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State Dept. declassification & release instructions on file

**GENERAL**

- 1. US views on Security Council action on Indonesia -- The Department of State has advised the US representative to the Security Council in Paris not to "assume a position of outstanding and solitary leadership" in the Indonesian case, but to act in association with as many SC members as possible. The Department considers that the Security Council's first objective should be to call upon the parties in the dispute to desist from further hostilities. S-5

(CIA Comment: CIA believes that the USSR may be preparing to take the initiative in the Indonesian case when the SC reconvenes on 22 December.)

Dutch to persist in police action -- US Embassy The Hague expresses its belief that the Dutch intend to carry through with their military operations in Indonesia regardless of action by the UN Security Council. The Embassy notes that the Dutch public regrets that police action was halted in 1947 and will now insist that the Government carry this new action to a successful completion even in the face of international condemnation. CIA - 5

**FAR EAST**

- 2. CHINA: US Embassy views on cessation of munitions shipments -- US Embassy Nanking expresses its belief that the stoppage of US munitions shipments to the National Government at this time would inevitably be interpreted as confirmation of the already growing belief that the US is "through with" Chiang Kai-shek and favors a coalition with the Communists. The Embassy states that cessation of munitions shipments would certainly discourage forces, both in and out of the Government, who wish to continue resistance and would inevitably doom their efforts to failure. If US policy continues to involve support of S-75

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these anti-Communist elements, the Embassy recommends that future munitions shipments be diverted to Canton rather than Taiwan, because: (a) when Chiang Kai-shek is forced to flee Nanking his headquarters will probably fall back first to Nanchang, then to Canton, and only at a much later date to Taiwan; and (b) military shipments to Taiwan would at this stage increase the known concern of the native Taiwanese over the influx of National Government organizations to Taiwan.

Li Tsung-jen's leadership prospects questioned--US Embassy Nanking has been informed that Vice President Li Tsung-jen has been negotiating with Communists in Shanghai and Hong Kong in an effort to secure Communist recognition of the present Government under his leadership, when and if Chiang Kai-shek leaves office. According to the Embassy, Li also approached Soviet officials in Nanking who expressed the opinion that the Chinese Communists would not recognize a continuation of the present Government, but perhaps would recognize a "temporary provisional government" under Li's leadership. The Embassy questions Li's ability to head a new government, however, because Li: (a) is confused as to the most suitable course of action; (b) appears to lack the courage to ask Chiang Kai-shek to retire as long as Chiang controls the local garrison and secret police; and (c) is not included in consultations among other Government leaders over the question of Chiang's succession.

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