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GENERAL

1. Report of rockets over Greece discounted--According to US Military Attache Athens, all reports of rockets over Greece are now classified "improbable" by local British authorities and the Greek General Staff. The MA attributes the continuation of such reports to the "jittery condition" of all classes of Greek society.
2. Greek diplomat does not expect war with Yugoslavia now--The Greek Minister to Yugoslavia has admitted to US Military Attache Belgrade that he is disturbed by the recent Yugoslav action in shooting down a Greek plane and by reports of Yugoslav troop concentrations near the Greek border. The Minister believes, however, that "things will be worked out without war now."
3. US attitude on Greek frontier issue in SC--Herschel Johnson reports that, in accordance with the State Department's views, he will support in the Security Council a proposal for an investigating committee on conditions along the Greek frontier if it appears unlikely that the Council will adopt the Dutch proposal. (The Dutch are proposing to resolve the situation by transmitting the Council's "very earnest hopes" to the Governments concerned that they issue and "rigidly enforce" orders to stop the border incidents.) Johnson suggests, however, that it might be unwise to empower such a committee to report more than the facts.
4. Soviet attempt to use Czech Secret Service in US and UK zones Germany--According to US Assistant Naval Attache Belgrade, Soviet Embassy Prague again is pressing the Czechoslovak Secret Service (OBZ) to concentrate its espionage activity in the US and UK zones of Germany. The OBZ has been directed to employ Soviet-selected Sudeten German agents.
5. Yugoslavs cancel cable laying to Tunisia--US Naval Attache Belgrade reports that Yugoslavia "under Soviet pressure" has cancelled its arrangement with France for reestablishing cable connections between Yugoslavia and Bizerte. The arrangement, concluded in June on Yugoslav initiative, called for installations in Yugoslavia by French engineers, who started work there in August but now have been ordered to leave.

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6. Turks reassure Egyptians on negotiations with UK--Secretary General Erkin of the Turkish Foreign Office has told US Ambassador Ankara that King Farouk of Egypt, during his recent visit to Turkey, appeared somewhat discouraged over negotiations with the British. Erkin urged that the Egyptians "continue the negotiations hopefully" and expressed desire to negotiate with Egypt to strengthen friendship between the two countries after conclusion of Anglo-Egyptian negotiations.
7. UK policy on UN action against Franco--US Charge Gallman reports that a memorandum now under consideration in the UK Foreign Office suggests that (a) if a Soviet "stooge" or a friend of Giral raises the Spanish problem, the UK will insist upon a "legal decision" in view of the previous UN decision that Franco was not a threat to the peace; and (b) if it appears that the UN may take action against Franco, the UK will guard against playing into Soviet hands and will probably support Giral, who wants to avoid a Communist tie-up.
8. US unable to support Iranian candidacy for SC--The State Department has again informed the Iranian Ambassador that the US feels unable to support Iranian candidacy for the Security Council at this time. The Department explained that as a member of the SC Iran would be subject to pressures difficult to resist in making decisions and might also encounter increasing difficulties in maintaining independence at this time.

EUROPE

9. USSR: New rumor of atomic bomb tests--US Charge Durbrow in Moscow reports that he and the US Naval and Military Attaches are agreed that a recent description of alleged Soviet atomic bomb tests appears to be the latest in a series of "Soviet atomic rumors" designed for foreign consumption. Durbrow views the rumors with "considerable skepticism" but feels it would be unsafe to assume that the USSR has not yet produced or tested atomic bombs.
10. RUMANIA: Government plans to rig elections in October--A highly placed Rumanian Communist has told the US Political Representative in Bucharest that he expects the Government, in the elections now being

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planned for late October, to have no difficulty in gaining 85 percent of the vote. The informant observed that the Government will employ forced registration of employees at their places of work and outright intimidation or falsification of the ballot count in "recalcitrant districts."

Reduction of armed forces--According to US Delegate ACC Rumania the Soviet Chairman stated at a recent meeting that the Rumanian armed forces had been reduced as of 1 September to the total of 137,565 in conformity with the directive of the ACC.

USSR pays no occupation costs--US Delegate ACC also reports that there is no evidence that the USSR is paying any expenses of the Soviet occupation or of other services and supplies required by local Soviet authorities.

11. POLAND: Government bloc may attempt to expel Mikolajczyk --Ambassador Lane expects that, in view of Secretary Byrnes' Stuttgart speech, the Government bloc will intensify its campaign against Mikolajczyk and may attempt soon to oust Mikolajczyk from the leadership of the Polish Peasant Party and from the Cabinet.
12. FRANCE: Cooperation in economic unification of Germany--French Minister Berard in Washington has asked the State Department what France might do toward implementing the US-UK plan for German economic unity. Berard explained, however, that France could not "join in full partnership," principally because Secretary Byrnes' Stuttgart speech made no concession to French "feelings on security."

FAR EAST

13. CHINA: Close liaison sought with US agencies--US Military Attache Nanking reports that, since late August, Chinese G-2 has consulted him almost daily about Soviet activities in Shanghai. The MA adds that General Fisher Hou recently has been appointed chief of the Chinese G-2 (apparently because he possessed "more social graces and better command of English" than his predecessor), and suggests that the Chinese have adopted a new policy of maintaining close liaison with US agencies, particularly in intelligence activity.

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