

MARCH WEEK CHECKLIST:

Week of 22 MARCH

Approved For Release 2002/01/03 : CIA-RDP79-01090A000500020025-8

SECTION II (writer) (dir) (ed) (time copy in) (stencil) **ONE FIGURE**

A) **GENERAL: - SMUGGLING**

✓
HOLDOVER

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B) **JAPAN:** 3 1 in DOUG
POLIT
LEON

✓ ✓ ✓
MON NIGHT
11:15

C) **N. KOREA:** 3 USSR
part

✓ ✓

D) **S. KOREA:** 2 ARMY
RICE

✓ ✓ ✓
11:45
12:00

1) **FORMOSA DEVELOPMENTS (WITHORE
REFERENCE IN TEXT -)**

E) **CHINA:**

2) **LI'S WEEK & COMMENT**

3) **"Atl. Pact" CEP (last**

23
DOCUMENT NO. [redacted]
NO CHANGE IN CLASS. [redacted]
DECLASSIFIED [redacted]
CLASS. CHANGED TO: TS
NEXT REVIEW DATE: [redacted]
AUTH: HR 202
DATE: 11-09-75 REVIEWER: 372044

→ FORMOSA

→ LI'S WEEK

F) **INDOCHINA: on BAO-DAI.**

✓ ✓ 12:45

G) **SIAM:**

H) **MALAYA:**

I) **BURMA:** Hlocun

✓ ✓

J) **INDONESIA:** possibly SILIWANGI - PASUNAN

✓ ✓

last to stand
at 1:55 PM REPUR. CONTROL
WEAKENS

K) **PHILIPPINES**

L) **ANZAC:** possible AOST. LABON's part
in coming elections...

✓ 1:50

M) **FOA**

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SECTION III Point IV IN

✓ ✓ MON NIGHT

11: AM

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TO PRESS: 15:45

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COPY NO. 3

FAR EAST/PACIFIC BRANCH
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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OFFICE OF REPORTS AND ESTIMATES, CIA
FAR EAST/PACIFIC BRANCH

INTELLIGENCE HIGHLIGHTS NO. 44
16 March - 22 March 1949

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

The USSR is apparently obtaining strategic materials from Southeast Asia through clandestine channels of trade (p. 2).

Although YOSHIDA can be expected to comply with occupation wishes in fiscal matters, it appears that the Japanese Government will attempt to increase Executive Branch authority at the expense of the SCAP-favored Diet (p. 2).

The Republic of Korea will continue to press for increased US military aid, possibly with offensive action in mind (p. 4).

Although Acting President LI has been able to bring further major Nationalist figures into his camp, there has been no real improvement in the prospects for peace in China (p. 5). Meanwhile, the Communists have shown increased interest in the future of Taiwan, while Nationalist elements there continue to work at cross-purposes and Taiwanese disgruntlement increases (p. 6).

French and Vietnamese observers in Indochina express cautious optimism regarding Bao Dai's prospects for success in the face of severe problems (p. 7).

Continued degeneration of governmental authority in Burma increases the possibility of a major shakeup or even collapse (p. 8).

Republican officials' control over their guerrilla forces is being weakened by Dutch delaying tactics in Indonesia (p. 9).

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NOTE: A study of "Point Four" in Southeast Asia appears in Section III.

The marginal notations used in succeeding sections of this Weekly ("A", "B" or "C") indicate the importance of the items in B/FE opinion with "A" representing the most important.

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SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

GENERAL

Clandestine movements of strategic raw materials to USSR. It is believed that Russia is covertly acquiring undetermined quantities of Southeast Asian tin, antimony, wolfram, rubber, palm oil and other products. The Soviet Legation in Siam is reportedly active in arranging the purchase of tin concentrates with US dollars through small Chinese firms. Shipments of raw materials are made through southern Siamese and northern Malayan ports and probably include not only materials from these countries but also products smuggled in from Java, Sumatra and western Borneo. Falsified shipping documents and export permits can be supplied by bribed port officials and cargos are often shipped under misleading labels. By adding small amount of lead to tin concentrate, for example, the shipment may be listed as lead-tin solder. The shipping pattern for Siamese material probably follows that reportedly used for clandestine shipments of rubber from Singapore--forwarding to Hong Kong or Shanghai and transshipment from there to other ports, possibly including Vladivostok.

"B"

JAPAN

SCAP statement designed to reassure Japanese. General MacArthur's recent statement that he would remain at his post until the signing of a peace treaty unless assigned elsewhere and that reports of civilian control for Japan are rumors, appears to be a SCAP attempt to reassure the Japanese public which is still perturbed over "withdrawal-from-Japan" reports and is eager for any comforting statement. The Japanese press headlined MacArthur's comments, while a Government spokesman manifested "utmost joy" over a continuation of SCAP's "enlightened guidance." Since the possibility of an early peace treaty has been largely discounted in the Japanese mind, MacArthur's statement has been interpreted as indicating that he will remain indefinitely. In view of its respected origin, MacArthur's statement will help quiet current withdrawal fears, but the suspicion that the US may leave Japan defenseless will still remain and Japanese Communists may be expected to play on this lingering fear.

"B"

YOSHIDA Government troubles. Despite its favorable majority position in the Diet, the YOSHIDA Government is not finding the going smooth. Satisfaction of conservative interests and fulfillment of YOSHIDA's personal ambitions have dominated the administration's attempts to develop a legislative program. In its outlined form, the administration's program contained measures objectionable both to the opposition parties and to SCAP. Opening of the Diet was delayed to permit modification of the budget, certain features of which are reported to be contrary to the new economic rehabilitation directive. Despite the government's desire to

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JAPAN (Cont.)

assert increasing independence from SCAP direction and despite suspected opposition of Japanese executives to the Occupation's anti-inflation program, Japan's continued dependence on US aid will tend to force YOSHIDA's government to show greater compliance with SCAP demands regarding fiscal policy.

Such deference to occupation wishes, however, may not be forthcoming in connection with two political projects close to YOSHIDA's heart. The first of these is the establishment of a Committee for the Investigation of Un-Japanese Activities patterned after the similar US Congressional Committee. YOSHIDA plans to organize his committee under the Cabinet, however, in a move to avoid its use as a sounding board by the Communists, whose 35 seats would be sufficient to assure them a voice in the operations of any Diet Committee. The second project is the dissolution of the Diet Committee for the Investigation of Illegal Property Transactions, which uncovered the black market and bribery scandals that contributed to the collapse of preceding administrations. YOSHIDA complains that the committee's operations have increased Communist Party influence and proposes that the Attorney General's office assume all responsibilities. Neither of these propositions is favored by SCAP which has endeavored to strengthen the Legislative Branch of the Government rather than the Executive.

Revision of exchange rate postponed. A single yen exchange rate probably will not be established by 1 April, in accord with the US economic recovery directive of December, 1948, which envisioned establishment of a single exchange rate within three months. SCAP now indicates that the exchange rate is to be established within three months after fulfillment of most of the objectives of the directive rather than three months after the date of its issuance. "c"

The problem of the establishment of a single yen exchange rate is particularly acute at the present time because it is expected to be raised at the April General Agreement on Tariffs and Trade Conference (GATT) where most-favored-nation treatment for Japan will be considered. Opposition, especially from parts of the British Commonwealth, is expected to center on alleged subsidies being given Japanese products through continuation of the multiple exchange rate system. However, this specific objection may be overcome through assurance that the single rate will be established in 1949.

KOREA

USSR-Puppet pact signed. As expected, a 10-year agreement providing for "g"

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KORFA (Cont.)

"economic and cultural cooperation" between the USSR and the puppet Democratic People's Republic was concluded on 17 March just before Premier Kim Il Sung's departure from Moscow. The pact did not mention military assistance but the USSR indicated that credit terms and technical aid will be available to the northern Koreans in order to encourage trade.

Republic will seek increased US "defense" aid. Chough Pyung Ok, recently dispatched to represent Korea at Lake Success, probably will devote considerable effort to soliciting additional military aid from the US. The US has agreed to equip a Korean Army of 50,000 men, but the Korean Army now totals over 68,000 men and recruitment to attain the statutory limit of 100,000 is progressing. In addition to army and light naval equipment, Chough probably will ask for F-51, B-25, T-6, and C-47 aircraft.

"A"

Support of such a large military establishment would be dependent completely on large scale foreign aid. Even if such aid were available, it would still constitute a severe strain on Korea's deficit economy. President Rhee believes, however, that a strong military force is essential to deter invasion from North Korea and will continue to exert all possible pressure on the US for additional military equipment.

From the long range point of view, however, the thinking of Rhee and some of his advisors probably goes beyond consideration of the purely defensive values of the military establishment. Rhee has become convinced that a majority of the troops serving in the northern Korean Peoples' Army are actually sympathetic to the South and that they would revolt if southern Korean forces moved north to "liberate" the area from Soviet puppet control. If Rhee is successful in developing an efficient Army of 100,000, in addition to a small Navy and Air Force, he might take aggressive action that would precipitate a full-scale war between northern and southern Korea.

Rice ration rolls reduced. Effective 1 April, the State Council of the Korean Republic has voted to reduce the number of people eligible for rationed rice from more than 7,000,000 to 3,000,000 and to reduce the individual rice ration from 1 lb. to 15 ozs. per day. On this reduced schedule, the Government will have sufficient grain available on 1 April to continue rationing for about five months. If, in addition, the Government receives further imports of 45,000 tons of grains and collects 105,000 tons of summer grains as projected, rationing could be continued to the end of the ration year on 1 December when the fall crops again become available.

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KOREA (Cont.)

The removal of over 4,000,000 people from the ration rolls will increase the pressure on the free market rice price which has remained relatively stable throughout the winter. It is possible that there are large quantities of hoarded rice which will appear on the market in response to increased demand and higher prices. It is more probable, however, that the total of hoarded rice is insufficient to meet the demand of the unrationed population and that a skyrocketing of food prices will cause considerable hardship and unrest during April and May.

CHINA

Peace prospects unimproved despite LI's efforts. During the past week Acting President LI Tsung-jen has continued to make progress in obtaining the support of various Nationalist elements regarded as adherents of CHIANG Kai-shek. On 16 March the Governors of Taiwan, Fukien and Szechuan arrived in Nanking to discuss peace preparations. HSUEH Yueh, Governor of Kwangtung, has reportedly been persuaded to attend the Nanking discussions by CHANG Chun, CHIANG-appointed Chungking Pacification Commander who reportedly is cooperating with LI Tsung-jen. Two other important South China leaders, CHANG Fa-kwei and YU Han-mou, have also arrived in Nanking. LI's ability to line up the support of Nationalist regional leaders has undoubtedly been enhanced by the considerable influence which the new Premier HO Ying-chin exercises in the Whampoa military clique.

While LI Tsung-jen apparently has thus increased his bargaining power, there has been no real progress toward peace. It is possible that CHIANG Kai-shek has instructed his supporters to give nominal support to LI's peace policy while preparing for continued and united resistance in the likely event of a break-down of peace negotiations. There are indications that CHIANG is still stronger than LI. For instance CHANG Chun, addressing Legislative and Control Yuan and Kuomintang Central Executive Committee members in Canton last week, said that the Government was continuing war preparations in order to achieve peace, and he and other Nanking officials have condemned a Peiping-pattern peace as tantamount to surrender.

The Chinese Communists are on record as favoring a regional Peiping-pattern peace, and may be expected to treat LI Tsung-jen's Government as a local regime and not as a National Government, unless they are convinced that LI is the bona fide leader of all non-Communist China. Last week the Communist Radio blasted HO Ying-chin's appointment as the work of CHIANG Kai-shek, describing it as evidence that CHIANG retains control over the LI Government and is using it "to counteract the true peace"

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of the CCP. The Communists are undoubtedly making military preparations for crossing the Yangtze and their forces north of that river have been reportedly reinforced by Communist Manchurian armies. If and when the Communists feel that there is nothing to be gained by further negotiations, they will cross the Yangtze and resume the military offensive.

Taiwan - center of intrigue. Increasing Chinese Communist Party (CCP) interest in Taiwan and the prospect that control over the island may become a major issue in peace negotiations have been indicated in at least five CCP broadcasts since 1 March. In these broadcasts the Communists have bitterly flayed US "imperialistic designs" on Taiwan and have promised the early liberation of the island. The USSR has long been interested in the island fortress, particularly in US activities thereon, and has in the past year greatly increased its intelligence activities in Taiwan.

The Nationalist Governor CHEN Cheng, a trusted confidant of CHIANG Kai-shek, did not have, until a recent Cabinet ruling, control of the Nationalist troops (approximately 20,000) in training on the island. These troops have been under the command of pro-American General SUN Li-jen, who concurrently holds the post of vice-Commander in Chief of the Nationalist Army. SUN has informed US officials that he is conducting a "back stage war" against CHEN Cheng and is no way aligned with him. In addition Acting President LI Tsung-jen informed a US official that he was considering the appointment of SUN as Governor of Taiwan. The removal of CHEN and the appointment of SUN would constitute a very strong bid for continued US support of the Nationalist Government in Taiwan and would considerably strengthen LI's bargaining position with the Communists by ensuring the Acting President's "de jure" control of the island.

On the other hand, the Taiwanese do not want either the Chinese Nationalists or the Communists but they may be forced to turn to the Communists as their only means of ousting the hated Nationalist rule. It appears likely that the Communists may seize the opportunity offered by the present schizophrenic condition and set the stage for occupation of Taiwan by means of extensive CCP infiltration of the Nationalist Navy and Air Force now stationed on the island, widespread acts of sabotage and possible arming of some of the native Taiwanese. When the Communists occupy Shanghai and the Yangtze valley cities they will gain control of a large amount of commercial shipping. If CCP sabotage and infiltration of the Nationalist Navy and Air Force is successful to the extent of causing defections and/or disruption of defensive operations it will then be a comparatively simple task to move to Taiwan by means of these ships and occupy the island. Such strategy appears most advantageous to both the Communists and the USSR and would most certainly effectively block the establishment of any anti-Communist Chinese or Taiwanese Government on Taiwan. (See ORE 39-49, "Probable Developments in Taiwan," 14 March 1949)

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Communists denounce Atlantic Pact. The Chinese Communist Party (CCP) responded as anticipated to the announcement of the provisions of the Atlantic Pact, denouncing the pact as another "plot of the war provocateurs" led by "the American imperialist government." The Communists used the occasion to endorse, for the first time, the Sino-Soviet Treaty of August 1945, and to reaffirm the unity of the CCP with the USSR. "C"

The lengthy CCP broadcast also condemns the US for refusing to recognize the sincerity of Stalin's "peace" overtures, and for rejecting the proposals of the Soviet Union regarding disarmament, atomic weapons, and control of atomic energy. The broadcast attributes this recalcitrance, as always, to the "economic and political crisis (which)...grows ever deeper...within the entire imperialist camp," compelling "the international reactionaries...to find a way out of this crisis through war." The broadcast finds hope, however, in "the organized strength to win peace; the nucleus of this strength lies in the Soviet Union," reinforced by Soviet satellites, Communist parties, pro-Soviet and Communist front groups everywhere.

The broadcast notes approvingly the statements of the leaders of 14 other Communist parties, "responding to the call of Thorez and Togliatti," and states that "we, the Chinese people, will surely, without question...support this call." China is especially impelled to do so, the broadcast alleges, as China has suffered directly from armed invasion and from foreign support of the Kuomintang in the civil conflict. In short, "the Chinese people...cannot but regard...the American imperialist elements as their mortal foe...and the leaders of the world anti-imperialist front--the great socialist state, the Soviet Union--as their comrades in arms from first to last."

The above remarks were not ascribed, as have been important statements of policy in the past, to MAO Tse-tung, or to any other Party leader, or even to the Central Committee, but merely to a Communist news agency "editorial," a vehicle which the CCP has sometimes employed for positions which were subsequently reversed. There is little chance, however, that this particular position will be reversed in the foreseeable future; until the USSR's aggression in China becomes manifest to the CCP, or even thereafter (as in Yugoslavia), the CCP can be expected to continue to support the Soviet position on international affairs.

INDOCHINA

Bao Dai's chances of success. Reaction from certain prominent Vietnamese and responsible French officials in Saigon, following the Bao Dai-Auriol agreement, indicates their belief that ex-emperor Bao Dai upon his return to Indochina may be successful in establishing an effective government. This attitude apparently is based upon signs of public interest in the Bao Dai agreement, a belief that non-Communist "C"

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INDOCHINA (continued)

resistance elements will cooperate with Bao Dai under certain conditions (i.e. a face-saving arrangement to avoid surrender of arms to the French), and an apparent confidence in Bao Dai's ability to pacify the country. On the other hand, these observers acknowledge the deep mutual suspicion which may prevent a practical solution as long as the French remain in Indochina.

While the actions of the non-Communist resistance element in Indochina are hard to predict, it is improbable that rapid shifts to support of Bao Dai will occur. Only if it becomes apparent that a reasonably independent regime may succeed will there be any significant realignment which would add strength to a government headed by Bao Dai. Further, it is quite doubtful that a Vietnamese army under Bao Dai would be successful where the French have found a program of military suppression infeasible.

Although the Bao Dai agreement grants wider concessions to the emperor than were offered to Ho Chi Minh, the partly successful Viet Minh effort to drive France from Indochina will encourage the non-Communists to continue their present opposition to the French. Also, a campaign has already been launched by die-hard French colonial officials and residents to undermine the new experiment at the working level.

BURMA

Major governmental shakeup possible. The present Burmese Government may undergo a major revision or even collapse in the near future as the multi-faction civil war continues to weaken its already tenuous authority. Karen forces in central Burma have captured several important towns, considerable amounts of money and supplies and have liberated large numbers of Karen military personnel from Government internment. Furthermore, Kachin and Chin Government troops are showing little enthusiasm for fighting Karens and are reported to be deserting or remaining neutral. If the Karen forces move southward as expected, they will be augmented by increasing numbers of irregulars and will probably overrun the weak Government forces defending the approaches to Rangoon. Under these favorable circumstances, the Karens have ignored a recent Government offer of amnesty, which was largely without substance, and are probably more determined than ever to press their demands for an autonomous or independent state.

To avert military defeat at the hands of the Karens, the Government is apparently seeking an accommodation with the insurgent Peoples' Volunteer Organization (PVO). Although there has been no official confirmation, it has been reliably reported that Prime Minister Thakin Nu has agreed to give the PVO three seats in the cabinet and accept 13 PVO demands. Among

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BURMA (continued)

other things, these demands include a general amnesty for PVOs, recognition of PVO authority over the areas it controls, and the inclusion of all PVOs now bearing arms against the Government into the regular Army. A Government-PVO settlement is not likely to alter the existing military situation materially in the near future, or establish a more stable and popular regime. Such a coalition would inherit the unsolved problems of its predecessor, and probably be confronted by many new ones. The redistribution of political and military patronage could be a particularly thorny issue. Furthermore, there are those in the Government who would vigorously oppose cooperating with the PVO, while on the other hand many PVOs, possibly with the support of Supreme Commander Ne Win, desire to form a purely PVO-appointed cabinet. Therefore, although a superficial agreement may endure temporarily, personal feuds, factionalism and confusion will continue.

INDONESIA

Dutch delay weakens Republican control over guerrillas. The few Republican leaders now at liberty in Indonesia are concerned over the absence of a centralized leadership over Republican adherents. They feel that while the Dutch hold the moderate leaders as political prisoners, more radical military leaders will assume effective authority. This development is a strong probability in view of the fact that military units operating in pockets in isolated areas will be forced to rely more and more on their own initiative. Aside from the growing independence of regular TNI (Republican Army) units, Tan Malakka (often characterized as a Trotskyite) is supported by militaristic groups of the extreme left wing and will undoubtedly make a bid for leadership. Tan Malakka's forces may find a possible source of added strength in remnants of the former Communist Party (PKI) army which took refuge in the hills of Central and East Java when its coup against the Republic failed last September. Dutch forces have recently launched a drive against certain pro-Tan Malakka groups located in Central Java, but initial airdrops failed to make contact with these guerrilla forces.

Regular Republican and independent guerrilla resistance to the Dutch has accelerated to such an extent in recent months that even a centralized government at Jogjakarta would encounter difficulties in enforcing a cease-fire order. Well-informed Republican officials have estimated that if President Soekarno were to be restored immediately to authority at Jogjakarta (this is a crucial point in Dutch-Indonesian relations), his commands to military units would be only 60 per cent effective. It is believed that the longer he remains in detention, the less effective would be his influence when restored to power, a fact which the Dutch may well be exploiting in their present delaying tactics.

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SECTION III. B/FE ESTIMATE

"Point Four" in Southeast Asia

President Truman's inaugural address contained the declaration that "we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of undeveloped areas." In explanation of this fourth point in the President's foreign policy statement, Truman said that while US material resources were limited, US technical knowledge was not and was therefore exportable without restriction. The President stated that the export of technical proficiency was not intended to be a US monopoly but should include other nations and international organizations as partners. Private enterprise in both the US and other nations, in the President's opinion, should be encouraged to invest capital in undeveloped countries under guarantees both to the investor and to the indigenous peoples.

Since technological aid is being given to many nations by a number of US departments and agencies, by special UN commissions and by ECA, while private capital is active in colonial areas as well, the originality of "Point Four" lies less in the granting of a new sort of assistance to undeveloped foreign countries than in a new concept of implementation. It is planned that "Point Four" aid will be better coordinated both on a national and international level; that the various categories of exported skills will be expanded; that the quantity of help will be considerably augmented; that the number of participating countries will be increased and finally that the program will be sustained on a long-range basis.

Designed as a measure to raise living standards of the depressed millions in undeveloped areas, "Point Four" will serve to promote US security interests and blunt the spearheads of Soviet propaganda by so doing. Further, American technical, mechanical and organizational talents, exhibited abroad, should increase US prestige and influence. In all, "Point Four" may well develop into a major instrument for the advancement of US foreign policy.

On 3 March 1949, the State Department requested specific overseas missions to report on local reactions to "Point Four", including comments on local interest manifested, cooperation that might be expected and such recommendations as could be offered immediately as to kinds of activities needed and channels or agencies best suited for conducting them. Replies from all State Department addressees in Southeast Asia have now been received and are analyzed, below, country by country.

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INDOCHINA

Unsettled political, military and economic conditions here make prediction of the degree of cooperation to be expected difficult and even raise the question of with whom negotiations may be conducted. A Bao Dai government will unquestionably desire and request all possible US or other friendly foreign aid. The French will in all likelihood only agree if the program is conducted solely under their auspices and integrated with their own unrealistic "ten year" plan. A Viet Minh-controlled government would probably oppose US assistance as a "threat to sovereignty".

In view of this, US Consul General, Saigon, recommends that the undertaking be temporarily restricted to the following:

- (1) Instruction in improved methods of agriculture and animal husbandry through ECAFE.
- (2) Organization of a health program through WHO.
- (3) Immediate financing by the US of a program sponsoring admission of substantial numbers of Vietnamese to US universities for the study of engineering and other professions, as well as financing of groups for technical "on the job" training in the US.
- (4) Possible loans or grants for the purchase of urgently needed machinery and equipment to restore normal production and, in this connection, utilization of a small number of US specialists for installation of equipment.
- (5) Possible encouragement of private American capital to participate in mixed companies to develop untapped mineral and industrial resources.

SIAM

Although for many years the most politically stable area in Southeast Asia, Siam is not superior to her neighbors in economic development and may even lag behind some of them. Historically, Siam has evinced a serious interest in developing her resources but the government has been handicapped by a lack of qualified technical personnel to direct or execute plans. Siam, therefore, would welcome "Point Four".

US Embassy, Bangkok, suggested the following courses of action:

- (1) Comprehensive economic survey, to determine definitely Siam's mineral, agricultural, industrial, and financial assets to precede selection and assignment of advisers.

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- (2) Siam's economy being largely based on rice export, aid in rehabilitating railways, highways, waterways and harbors should be given high priority.
- (3) Organization of an effective public health program and training in the prevention and cure of human and animal diseases.
- (4) Encouragement of private financing for hydroelectric projects, both to improve irrigation and to provide power for railways and industry.
- (5) Establishment of a US training program for some 20 Siamese annually in the fields of medicine, public health, engineering, agriculture, transportation, mining, geology, land conservation, forestry and general economics. In each of these fields, one American should come to teach and train pupils in Siam as well. Exchange of students and professors in non-technical fields is also desirable.

MALAYA

The UK is presently implementing its own economic and social rehabilitation program in Malaya. The effort is being handicapped, however, by widespread banditry under Communist direction. This handicap, as well as a limited reserve of funds, makes it probable that British authorities would be well disposed toward "Point Four" technical aid and financial investment patterned to fit their undertakings.

US Consul General, Singapore, suggests that such assistance could best be implemented as follows:

- (1) Expansion of food production through increased acreage, improved irrigation and mechanized cultivation of rice as well as development of offshore and river fisheries.
- (2) Institution of mass elementary education, including adult classes.
- (3) Broad revision of Malaya's present economy, including introduction of more household industries, development and introduction of disease-resistant rubber plants, more diversification of crops, more effective utilization of labor, surveying of geological and forest resources prior to development of mining, sawing and milling operations and the expansion of electric power for processing exports and local goods.
- (4) Institution of a health program both to teach methods of combating the many virulent local diseases and to increase local production of medicines.

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BURMA

Current conditions of near anarchy in Burma (see p. 8) will probably prohibit any early application of "Point Four" there. The Burmese, moreover, are almost pathologically suspicious of any form of foreign aid at present, believing all such acts to be attempts at "imperialist" control. Eventually, however, Burma will need considerable technical advice and foreign capital.

US Chargé, Rangoon, reports that a program of assistance to Burma might include:

- (1) Possible development of light industry and assistance in production of minerals, oil, and hardwoods.
- (2) Establishment of resident advisory groups for improvement of agriculture and health.
- (3) Increased fellowships to Burmese graduate students in the US.

INDONESIA

Netherlands officials have implied that, in general, the Dutch themselves possess all the skills necessary to direct the rehabilitation of Indonesia and therefore do not need outside advice. Republican representatives, on the other hand, have exhibited much enthusiasm for "Point Four". US Consul General, Batavia, reports that opportunities for development are unlimited in the fields of conservation, forestation, transportation, communications, electrification, agriculture, public health, government administration and education. Recent and current warfare in Indonesia, in his opinion, will intensify Indonesia's needs.

PHILIPPINES

In accordance with the April 1946 Philippine Rehabilitation Act, reconstruction aid is now being given by the US in a wide variety of fields. Since this program is scheduled to end on June 30, 1950, the Philippines may be expected to welcome "Point Four" in the future.

US Chargé, Manila, has outlined a very extensive program which is briefly summarized as follows:

- (1) Assignment of a large group of scientific and professional specialists to advise in the maintenance and development of almost all technical facilities in the Islands.

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- (2) Survey of the tax structure in order to establish a new over-all tax program adequate for the nation's needs and development of home and community industries as well as industrial expansion based on new hydroelectric developments in Luzon and Mindanao.
- (3) Advice in the latest methods of forest management, reforestation, and forest products utilization, as well as in soil conservation, processing and marketing of plant crops and crop diversification.
- (4) US training of Filipino personnel in highway engineering, civil and military engineering, fishery techniques and fishery science.
- (5) Continuation of US Public Health Service assistance.

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