

SECRET

\* Pacific b. 24  
European b. 28

# Australia Station Intelligence Summary



SERIAL NO.  
4 (New Series)

DATE OF ISSUE 1 JUL 1952

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Melbourne

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S E C T I O N I

R.A.N. MONTHLY NOTES - EXTRACTS FROM  
REPORTS OF PROCEEDINGS, ETC.

REVIEW OF PRINCIPAL NAVAL ACTIVITIES.

*H.M.A. Ships AUSTRALIA and ANZAC.* - *H.M.A. Ships AUSTRALIA and ANZAC* commenced 45 days refits on 9th June after returning from their Islands cruise.

*H.M.A. Ships SYDNEY and TOBRUK.* - *H.M.A. Ships SYDNEY and TOBRUK* conducted training exercises in Hervey Bay and Jervis Bay.

*F.M.A. Ships BATAAN and WARRAMUNGA.* - Both ships are in Korean waters. *H.M.A.S. WARRAMUNGA* is to be relieved at the end of July by *H.M.A.S. CONDAMINE*.

*F.M.A.S. CONDAMINE.* - *H.M.A.S. CONDAMINE* has completed her refit and has commenced working up exercises prior to leaving for Korean waters.

*H.M.A. Ships SHOALHAVEN, CULGOA, MURCHISON and F.M.S. THOROUGH.* - These vessels have been engaged on training duties in the Sydney exercise area. *H.M.S. THOROUGH* is at present unoperational owing to a battery failure.

*H.M.S. TELEMACHUS.* - *H.M.S. TELEMACHUS* was en route for Singapore where she was to undergo a refit, when she was recalled from Bowen on 9th June to replace *H.M.S. THOROUGH* in the Joint Anti-Submarine School at Jervis Bay. *TELEMACHUS'* departure for Singapore will be delayed for about two months until *THOROUGH* can rejoin the School.

*H.M.A.S. HAWESBURY.* - *H.M.A.S. HAWESBURY* completes her refit on the 25th June and she will then be on detached duties prior to undertaking A/S training.

*H.M.A.S. BARCOO.* - *H.M.A.S. BARCOO* is at Sydney preparing to be transferred to Survey duties.

*H.M.A.S. WARREGO.* - On 23rd May, *H.M.A.S. WARREGO* completed her Hydrographic Instruction No. 2 for 1952, which consisted of a survey in Spencer Gulf. She is now in Sydney for midwinter leave.

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*H.M.A. Ships WAGGA and COOTAMUNDRA.* - Both ships have been engaged in Anti-Submarine training in the Sydney exercise area.

*H.M.A. Ships LATROBE, GLADSTONE, COLAC and COWRA.* - These vessels are based at Flinders Naval Depot for training duties.

*H.M.A.S. MILDURA.* - H.M.A.S. MILDURA is carrying out National Service training on the Western Australian coast.

*H.M.N.Z.S. ECHUCA.* - H.M.N.Z.S. ECHUCA, the last of the four Australian minesweepers presented to New Zealand, was commissioned in the Royal New Zealand Navy on 7th June.

*Visit of New Zealand Chief of Naval Staff.* - The First Naval Member of the New Zealand Naval Board and Chief of the New Zealand Naval Staff (Commodore F.A. Ballance, D.S.O., R.N.) arrived in Australia from Wellington on 20th May to confer with R.A.N. authorities. Commodore Ballance, who has been New Zealand C.N.S. for two years, was returning the visit which the First Naval Member of the Australia Naval Board and Chief of the Naval Staff (Vice-Admiral Sir John Collins, K.B.E., C.B.) made to New Zealand last year.

Commodore Ballance visited Navy Office, Flinders Naval Depot, the R.A.N. Air Station (H.M.A.S. ALBATROSS) at Nowra, the Naval Establishments in Sydney, and Canberra.

He returned to New Zealand on 30th May.

*Garden Island Dockyard.* - Approval has been given in principle to proceed with the transfer of non-essential dockyard establishments at Garden Island to a Naval site in the Woolloomooloo area. This will enable the future plans for Garden Island to be implemented as early as practicable. The plan provides for the expansion of the essential facilities for repair and refit, including amenities for dockyard personnel and for certain ships' companies when undergoing refit.

*Inspection of Naval Establishments at Darwin and Adelaide.* - A party consisting of the 2nd Naval Member, Director of Naval Works, Director of Naval Communications, Director of Plans, and a representative of the Director of Naval Electrical Branch visited Darwin on 27th May - 1st June to carry out an inspection of Naval Establishments at Darwin.

On the return journey an inspection of the Naval Establishments at Adelaide was carried out

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### EXTRACTS FROM, OR SUMMARIES OF, REPORTS OF PROCEEDINGS.

*Attempted Invasion of Yuk To.* - On 13th April, H.M.A.S. BATAAN was anchored off Taeyongpyong Do when a report was received at 1830 that enemy troops had landed on the Haeju Estuary island of Yuk To. BATAAN immediately proceeded to an anchorage off this island and opened fire at 1910 on a low building reported to be the headquarters of the enemy. Direct hits were obtained.

A signal to cease fire was received at 1920, the friendly guerrillas being in doubt as to the whereabouts of some of their agents. They clarified the position by 1930 and requested continuation of fire. This was considered unnecessary, however, as the building had been entirely demolished.

Junks had meanwhile been fired on by BATAAN and hits were scored along the beach on the northern side of Yuk To, where the enemy craft were lying. BATAAN remained at anchor in this position throughout the night in case of further enemy activity on that side of the Haeju Estuary.

*Japan 1952.* - The Commanding Officer WARRAMUNGA relates his impression of Japanese hospitality :-

"On the evening of 21st April, with eight of my officers, I attended a 'sukiaki' (dinner party) given by the executives of the Harima Dock and Salvage Company at a Kure hotel. Fraternisation with the Japanese is now strongly encouraged and this form of social contact in which one eats, drinks and partakes of the musical entertainment laid on Japanese style is very good value.

"On each occasion of visiting Kure for maintenance or docking we have freely entertained with the Japanese dockyard officials in much the same way as we do with our dockyard officers.

"The standard of work done by the Japanese is very high but it is the speed at which the men work and the resultant economy which impresses most."

*Islands Cruise.* - On 18th April the Prime Minister, the Rt. Hon. R.G. Menzies, P.C. and the Chief of Naval Staff, Vice-Admiral Sir John Collins, K.B.E., C.B., boarded H.M.A.S. AUSTRALIA, wearing the Flag of the Flag Officer Commanding the Australian Fleet, which, in company with H.M.A.S. ANZAC, was anchored in Moreton Bay, whilst en route for her cruise of Islands waters.

The Prime Minister and the Chief of Naval Staff remained in H.M.A.S. AUSTRALIA until 28th May, when they disembarked at Townsville. En route to Townsville the opportunity was afforded them of visiting Cid Harbour, Hayman Island and Palm Island. At Palm Island they were treated to the sight of an interesting corroboree carried out by natives in the Native Reservation, and at one stage of the cruise they also went on a fishing expedition.

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During the stay of H.M.A.S. AUSTRALIA and ANZAC at Port Moresby armed platoons from both ships took part with contingents from the Royal Papuan Constabulary and the Pacific Islands Regiment in a march commemorating the Coral Sea Battle.

The ships arrived at Manus Naval Base on 5th May. At Rabaul, on 10th May, F.O.C.A.F. visited the Native Ex-Servicemen's Association, which, as the name suggests, is the native local equivalent of the Returned Soldiers, Sailors and Airmen's Imperial League of Australia, but which is sponsored by the Papua and New Guinea Administration. F.O.C.A.F. addressed the gathering of native ex-servicemen and his address was subsequently translated into Pidgin English.

On 12th May, Honiara, Guadalcanal (the capital of the British Solomon Islands Protectorate) was reached. The Flag was shown by ANZAC on 15th May in Narau Sound, which is situated on the S.E. coast of Guadalcanal and which had been a stronghold of the "Marching Rule" movement. On the same day AUSTRALIA showed the Flag at Malaita, the main centre for the "Marching Rule" cult.

*Inshore Patrol.* - The Commanding Officer, H.M.A.S. WAERAMUNGA reports :-

"On 6th and 7th April H.M.S. GLORY flew each day, and I was detached late in the afternoon of the 7th for inshore patrol. On my way I landed GLORY's helicopter pilot with spares for the helicopter based at Paengyong Do and picked up the pilot of a Sea Fury which had forced-landed on the island.

"There was no enemy activity during the night and a thick fog descended over the whole coast at dawn. With my S.G. radar performing excellently I managed to get alongside WAVE FRINCE at 0600 at Taechong Do in zero visibility. After fuelling I proceeded in search of GLORY, who was of course not flying. After an interesting search I joined the screen at 1100 but it was not until 1800 that I saw for the first time GLORY or any of the other screening destroyers. When the fog lifted I closed GLORY to transfer her recovered pilot."

*Aerial Recruiting drive in the Northern Territory.* - S.O. (I), Darwin describes a recruiting drive :-

"As the number of recruits offering in the Northern Territory is disappointingly low, Heads of the three Services in Darwin decided to reverse general principles of the recruit coming to the recruiter, by sending a combined recruiting team into the interior by air. Accordingly, a team consisting of 1 Officer and 1 Chief P.O. or Senior N.C.O. from each Service left Darwin by R.A.A.F. Dakota on 10th March. First place of call was Katherine, where the team stayed for two days collecting four recruits, including a drover for "K" Force and a **berman** for the Regular Army. Tennant Creek and finally

Alice Springs were also visited, two days being spent at each place. The total bag of actual recruits recruited was 1 R.A.A.P. and 24 Army. As the Navy's system of recruiting is different from the other two Services, it is not known what the final total will be, but the following categories actually signed applications:-

- 1 Recruit Seaman.
- 1 Recruit Telegraphist.
- 1 Recruit Supply Assistant.
- 1 Recruit Rating Pilot.

Enquiries were also received for entry into the Navy as Cadet Midshipman, Instructor Sub Lieutenant and by one person for entry into the Regular Reserves as a Meteorological Observer.

An amusing incident was provided by one old fellow of 65 who had served in three wars as a soldier and wanted to try his luck in the Navy. His feelings were badly shattered when he was informed that the Navy's age limit for recruiting was 24. He promptly offered his services to the Army -- free. However, this generous offer had to be declined. Another application came from a station carpenter who had deserted from the Navy in 1932 - he said he wanted to "turn over a new leaf" and that as he was a trained man, passed for Leading Seaman and P.O., he thought his services were of value. He also was more than a little disappointed to learn that he was a little outside the age limit. He was, however, relieved to learn that he was no longer listed as a recoverable deserter. Although the total number recruited appears small it should be taken into consideration that the population of the Territory (540,000 square miles) excluding Darwin, is only 6,000 and vast distances have to be covered in order to reach the recruiting team. In one case a prospective recruit for the Army motorcycled 360 miles over a bush track to join up.

The team was well received and entertained handsomely throughout the tour, and from all reports seem to have left a very good impression of the Services, who are very seldom seen in uniform, especially the Navy. "

*Visit of National Service Trainees to New Zealand.* - During April H.M.A. Ships CULGOA, COLAC, and COWRA sailed for a National Service training cruise in New Zealand waters.

The Bay of Islands was reached on 12th April and Auckland three days later. There H.M.N.Z.S. "TUI", who carries out for the Royal New Zealand Navy equivalent duties to those of COLAC and COWRA, acted as host ship.

On 19th May the ships paid a visit to Napier, where the effects of the disastrous 1931 earthquake were <sup>viewed.</sup> Platoons were landed for a parade through the streets of Napier to the Cathedral for a church service.

At Lytelton, where the three ships secured at same jetty, the local press remarked on the speed at which berthing was undertaken. Not more than five minutes elapsed from the time CULGOA's heaving line was passed until all wires were belayed.

The last main New Zealand port to be visited was Dunedin. Throughout the whole of the visit to New Zealand the ships were most impressed by the lavish welcome extended by the R.N.Z.N. authorities and by the local populace.

Whilst en route for Hobart on the return journey a prolonged spell of bad weather with very heavy seas was experienced, but the ships behaved admirably.

*A Matthew Flinders Commemoration.* - On 8th April, H.M.A.S. "GLADSTONE" visited Encounter Bay, South Australia, and anchored off Rosetta Head to take part in the commemorative ceremony of the 150th anniversary of the meeting between Captain Flinders in the INVESTIGATOR and the Frenchman Baudin in the GEOGRAPHE (hence the name Encounter Bay).

The jetty at which the ship berthed is about a mile and a half from Victor Harbour and the only method of transport is a horsedrawn tram. Fears were entertained that the ship's company might have more than a passing interest in this vehicle as they returned from a dance in the evening. The local authorities were probably of the same opinion as the tram was taken off service and locked away!

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S E C T I O N II  
EXTERNAL INTELLIGENCE.

## KOREA.

*Truce Talks.* - No progress whatever has been made at the Truce Talks, the Communists having rejected a United Nations offer to re-screen the Communist prisoner-of-war to ascertain those desiring repatriation. The Communist delegates have merely continued their tirade of propaganda, alleging inhumane treatment of prisoners-of-war.

Vice-Admiral Joy, the senior United Nations Command delegate, who has kept his temper for a long time under trying circumstances, gave vent to his feelings and probably expressed the sense of frustration felt by many members of the United Nations Command when in his final statement to the Military Armistice Conference at Panmunjon he said: "There is nothing left to negotiate; I now turn over the unenviable job of further dealing with you to Major-General William K. Harrison, who succeeds me as senior delegate of the United Nations Command Delegation. May God be with him."

*Build-up of Communist Forces.* - Since the Truce Talks commenced in July, 1951, the Communist ground forces have increased from an estimated 480,000 to an estimated 950,000. At that time they comprised 63 divisions, including one armoured/minus tanks and four artillery divisions, and they now consist of 82 divisions, including three armoured divisions, one mechanised division and five artillery divisions.

*Koje Island P.C.W. Camp Incident.* - Much publicity has been given to the incidents at Kojé Island Prisoner-of-War Camp which have revealed that some Communists seized control of their compound and conducted a reign of terror amongst fellow-prisoners.

The incident began when the Camp Commander, Brigadier-General Dodd was seized by Communist prisoners-of-war and held captive until his successor, Brigadier-General Coulson, accepted their demands. This acceptance was virtually an "admission" that there had been "instances of bloodshed where many prisoners of war had been killed and wounded by United Nations Forces." General Mark Clark renounced the "admission" and both Brigadier-Generals have been demoted to the rank of Colonel pending an official investigation of their actions.

Meanwhile Brigadier-General Boatner has been appointed to command the camp, and his forces, reinforced by British and Canadian units, have regained control of the compounds, segregated the Communist leaders and divided the prisoners into smaller groups.

*Possible Use of Proximity Fused Projectiles.* - In an action at Wonsan Bay on 2nd May several airbursts were observed 15-20 feet above the surface of the water in pattern characteristics similar to VT (proximity) fused projectiles. Up to the present there had been no positive evidence that the enemy possesses or uses this type of fuze.

*Internal Situation in South Korea.* - The dictatorial actions during the past few weeks of Dr. Syngman Rhee, the President of South Korea, have caused some concern in United Nations countries. Following demonstrations in Pusan during the last week of May, martial law was declared and the President arrested members of the National Assembly who were politically opposed to himself on charges including that of "receiving money from the Communists".

On 23rd May the Prime Minister of South Korea told the United Nations Commission for the Unification and Rehabilitation of Korea that he had resigned and he appealed to the Commission to save his country from the dictatorship of the President-General Van Fleet, the United Nations Ground Forces Commander in Korea, has seen Dr. Syngman Rhee in an endeavour to have him lift martial law and release the members of the National Assembly.

It would appear that Dr. Syngman Rhee is trying to ensure that he remains President. Under the constitution, the National Assembly is to elect, this month, a new President for a four-year term. However, it is unlikely that the present Assembly will re-elect him and he is endeavouring to have the constitution altered to permit election by popular vote of the people. Dr. Syngman Rhee still has popular support and evidently feels that under popular vote he would retain the Presidency.

*Dr. Syngman Rhee.* - Dr. Syngman Rhee, President of the Republic of South Korea, is now 77 years of age. His early education took place at a Methodist missionary school in Seoul, where he became a convert to Christianity. He received his advanced education in the United States and holds several degrees, including a Doctorate of Philosophy at Princeton.

The following interesting personal description of Dr. Syngman Rhee is contained in an article contributed to "The Spectator" by a British M.P., Mr. Montgomery Hyde, who visited him recently: "For his age he impressed me as a man of extraordinary vigour and driving force. He is short and slightly built, white-haired but growing bald. He has the dark oblique eyes of his race, but also the large ears which in the Far-East are traditionally a sign of high ability. I noticed that he has a peculiar habit of blowing on his fingers from time to time, and was told he acquired this mannerism in consequence of

spending seven years as a political prisoner in an unheated jail. He has a pleasing smile and a deep, soft voice, suggesting an elderly professor rather than the political father of his people."

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#### JAPAN.

*National Security Board.* - The Japanese Cabinet has approved a bill for the creation of a National Security Board, which in fact will be a small War Ministry and will control a small Army developed from the National Police Reserve and a small Navy.

The strength of the National Police Reserve is being increased from 75,000 to 110,000.

*Anti-Subversive Activities Bill.* - An Anti-Subversive Activities Bill and two related measures which provide for the establishment of a Public Peace Examination Committee and a Public Peace Investigation Board were passed by the Lower House of the Diet on 18th May.

*New Foreign Minister.* - Okazaki Katsuo was appointed Foreign Minister on 30th April. This portfolio was previously held by the Prime Minister.

Katsuo has stated that his first major tasks would be to discuss relations with countries which have not signed the Peace Treaty with Japan, to conclude trade agreements, and to endeavour to obtain Japan's admission to the United Nations.

*Revival of former Japanese Power Groups.* - There are indications of the determination of influential business and political groups to revive the former political and economic pattern of Japanese society. During recent months a number of trading firms which formerly belonged to the Mitsui and Mitsubishi combines have re-combined along the old lines. In April four of the six private trust banks of Zaibatsu origin have applied to the Finance Minister for authority to resume their former names.

In the political sphere the trend has broader significance with the re-emergence of several war-time leaders, including the former Prime Minister, Shigemitsu, as sponsors of a new "Japan Reconstruction League," the object of which is stated to be "to study and promote measures for the speedy reconstruction of Japan."

Shigemitsu is said to be in favour of the establishment of a new Right

Wing political party, embracing the League, the Progressive Party, and "political influences outside the Diet".

*Soviet Mission in Japan.* - The Japanese are reported to be puzzled and anxious about the continued presence of the Soviet Mission of about 200 in Tokyo. To date there has been no indication of Soviet intentions. According to the Press the Japanese Government propose to send a note asking the U.S.S.R. to withdraw its Mission. The report states that the Swedish Government have declined to convey the note and that it will be conveyed through the Japanese Embassy, Washington. There is no official confirmation of this report.

*Soviet Patrol Boats Fire on Japanese Fishing Boats.* - Two Japanese fishing vessels were fired on by three Soviet patrol boats in La Perouse Straits on 1st May. One fishing vessel escaped, but the other has not been seen or heard of since. Three patrol boats of the Japanese Maritime Safety Board are to patrol the straits, which lie between Hokkaido and Sakhalin. However, patrolling will not be carried out off the East coast of Hokkaido as the Soviet-occupied islands are so close to Hokkaido as to make the definition of territorial waters difficult.

*Jurisdiction over Foreign Forces in Japan.* - A Bill granting the United States jurisdiction over their personnel in respect of certain crimes committed in Japan was passed by the Upper House of the Japanese Diet on 3th May. This Bill does not cover United Nations forces in Japan. It is reported that the Japanese Government are insisting that United Nations forces in Japan, apart from United States garrison forces, should come under the jurisdiction of Japanese law, since they are regarded as troops in transit through a foreign country for "military purposes".

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#### CHINA.

*Protest against Hong Kong Government.* - As a result of the suspension by the Hong Kong Government of the local Communist newspaper "Keng Poa", the Chinese Ministry of Foreign Affairs has issued a protest, alleging persecution of Chinese residents.

The protest is reported to have been couched in offensive terms and it reiterated all the propaganda points made against Hong Kong during recent months. The object, apparently, is to discourage the Hong Kong Government from taking

similar action against the two remaining Communist newspapers in Hong Kong

*Defection of Chinese Army Intelligence Officer.* - An Intelligence Officer from the Chinese 45th Army has defected to British authorities. Although his reliability has not been definitely confirmed, much of the military information he has so far given tallies with that already known. During his initial interrogation he expressed the following opinions :-

(a) Hong Kong is not specifically threatened and he knew of no training or exercises aimed at the capture of the Colony. The Communists consider that any direct action against Hong Kong would precipitate world war.

(b) British control of Hong Kong does not create serious danger to China. Despite the trade embargo, China has been obtaining badly needed industrial material from and through the Colony.

(c) He was not aware of any Chinese offensive intentions towards Indo-China and did not believe any existed.

*Peking "Peace Conference."* - The Chinese Communist Government opened a "Peace Conference" at Peking on 28th May.

Delegates from the following countries accepted invitations to attend the Conference: Australia, Burma, Canada, Ceylon, Chile, Columbia, El Salvador, Guatemala, India, Indonesia, Japan, Korea Laos, Mexico, Mongolian People's Republic, Nicaragua, Pakistan, U.S.S.R., U.S.A., and Vietnam.

The composition of the delegation from Australia is shown in Section III of A.S.I.S.

*Interception of British Merchant Vessels.* - Unidentified warships (probably Chinese Nationalist patrol vessels) unsuccessfully chased two British merchant vessels: one on 17th May in a position approximately 40 miles north of Formosa and the other off Foochow.

*Conditions at port of Shanghai.* - Port facilities have deteriorated owing to the falling-off in shipping. Warehouses, once used for the storage of imports, are now used by the Government to store grain. There is no oil fuel available for shipping and coal-burners only can be bunkered.

Good repair facilities exist at the Shanghai dockyards and at Kiang Nan.

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## HONG KONG.

*Internal Situation.* - The labour position in Hong Kong is still disturbed by Left Wing exploitation of unemployment and by disputes.

The previously reported movement by workers towards "free" liberal trade unions has continued. Anti-British propaganda attacks have continued.

*Effect on Hong Kong of withdrawal of British firms from China.* - Although the withdrawal, through compulsion, of British firms from China caused some depression in Hong Kong business circles, it is reported that the move will alter the Colony's position little at present as trade with China had already declined considerably.

## INDO-CHINA.

*Military Situation.* - There has been an increase in guerrilla warfare in all areas except the North-Eastern sector. This is believed to be designed to relieve pressure on Viet Minh regular formations.

*Vietnam - Draft Constitution.* - The Vietnamese Council of Ministers is reported to have adopted the draft constitution for a National Assembly, consisting of 85 members, 40 of whom will be elected. It is described as "having a consultative character".

In the main towns and provincial capitals there will be direct and universal suffrage; in the villages, on account of the security situation, representatives will be elected by direct and universal suffrage and will then go to the towns to elect members for the Assembly. All Vietnamese will be allowed to vote provided they are over 21 years of age and can read and write the Vietnamese language.

Bao Dai, as Chief of State, will nominate 45 members - five to represent the hill tribes and 40 from the general public. There will thus be a nominated majority. There are to be two sessions of the Assembly yearly, one opening on 15th May and the other on 15th November. W

*Situation in Cambodia.* - The hitherto comparatively stable situation in Cambodia appears to have deteriorated, according to delayed reports. The Vietminh and Cambodian dissident movements, such as the Khmer Issarak, have been more active in the military field, and there is a danger of the Vietminh succeeding in the organisation of a common front. Politically there is growing friction between the French and the Nationalists; the Cambodians complain that their present relationship is short of full independence. They object to French

participation in judicial affairs and they are irked by French Security controls and certain aspects of their economic relationships with Vietnam and the French Union.

The defection in March of Son Ngoc Thanth, the former Cambodian Prime Minister under the Japanese, and his joining up in open rebellion with an Issarak band, has increased the tension and weakened the morale of the Cambodian Government. Thanth has considerable standing and popular appeal in Cambodia and his rebellion and demand for complete independence from the French could undermine the stability of the Cambodian administration and weaken the position of the French. While Thanth is not a Communist, there is the danger that he may ally himself with the Vietminh. In any event, his defection provides the Vietminh with a useful opportunity to increase their influence in Cambodia.

*French Aircraft-Carrier "ARROMANCHES".* - "ARROMANCHES"<sup>A</sup> (CVL) was due to sail from Saigon for France on 18th May for refit.

She will return to Indo-China at the end of September.

*Economic Conference.* - It is reported that a conference between France and the Associated States of Vietnam has begun in Paris to discuss economic arrangements with the French Union.

*Appointment of Australian Services Attache.* - Wing-Commander L.N. Kroll, R. A. A. F. has been appointed Services Attache to the Australian Legation, Saigon.

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#### THAILAND.

*Political.* - The present regime in Thailand is virtually a military dictatorship, with little resemblance in practice to any real democratic system. The prestige of the Prime Minister, Field Marshal Pibul Songgram, appears to have declined somewhat and he does not now command a large personal following. Lieut.-General Sarit Thanarut, Commander of the First Army and Deputy Minister of Defence, is now regarded as the second "strong man" of the country.

A clash between the opposing groups in the military clique now in power is probable in the future though possibly not imminent at present.

Although there is no likelihood of any royalist resurgence, the King's position, as distinct from his own character and capacity, is strong and he

could exercise a significant influence on political developments.

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MALAYA.

*Bandit Morale.* - An overall assessment of bandit morale is virtually impossible, but it is reported from West Selangor that there is an acute shortage of arms and ammunition amongst the Min Yuen, many members of which are unarmed. ?  
Morale of the bandits in this area is at a low ebb.

There is evidence that the bandits are being forced to curtail their activities on account of casualties. Propaganda has been issued instructing members to "hold out until the vanguard of the armies arrive from "liberated China." This would seem to indicate that the bandits in the Selangor area at least are wearying of the struggle. *mm*

*Communism in Chinese Schools.* - There is evidence from Penang, Wellesley and Malacca that the Communists are having considerable success in penetrating Chinese schools. ✓

Dissemination of Communist teaching is an important part of local Malayan Communist Party programmes and contact between the M.C.P. and students is achieved by the number of teachers who have Communist leanings. It is estimated that in 1951 the armed M.C.P. organisations gained as many as 10 per cent of their recruits from students.

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BORNEO.

*Overseas Chinese Youth Association.* - Following upon disclosures that it was instigating and supporting trouble at the Chung Hwa Middle School in Kuching,



the Overseas Chinese Youth Association has been declared an illegal organisation.

A number of arrests were made under the Undesirable Persons Ordinance. In consequence of these arrests 15 members of the O.C.Y.A. left Sarawak by an undisclosed route for Indonesia. Before they fled they stated that they would return to "liberate the country".

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#### PHILIPPINES.

*Political.* - As a result of further political manoeuvrings and intrigue, the Senate is now controlled by the Opposition.

The new Nationalista majority has started a major overhaul of the Senate and has approved the reorganisation of eighteen standing committees and two special committees. It is expected that, with the position in the Senate at last clarified, more action will be taken on the many Bills at present before that body.

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#### INDONESIA.

*Reorganisation of Indonesian Army.* - The Sultan of Djogjakarta (Minister for Defence in the present Government) has started a drastic reorganisation of the Indonesian Army.

*Internal Security.* - Internal security continues to deteriorate; especially is this the case in West Java.

Fighting continues in Central Java, where Darul Islam gangs are supporting Army mutineers.

*Policy of Wilopo Government.* - On 10th May, the Prime Minister Dr. Wilopo addressed the Indonesian Parliament on his government's policy, which he summarised as follows: (i) to bring about general elections for the Constituent Assembly and the Regional Councils; (ii) to finalise the implementation of Regional Autonomy; (iii) to simplify the organisation of the Central Government; (iv) to raise the living standard of the population by means of increasing national production, particularly of primary foodstuffs; (v) to continue agrarian reforms; (vi) to seek to overcome the security problem with all means available to a juridical state, to improve the organisation of the instruments of power of the State, and to develop the powers within society for the maintenance of security and order; (vii) to complete labour legislation with

a view to increasing the efficiency of labour so as to safeguard the process of national production; (viii) to speed up improvements aimed at the renovation of education and training; (ix) to give content to the Government's independent foreign policy through activities towards world peace which conform to Indonesia's responsibilities within the family of nations and to the national interests; (x) to complete the conversion of the Indonesian-Netherlands relations which are based on the Union Statute, into relations based on ordinary international treaties with the elimination of parts of the RTC agreements that are detrimental to the country and the people; (xi) to continue attempts to include Irian (Dutch New Guinea) in the territory of Indonesia in the shortest possible time.

*Indonesian Shipping.* - M.V. "ZAMRUD", the first of a series of six cargo-passenger vessels to be built by Dutch shipbuilders for Indonesian interests, was launched at Waterhuizen on 13th February.

"ZAMRUD" has a deadweight tonnage of 440 and accommodation for 198 passengers. Length is 178 feet and the vessel is powered with a 500 h.p. engine.

At the launching of the "ZAMRUD" it was stated that about 40 vessels of various sizes and for various purposes are at present under construction in the Netherlands for interests in Indonesia.

Inspection of Lloyd's "Shipping Index" shows the following vessels at present operating under the Indonesian flag:-

<i>Name of Vessel</i>	<i>Gross Tonnage</i>	<i>Owners.</i>
"BINTANG SAMUNDRA"	5,340	Indonesian Navigation Co. Ltd., Djakarta.
"DIPONEGORA"	8,582	Djakarta Lloyd Line, Djakarta.
"JENNY" (to be renamed "IMAN BONDJOL")	7,914	Djakarta Lloyd Line, Djakarta.
"KAKAP"	837	Jajasan Penguasaan Pusat Kapal
"TONGKOL"	400	Straith Kapal "Pepuska", Djakarta.
"TRIPANG"	389	Straith Kapal "Pepuska", Djakarta.

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S E C T I O N     I I I  
A U S T R A L I A   S T A T I O N   I N T E L L I G E N C E .

BROWSE ISLET, N.W. AUSTRALIA.

In September, 1951, the presence on Browse Islet of about 70 Indonesian fishermen was reported. They had been using the island as a base for their fishing operations but later vacated it.

It would appear that they have again been making use of Browse Islet, as when the Lighthouse vessel "CAPE OTWAY" visited the island on 29th April, it was discovered that seventeen of the nineteen batteries serving the light had been removed.

The light on Browse Islet has now been fully reconditioned.

RE-ADMISSION OF JAPANESE PEARLING LABOUR.

Following upon the ratification of the Japanese Peace Treaty, the Commonwealth Government has decided to permit 85 Japanese pearlers to operate from Broome.

The superiority of the Japanese as divers has led to this decision.

ANGLO IRANIAN OIL COMPANY'S KWINANA REFINERY, W. A.

Steady progress is being maintained in the preliminary work connected with the construction of the Kwinana refinery. Tenders called by the Western Australian Government for the necessary dredging of Parmelia and Success Banks close on 24th June.

In the meantime the Western Australian Government has commenced work on the construction of a 1½ million gallon service reservoir for the area, with further planned construction of a larger reservoir on the site formerly occupied by the R.A.N. D/F Station, Jandekot. Hydrographic work on the jetty sites and ground surveys on the construction site are continuing. The Public Works Department has resumed 150 acres of land opposite the refinery site for the location of a construction camp and service yard.

The Western Australian Government also has in hand plans for the extension of rail facilities from Woodman Point to the Kwinana site.

## MELBOURNE-CONSTRUCTION OF NEW BERTH AT SOUTH WHARF, RIVER YARRA.

The Melbourne Harbour Trust has commenced major constructional work on a new £400,000 berth for handling steel cargoes at 21 South Wharf.

Designed by M.H.T. engineers, the berth will cater for the increasing steel imports from Newcastle and Port Kembla. Work has begun on foundations for the new wharf area and transit sheds and a concrete road 100 feet wide has been laid.

Four six-ton electric level luffing cranes will be installed on the wharf apron and the seven-section shed will house seven overhead bridge cranes of six-tons capacity each.

## THE AUSTRALIAN PEACE COUNCIL - COMMITTEE FOR PEACE IN THE PACIFIC.

The New South Wales branch of the "Australian Peace Council" is still functioning most actively in promoting the International Communist "peace" campaign in the interests of the Soviet.

The Committee which agitated for the non-ratification of the Japanese Peace Treaty has now been converted into "The Committee for Peace in the Pacific". The same group constitutes the leadership of this committee. The leadership is not reputed to be Communist, but it is suspected that it owes its genesis and impetus to Communist sources.

The first move by the Committee has been to send a delegation to Peking to discuss peace moves with Communist China. The delegation left Sydney by air on 20th May and consisted of the following persons :-

Dr. John Furton, a former Secretary of the Department of External Affairs, Canberra, and later High Commissioner for Australia in Ceylon. He is at present the endorsed A.L.P. candidate for the electorate of Lowe, N.S.W.

Rev. G. R. Van Erde, Superintendent of the South Sydney Methodist Mission. He is also a supporter of the N.S.W. branch of the Australian Peace Council.

Dr. S. Macindoe, of the N.S.W. Department of Agriculture.

Miss Ada Proham, Women's Christian Temperance Union.

Mr. Arthur Gietzelt, a Sydney ex-serviceman.

## PORT KEMBLA - VACUUM OIL COMPANY'S OIL FUEL INSTALLATION.

The Vacuum Oil Company have established an oil fuel installation at Port Kembla and are holding furnace oil stocks for local industrial use. The installation comprises two furnace oil tanks totalling 7,000 tons capacity which

are connected by a 12-inch pipeline to the Oil Berth.

The oil fuel in the Commonwealth Oil Refineries' and Vacuum installations at Port Kembla is for inland use only and bunkers can not be obtained.

#### NEWCASTLE - ATLANTIC UNION OIL COMPANY'S INSTALLATION - CONSTRUCTION OF A PIPE LINE.

Construction of an oil pipe line from the Oil Wharf to the Atlantic Union Oil Company's plant at Tigh's Hill, Newcastle has commenced.

Pumping through the existing pipe line of 6 inch diameter has reached saturation point and it is expected that with the new pipe of 12-inch diameter the turn round of tankers in the port will be greatly speeded up.

The new pipe-line should be in operation during the latter part of 1952.

#### DISCOVERY OF LARGE COAL DEPOSITS NEAR IPSWICH (Q).

New coal reserves estimated at 40 million tons have been located by drilling and geological investigations in the Swanbank Lagoon area, five miles South-east of Ipswich. Drilling in the Swanbank Lagoon area is part of a general survey of the Ipswich field by the Queensland Government.

Reserves of 27½ million tons of workable coal have been measured and another 12½ million tons are indicated.

The Queensland Mines Department consider that a large capital outlay will be necessary and that the pits will have to be highly mechanised.

The Queensland Coal Board has been requested to exploit this field soon. Probable production will be 150,000 tons a year.

#### BRISBANE - RECLAMATION OF HAMILTON INLET, BRISBANE RIVER.

A Committee consisting of railway, main roads, local government, Harbours and Marine, and City Council representatives has decided that Hamilton Inlet is to be reclaimed for the use of industry.

The Overseas Shipping Representatives' Association, which was not represented on the Committee, considers that the inlet could be better used for additional berthing facilities.

## WHALE PRODUCTS PTY. LTD. - STORAGE AND BERTHING ARRANGEMENTS.

Whale Products Pty. Ltd. commenced to utilise one oil fuel tank at Lytton Oil Fuel Installation as from 1st May, 1952. It will be used for the storage of Whale Oil.

Cruiser "A" Berth will be utilised by the Company, and the Naval Caretaker will remain in residence.

Tank, pumping equipment, sheds and wharf are to be insured and approval has been granted for the roof of the tank to be repaired at the Company's expense.

## SIGHTING OF A SUPPOSED SUBMARINE OFF QUEENSLAND COAST.

At 1730K 21st May, the Pilot's Assistant, Sea Hill, reported that he sighted near the mouth of the Fitzroy River an object believed by him to have been a submarine. Object was watched for five minutes and wake observed. Report is graded B-5.

## NORTHERN TERRITORY.

*Rum Jungle Uranium Field.* - The Rum Jungle uranium field, which is situated 70 miles south of Darwin, has been inspected in recent months by Dr. C. F. Davidson, Chief Geologist of the Atomic Energy Division of the Geological and Survey Museum of London, and a party of U.S. uranium experts, which included Mr. C. J. Johnston, Chairman of the Materials Division of the U.S. Atomic Energy Commission.

Mr. Johnston is reported to have stated that it was the most promising area he had seen for a long while and that he would be surprised if the Rum Jungle area did not prove to be a uranium field of great importance.

The field is regarded as being far superior to the Radium Hill field in South Australia. However, owing to the large amount of developmental work requiring to be done at Rum Jungle, it is anticipated that it will take two years before much progress can be made.

A 100 lbs. parcel of uranium-bearing ore from Rum Jungle has been despatched from Darwin to Massachusetts for examination.

*Discovery of Bauxite on Marchinbar Island, Wessel Group.* - Consequent upon the discovery of deposits of bauxite in the Wessel Island Group, an advance party of twenty geologists, surveyors, assayers, miners and carpenters has become established on the field. The party is led by a Mr. J. M. Warrington, of the

Australian Civil Engineering Company - consulting engineers to the Australian Aluminium Production Pty. Ltd.

Until it is possible to construct an adequate landing, the party will be supplied by a 50 ft. workboat, "ILLAVARRA".

*Discovery of Scheelite at Cockatoo Creek.* - Scheelite has been discovered at Cockatoo Creek, 200 miles from Alice Springs. A tribute party crushed over 80 tons of ore at the Perboo battery at Kauchope for a return in concentrates of a gross value of £6,700.

*Wolfram.* - Production of Wolfram has almost doubled in the last six months. Ninety tons, valued at £150,000 were produced in the six months ended December 31st., and in the previous six months, 57 tons valued at £97,000 had been produced.

*Mr. Raymond F. Lee and his "Little Apple".* - Some short time ago a weather-beaten 40 ft. sailing cutter arrived in Darwin, sailed by an equally weather-beaten and intrepid 54-year old American owner, Raymond F. Lee. Mr. Lee is a shellback of the old order who after the war spent two years in an Alaskan Salmon Fishing boat before "getting bored". As he had "gotten some spare dollars" lying around he decided he would see the world. He bought a 50 year old 40 ft. fishing boat, converted her and refitted her himself and sailed from Seattle in October, 1950. Since then he has been sailing single-handed by way of Hawaii, Tahiti, Apia, Suva, Honiara, Cairns, Saumlaki and Darwin.

As apparently Mr. Lee does not believe in sextants and does not worry himself unduly over charts, S.O. (I) Darwin asked him how he found a passage through The Great Barrier Reef. "Waal, I copied a chart of the reef while I was back there in Honiara and when I got to the Reef, waal, I just found me a small hole and put the "Litte Apple" through it. I guess if I had gotten any more barnacles on my bottom I would have gone aground -- Gee, some reef that -- nothin' like it back home", etc., etc.

Whilst in Saumlaki Mr. Lee came in for some rough treatment by the Indonesians who removed him under escort to Ambon, keeping him there for five weeks. When he was allowed to return to "BANGANZITA" at Saumlaki he found that his boat had been extensively damaged and pilfered by the natives. He arrived in Darwin making a lot of water and after being slipped found that the boat had been badly damaged below the waterline. He has now sold his "Little Apple" and bought a smaller boat, "ZIRCON" in which he intends to return to the United States via the Cocos Islands, Colombo, Madagascar and South Africa.

*Pearling Industry.* - Only six pearling luggers are now operating from Darwin, as compared with the pre-war fleet of 25 vessels.

*Scientific Expedition.* - A party of scientists departed Sydney on 7th April for the Northern Territory to undertake geological and biological research. The party will spend four months in the Territory in their search for rare animals and birds and will also conduct surveys of areas which are geologically unknown. Although the "Night Parrot" is claimed to have been extinct for 70 years, this expedition hopes to discover it in isolated places.

*Cotton and Rice Tests.* - A farm and two experimental stations will be established in Katherine to test the suitability of the area for cotton and rice. The purpose of the farm will be investigation into peanut, cotton and sorghum growing, associated with pig raising and cattle fattening on rotational pastures. The experimental stations will concentrate on rice growing. A plant quarantine station will be set up to enable tropical varieties of rice to be introduced from overseas.

#### NEW HEBRIDES.

*Indentured Labour.* - A French planter has brought out 30 male Italians from Italy in recent months, but they have become dissatisfied with the conditions under which they were employed and have cancelled their contracts. Sixteen of them are now employed at Santo by the Public Works Department.

*Meteorological.* - A proposal has been put forward by the French Resident Commissioner for the formation of a Condominium Meteorological Service. The question is under consideration and will probably be raised at the next meeting of the South Pacific Air Transport Council.

*M.V. "LOLOWAI".* - M.V. "LOLOWAI", purchased by Burns, Philp (New Hebrides) Limited about a year ago from a New Guinea Mission for approximately £A12,000, returned to the New Hebrides in mid-April after a £A.28,000 overhaul in Brisbane. On 23rd April she ran aground at Powe Anchorage in S.E. Ambrym and it is believed that the vessel will become a total loss.

*"MARIA DEL MAR".* - A new French arrival to inter-island trade is the "MARIA DEL MAR", owned by M. Savoie, who recently sold the "EL RETIRO" to Mr. D. Gubbay (British).

The "MARIA DEL MAR" is a converted barque about 150 feet in length, fitted with a powerful diesel engine, and with her masts converted into derricks. Mid-ship holds would probably have a cubic capacity of about 150 tons.



"EL RETIRO", a vessel of 250 tons gross, is not yet registered in the New Hebrides.

*Pango Light.* - Pango Light structure at the approach to Vila harbour has been rebuilt, and the light is back in service.

A similar structure and light have been ordered for the approach to Port Sandwich, S.E. Malekula.

*Copra.* - Copra prices have continued to fall, and copra is now being purchased at £A.40 per ton at the docks at Vila, a drop of nearly £A.9 per ton since February.

*Cocoa and Coffee production.* Mr Urquhart, of the South Pacific Commission, visited the New Hebrides during the latter half of March to investigate cocoa and coffee production.

*Tuna Fishing Vessel.* - On 21st March a report from a French planter was received stating that four suspicious armed vessels were off the coast of Pentecost. It was subsequently established that these vessels were "SENIROSI", "SENILEBA", "ADI SALA" and "ADI MERE" bound for Djakarta from Suva. These vessels were four of the five belonging to the South Marine Products Limited's tuna fishing fleet previously operating in Fijian waters. The two former have been sold to an Indonesian fishing fleet and the others are for Colombo.

#### SHIPPING INFORMATION.

*Japanese Shipping Service to Australia.* - The Nippon Yusen Kaisha and Osaka Shosen Kaisha Lines will shortly resume shipping services with Australia.

Conditions laid down by the Australian Freight Conference are as follows:-

- (a) No more than six round trips per annum for each Line.
- (b) At least 20 per cent of the outward cargo carried must be wool.
- (c) Both conditions (a) and (b) to be valid for at least three years.

Negotiations re (c) above will probably bring about a compromise for a period of two years.

*Union S.S.Co's new motor cargo vessel "KARUTAI"* - A new motor cargo vessel has been launched at Linthouse, Glasgow by Alexander Stephen & Sons for the Union Steamship Company.

The vessel, M.V. "KARUTAI" has a deadweight tonnage of approximately 5,300 tons.

She will carry general cargo, for which she has been fitted with large hatches, while to cope with coal cargoes discharged by grabs, her holds have been fitted with Australian tallow wood, which is hard and heavy.

The "KARUTAI" has a six-cylinder Stephen-Sulzer diesel engine is of the single-acting type and will develop 2,410 H.P. at a normal running speed of 128 R.F.M.

*S.S. "CORRIMAL" re-named "AYRFIELD".* - S.S. "CORRIMAL", formerly owned by the Commonwealth of Australia and now owned by R.W. Miller & Co. Pty. Ltd., has been re-named "AYRFIELD".

#### INTELLIGENCE OFFICERS IN H. M. A. SHIPS.

Lieutenant G. H. Sanders, R.A.N., has been appointed Ship's Intelligence Officer in H.M.A.S. "CONDAMINE".

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## SECTION IV

## SPECIAL ARTICLES

## INDO-CHINA.

*General.*

The war in Indo-China, now in its sixth year, began on the 19th December, 1946, when Ho Chi Minh attempted a "coup de force" to seize Hanoi and drive the French garrisons from Tonkin. Since then the French have waged an active campaign against the Communist-led Viet Minh rebels, who have employed both guerrilla tactics and frontal assaults in their attempts to compel the French to withdraw from Indo-China.

The topography of the area and the methods of warfare waged by the Viet Minh have made it necessary for the French to depend heavily on their Naval and Air Forces to conduct offensive operations against the rebels. Although the adversary does not possess surface vessels, submarines, or aircraft, he does have a number of small craft, which find countless hiding places in the rivers and along the coasts, often inaccessible to the larger vessels of the French Navy. From such hideouts the Vietminh rebels set up ambushes, attack convoys with armed junks and sampans and carry out smuggling activities.

*Counter-Measures.*

The French have split their Naval Force into three distinct classes, to each of which there is allocated a specific mission:-

1. Patrolling: Surface and air patrols at sea and mines to prevent transport of food and materials.
2. Escorting: Protection of River convoys against rebel interference and sweeping the river for mines.
3. Offensive Operations: These include (a) raids on the Vietminh-held coasts by ships' landing parties and naval commandos. (b) bombing by ships and bombing and strafing by aircraft in support of the Land Forces. (c) transport, landing and support of troops in operations along the main Rivers. This work is done by groups of landing craft known as Dinassaus (Divisions Navales d' Assaut).

*Strength.*

There are approximately 700 officers of all branches and 9,800 men. These numbers include Naval Aviation and Commandos. There are three Marine Commandos

highly trained for landing operations, of about 40 officers and men each.

#### *Fleet.*

The strength in ships remains at present almost constant. New vessels arriving on the Station are generally replacements for those returning to France.

1 Aircraft Carrier (Has proceeded to France for refit.  
Her return to Indo-China waters is expected at the end of September, 1952).

- 1 Destroyer.
- 2 Frigates.
- 9 Escort Vessels.
- 3 Aviation Tenders.
- 2 Minesweepers.
- 3 Transport/Tankers.
- 11 Patrol Craft.
- 5 Harbour Craft.
- 2 Coast Guard Vessels.
- 6 L. S. S. L.'s.
- 16 H. D. M. L.'s.
- 5 Transport L. S. T.'s.
- 2 Repair Ships.
- 1 Survey Vessel.
- 17 Assorted Landing Craft.

There are 8 regular Landing Craft Flotillas (Dinassaus). Their composition varies but is usually:-

- 1 L. C. I. (Senior Officer).
- 1 L. C. T.
- 3 L. C. R.'s.
- 3 L. C. V. L.'s or E. A.

#### Auxiliary Vessels:-

- 12 Miscellaneous small tugs.
- 14 ex-U. S. A. Y. T. L. tugs.
- 1 Wreck-lifting vessel.

#### *Ports and Dockyards.*

1. Saigon: Main Naval base in Indo-China, where the Commander-in-Chief has his headquarters. The Dockyard was originally designed to provide for the minor repairs and docking of ships. Temporary workshops have been set up wherever space can be found and adequate results are being achieved.

2. Haiphong: The base for ships and landing craft operating in the Tonkin

area. A small amount of repair work can be undertaken.

2. Tourane: A port for coasters and base for patrolling naval works.
4. Nhatrang: An anchorage for victualling ships and recreation.
5. Ream: As for Nhatrang but for vessels operating on the South-west Coast.

#### Naval Aviation.

In September 1951, the aircraft carrier "ARROMANCHES" took up her appointment with the Far East Fleet, and aviation now plays a very important role in the naval operations. Previous to this the Air Arm consisted of an assortment of Privateers, Sea Otters and a Dakota for V.I.P. duties.

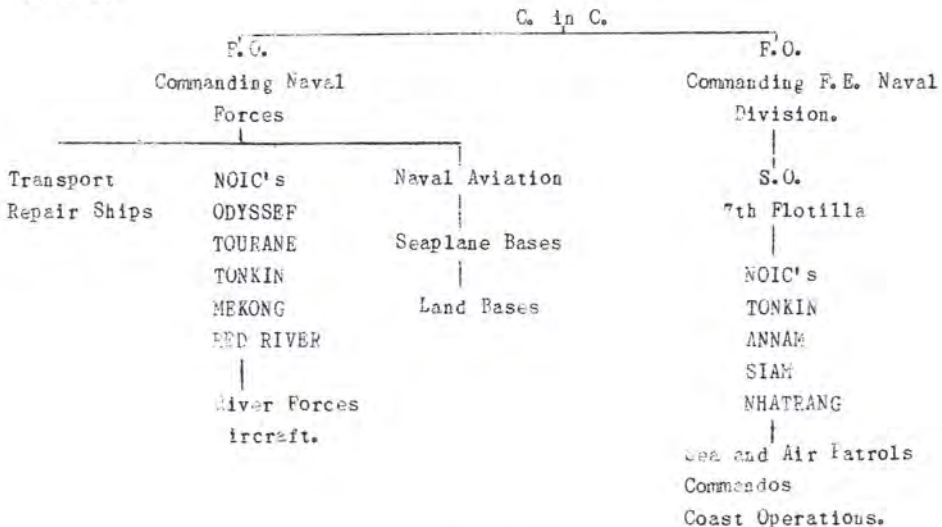
All Sea-Otters have now been replaced by Grumman Geese.

The present strength of aircraft is as follows:-

- 10 Privateers
- 4 Catalinas
- 4 Mournane 500
- 12 Grumman Geese
- 1 Dakota
- 30 Hellcats
- 10 Helldivers.

All ocean minesweepers have been stripped of their gear, which is stored ashore, and are exclusively used for escort and patrol work.

#### Command.



*Military Forces.*

Excluding irregulars, the present strength of the French and Vietnamese military forces is about 200,000. Of this total at least 50,000 are French nationals. In addition there are North African and Senegalese troops. N

*Conclusions.*

The last years in Indo-China have shown a marked improvement in the morale efficiency and effectiveness of the French forces. American aid to the Franco-Vietnam forces in Indo-China and the brilliant and inspiring leadership of the late General de Lattre de Tassigny have been chiefly responsible for the somewhat more optimistic outlook. Hostilities are gradually becoming more obviously related to the world struggle between the Communists and the Western Powers, and, as such, have lost the previous trend of a "private war" between French "colonial" forces and dissident natives.

The experience gained by the French forces in the past four years has been invaluable. Lack of sufficient personnel and adequate equipment are the only factors limiting more outstanding achievements. The Navy, as a whole, is considered to be an effective fighting force, but Naval Air Pilots are, as yet, below the standard set by Britain and U. S. A.

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"THE MOLOTOV PLAN".

(Unclassified).

A recent issue of the American Journal "Newsweek", contained an interesting article, based on information obtained from official sources, reviewing the progress of the Soviet's plan (conveniently known as the "Molotov Plan") for the development of the resources of the European satellite countries.

The groundwork for this plan was laid in 1947 when there was set up a "Council for Economic Mutual Assistance".

The Council first summoned Poland, Hungary, Czechoslovakia, Rumania and Bulgaria to membership: they later added Eastern Germany and Albania. C. E. M. A.'s purposes were (1) to increase production in the Satellite countries of raw materials and heavy industrial goods, (2) to make that increased production available to the Soviet Union.

Under the impetus of a succession of two-, five-, and six-year plans, geared to similar Soviet plans, the Satellites were required to contribute to the formation of a massive industrial base in coal and coke, oil and gas, synthetic fuels, electric power, steel, aluminium, cement and machinery.

The following are some examples showing how production has been stepped-up under the Plan:-

Polish coal production, 58,100,000 tons in 1938, nearly doubled to 74,000,000 tons in 1949, and is targeted for 100,000,000 tons in 1955.

Czechoslovakia, which produced 1,700,000 tons of steel in 1938, turned out 2,700,000 tons of steel in 1949. The target for 1953 is 3,500,000 tons.

Total electricity output for Poland, Czechoslovakia, Rumania and Hungary, which was 10,400,000,000 kilowatt hours in 1938, reached 23,500,000,000 in 1949.

The Satellites also made more output available to each other and to the Soviet, instead of to the West. Deliveries to Western Europe had as their sole purpose the exchange of dispensable foodstuffs, raw materials, and consumer goods for metals and machinery which were indispensable to the industrial developmental programme. The economic integration of these countries with the Soviet has been accomplished by ingenious and purposeful methods.

*Use of former German assets.* - Under the Potsdam Agreement of 1945, the Western Powers renounced their claims to former German holdings in Eastern Europe, but the Soviet Union did not comply. In Hungary, for instance, the Soviet seized the Hungarian bauxite mines, the Hungarian Siemens works, the Danube Navigation Company, and the Hungarian General Credit Bank.

*Creation of Joint Companies.* - These are development companies in which the Soviet declared itself a 50-50 partner with the Government of the country concerned.

*Operations of C.E.A.A.* - The Moscow office of the Council deals with each Satellite separately. Each has a trade agreement with Russia and with the other Satellites. As periodically re-negotiated, these pacts require larger and larger deliveries to the Soviet. All Satellite countries are tied to the rouble. Repeated heavy-handed purges have rooted out local managers and replaced them with Moscow trainees.

The total subservience of Satellite economies to the Soviet Union's needs, together with inflation and consumer-goods shortages, has tended to decrease incentive and industrial productivity; but industrial manpower has been increased by mass shifts of farm people to cities and of "white-collar" workers to factories. Thus penal measures replace incentive.

**SECRET**

Transit List

This document is to be treated as "SECRET". It is to be passed by hand from Officer to Officer and finally returned to the Commanding Officer.

Name of Officer to be passed to	Initials of Officer read by, and date passed on