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State Department review completed

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## GENERAL

### 1. Finnish tanker to carry kerosene to Shanghai

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The Finnish tanker Wiima, chartered to deliver 10,000 tons of Rumanian kerosene to Shanghai at the end of December, is now loading at Constantza, according to a Lloyd's shipping report.

Comment: Most of China's oil imports have been shipped by rail because of the Soviet bloc's tanker shortage. Since the Korean war, the Orbit has unsuccessfully tried to charter several non-Communist tankers for China service.

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## FAR EAST

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3. President Rhee ready for new move against political opposition:

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[redacted]

In commenting on President Rhee's inflammatory anti-Assembly speeches of 2 and 9 December and the 11 December statement by Home Minister Chin that "organizations opposing the government would be eliminated," the American Embassy in Pusan states that many Koreans feel that the "timing, tone and content" of these provocative announcements may signal the beginning of the anticipated campaign against Rhee's political opposition, particularly in the National Assembly.

The Embassy adds that Rhee's move appears to be carefully timed to follow the Eisenhower visit to Korea and the UN discussions on the Korean conflict.

Comment: There have been increasing indications in recent weeks that Rhee is preparing for another showdown with his opponents in the National Assembly. Having won partial victory in his struggle for power last summer, Rhee may now attempt to have the Assembly dissolved.

4. Rumors of imminent Chinese Communist Party split reported:

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[redacted] there will be a split in the Chinese Communist Party "within the year." [redacted]

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[redacted] re-

ports "much disagreement" among Communist Party elements over Premier Chou En-lai's actions and the continuation of the Korean war.

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[redacted] the moment may soon be opportune for a Chinese Nationalist operation against the mainland. He asserts that mainland guerrillas "are ready to strike" and that anti-Communist forces are soon to publish a manifesto.

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**Comment:** Available information does not support these rumors. All of the alleged heads of party factions have publicly adopted a Stalinist position. Although differing views are reported at the lower levels of the party, regarding the Korean war and the Sino-Soviet alliance and other issues, there is no evidence of private disagreements among party leaders.

The mainland guerrillas have been reduced to fewer than 50,000; they pose no threat to Communist authority over the mainland and are incapable of holding any important area. Anti-Communist forces in Hong Kong have issued many manifestos in the past three years with no discernible effect on the Communist position.

#### SOUTHEAST ASIA

##### 5. Burma seeks increased military aid from Britain:

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According to the British Foreign Office, Burma's commander in chief, General Ne Win, recently produced a five-year plan calling for a substantial increase in the size of the British Services Mission in Rangoon and the provision of additional training facilities for an expanded Burmese army.

The British Government is gratified by this evidence of a reversal of Ne Win's attitude toward the mission, and is now concerned with finding enough competent officers to implement the plan.

**Comment:** Ne Win has often in the past indicated a desire to be rid of the British Services Mission. This evidence of a radically altered view reflects the growing awareness by Burmese authorities of their dependence on Western support. It also indicates that their efforts to develop satisfactory alternative sources to Britain for military assistance have probably been unsuccessful.

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NEAR EAST - AFRICA

6. Comment on coming Iraqi elections:

The Iraqi Acting Foreign Minister clearly stated in a recent broadcast the readiness of his government to hold the promised direct elections by 27 February 1953, as required by law. This statement invalidates previous intimations that recently appointed Prime Minister Mahmoud would postpone the elections indefinitely.

Holding the elections, however, does not necessarily mean that General Mahmoud, who was brought to power by the Regent and elder statesman Nuri Said, is prepared to relinquish control of the government. He may be confident that while the populace will derive some satisfaction from direct elections, nevertheless, his control of the electoral machinery will ensure his return to the premiership.

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8. Moroccan nationalists claim preparation of underground organization:

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the nationalist parties have been directed to go underground in order to combat French repressive measures.

Anticipating the ban against nationalist activity, the leaders had already taken precautions against house searches and arrests and had set up a clandestine courier system. The leaders expect the nationalists in Morocco to be able to carry on a degree of political activity and to communicate with Tangier and representatives abroad.

Comment: French controls will impede, but are not likely to eliminate, their clandestine activity. Because of the removal of many of the leaders, the possibility of successful Communist infiltration of the nationalist movement is greatly increased.

## EASTERN EUROPE

9. Anti-Zionist purge believed imminent in Poland:

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Diplomatic circles in Warsaw believe a trial of high Jewish officials in Poland is imminent. The consensus is that Politburo member Jakub Berman and top-ranking officials in the Foreign

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Office may be involved. Testimony at the recent Prague trial concerning Zionist intrigue in Czechoslovakia and Poland, together with recent propaganda, suggests that Polish authorities are preparing such a trial.

There are also diplomatic rumors that a Gomulka trial may be near at hand.

Comment: An anti-Zionist purge in Poland would have especially far-reaching effects in the Foreign Office, most of whose officials are Jewish. Jakub Berman, a high-ranking Jewish Communist who has been very powerful in both party and government, did not receive a cabinet post in the recent governmental reorganization.

#### WESTERN EUROPE

10. French may use Indochina question in NATO as lever to obtain more US aid:

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The French deputy to the North Atlantic Council has reportedly told the Italian deputy that France expects to obtain more American aid if the 15 December session of the council supports a French resolution seeking NATO assumption of obligations in Indochina.

The Italian deputy reportedly expressed fears that passage of such a resolution would mean less aid for the other NATO partners.

Comment: This is a further indication of French attempts to use the Indochina situation as a lever for obtaining more American aid. Ambassador Draper has reported that the French have also tried to obtain American support for the Indochina resolution in return for French support of a NATO resolution urging speedy EDC ratification.

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11. French may increase aid demands:

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[REDACTED]

The American Embassy in Paris reports that the French Government might not now be satisfied with an increase in promised American aid for the current fiscal year from \$525,000,000 to \$650,000,000. At least some leading French officials hope to "make a better deal" with the incoming administration, and French representatives in NATO bodies have clearly revealed their belief that much more than \$650,000,000 of American aid is possible.

Comment: In presenting the government's draft military budget for 1953 to parliament on 1 December, Defense Minister Pleven estimated expenditures at \$4,180,000,000, including items conditional upon a new American commitment for the full \$650,000,000 of aid.

In late October, Premier Pinay personally told Ambassador Dunn that the National Assembly's reluctance to ratify the EDC treaty in the face of the existing Indochina burden could be overcome if the US granted the full amount of requested aid.

12. Dutch receipt of additional gold and dollar assets revealed:

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[REDACTED]

Unofficial sources reveal that the Dutch Government has since July obtained about \$90,000,000 in gold and dollar assets through transactions with Indonesia. The American Ambassador in The Hague concludes that the Netherlands can no longer justify the \$15,000,000 of American defense support aid which it expects in the current fiscal year.

Dutch officials, on the other hand, state that these assets arise largely from liquidation of investments, and reflect no improvement in the Netherlands' basic capacity to earn dollars.

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The Ambassador warns that in view of the present political pressure on The Hague government to cut taxes while increasing certain non-military expenditures, an abrupt cutback now in American defense support aid might well lead the Netherlands to curb its defense expenditures and attempt to place the blame on the United States.

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