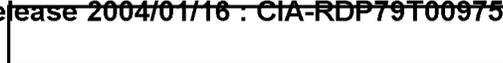
5. French say Bao Dai balks at endorsing Diem's new cabinet:

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Bao Dai has expressed displeasure at French-American insistence that he endorse the Ngo Dinh Diem government,

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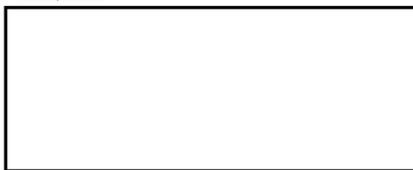
according to an official of the French Ministry for Associated States. The chief of state is said to have told Maurice Dejean, who presented the joint demarche, that the maintenance of Diem in power would only further the Viet Minh cause. Bao Dai also proposed a new government headed by General Nguyen Van Xuan.

Comment: Xuan, a French citizen, resigned as defense minister last week after occupying the post for seven days. It is doubtful that Bao Dai trusts him, but he might consider his appointment a good way to prevent the consolidation of power under Diem and the consequent curtailment of his power and privileges as chief of state.

Maurice Dejean, during his tenure as commissioner general in Indochina, favored the political fortunes of certain Cochinchinese opportunists, of whom Xuan is one.

6. Mendes-France reported pressed to co-operate with Ho Chi Minh:

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An influential group close to Mendes-France is pressing for the abandonment of the nationalists in south Vietnam and for close co-operation with Ho Chi Minh,

according to a 26 September report from the American embassy in Paris. The embassy adds that there is as yet no indication as to whether or not the premier will accept this advice.

Comment: French commissioner general Ely told American officials in Saigon on 24 August that Mendes-France originally had in mind a "special policy" for the Viet Minh, but had decided to give unqualified support to the anti-Communist forces. Evidence from Saigon indicates, however, that France hopes to do business with the Viet Minh and that it has attempted to replace the nationalistic Diem government by a more pro-French group.

7. French report extensive Viet Minh military build-up:

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[redacted]

The Viet Minh has formed 25 new infantry and four heavy weapons battalions since Geneva, according to figures given the American army attaché in Saigon by [redacted]

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French estimate that by the end of 1954 the Viet Minh will have virtually doubled its divisional strength from the pre-truce level of six infantry and one heavy weapons divisions. Much of this strength has come from regional forces.

The army attaché believes the Viet Minh is attempting to develop a modern army trained for large-scale operations. These forces could be used to intimidate voters in the 1956 elections or, if the elections are lost or canceled, could be utilized in extensive military operations.

Comment: The cease-fire agreement does not preclude the formation of new units, but forbids any increase in materiel. The Viet Minh since Geneva has already received from China large quantities of supplies essential for a military build-up of this scope. [redacted]

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[redacted]

The supervisory provisions of the Geneva agreement are inadequate to stop the continued flow of this materiel. [redacted]

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[redacted]

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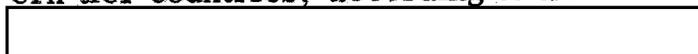
NEAR EAST - AFRICA

9. Egypt reported to have withdrawn objection to unilateral Iraqi action on defense:

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Egyptian prime minister Nasr gave Iraqi premier Nuri Said in mid-September the "green light" to go ahead without Egypt on some form of defense arrangement with other northern tier countries, according to an



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Comment: The Nasr regime has in the past vigorously opposed Iraqi adherence to the Turkish-Pakistani Pact as a threat to Egyptian leadership and the solidarity of the Arab bloc. The removal of Egypt's objection to unilateral action by Iraq would leave Nuri free to join the pact or to propose some defense arrangement of his own.



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Nuri has been noticeably cool lately toward joining the Turkish-Pakistani Pact, however, and his next move is accordingly uncertain.

WESTERN EUROPE

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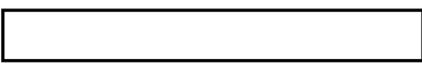
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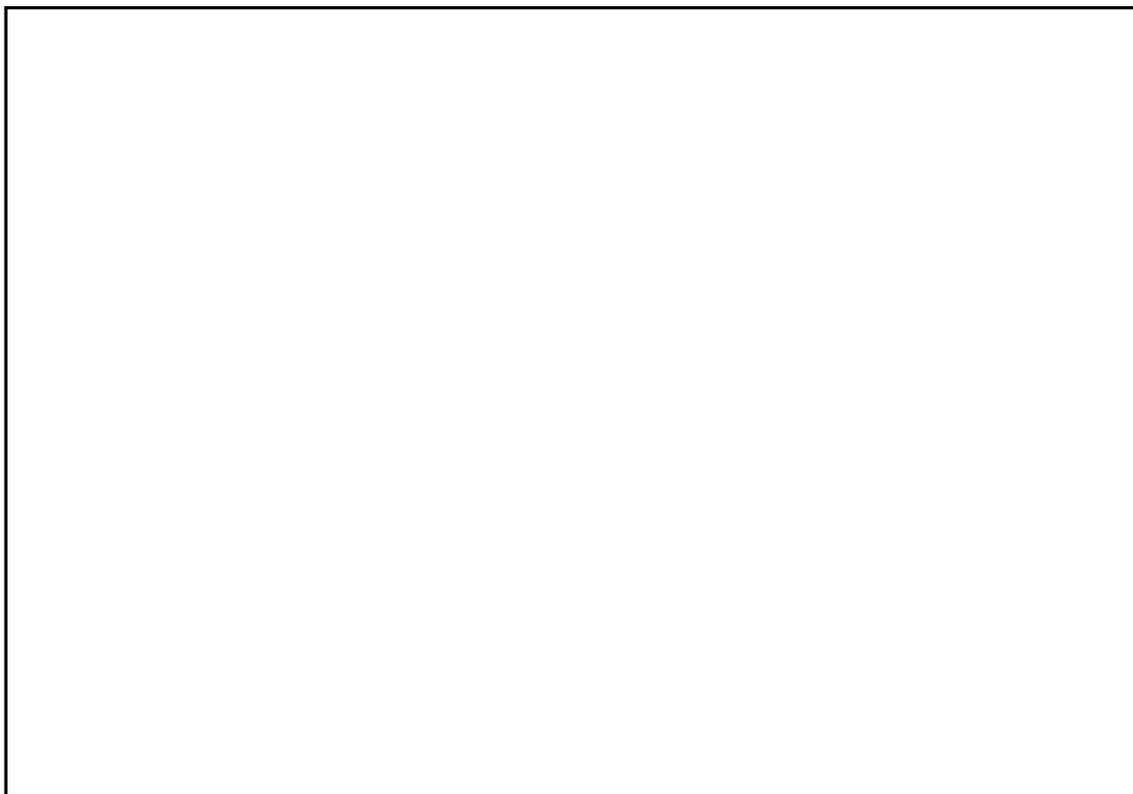
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12. British Labor Party remains united despite close vote on German rearmament:

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American embassy observers at the British Labor Party conference believe the leadership's victory in obtaining a small majority vote for its resolution

favoring German rearmament will not result in bitterness or a bad split in the party.

According to the observers, Attlee and Morrison used the weight of their personal prestige in the debate not only to assure party support for a German military contribution, but also to achieve the party unity required in the election which they expect next year.



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