

1. The Hungarian Government has offered to exchange Edgar Sanders, a British businessman imprisoned for espionage along with Robert Vogeler, for Lee Meng, a Chinese woman guerilla captured by British forces in Malaya and sentenced to death for terrorism. Prime Minister Churchill rejected the offer yesterday, but left the door open for further consideration. Editorial comment in the Washington Post and the New York Times decried this offer of "human barter."

2. Robert Vogeler is quoted as suggesting that the U.S. Government should follow up by offering to exchange the Rosenbergs for William Oatis. This does not appear feasible for many reasons, chief of which is that the Rosenbergs are U.S. citizens. However, I believe there are good reasons for considering the possibility of taking covert steps to create the impression that the Soviets rather than the Americans are making the offer.

3. One of our principal handicaps in combatting the Communist Party around the world is the difficulty of demonstrating simply and clearly the threads that bind these puppet groups to Moscow. So long as the French, Iranians, or Indians, continue to look upon the local Communist Party as an indigenous manifestation, it is unrealistic to expect widespread acceptance of the notion of a Stalinist conspiracy. In the case of the Rosenbergs, the Communists have been able to stir up a great deal of sympathy abroad largely because we have been unable to show their direct link with Moscow.

4. If, on the other hand, the European press were to publish well-founded reports that Moscow is sounding out the possibilities of trading Oatis for the Rosenbergs, a basis would then exist for a campaign to drive home the subservience of both the Rosenbergs and the Hungarian Government to Moscow. The U.S. Government's refusal to comment would keep the ball rolling. A denial of any such offer by Moscow, on the other hand, might serve to confirm the offer.

5. If there is any merit in this suggestion, it remains a question as to whether the U.S. Government is sufficiently organized

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and sophisticated to take action and to keep it under control. Our previous experience with the Staff Study on Inventory of Instrumentalities for Countering Soviet Orbit Blackmail Tactics (PSB D-19/1, dated 6/19/52) indicated extreme reluctance in the Department of State to undertake any unconventional action in this area. However, you may want to sound out Mr. Morgan as to the propriety of offering such a suggestion to C. D. Jackson.

Why? Danger backfire se Rosenbergh

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