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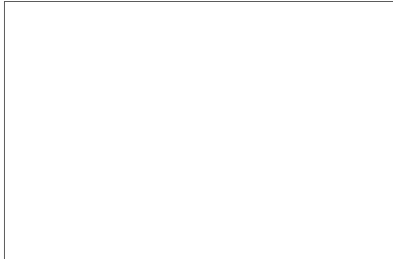
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GENERAL

1. Soviet leaders warn French ambassador of consequences of ratification of Paris agreements:

In a two-hour discussion between top Soviet leaders and French ambassador Joxe following the 10 December celebration of the anniversary of the French-Soviet treaty, Malenkov emphasized that Soviet statements regarding the re-militarization of West Germany and its consequences were not propaganda but

the considered and carefully thought-out view of the Soviet government.

With Malenkov taking the lead, the Soviet leaders repeated their familiar themes about the dangers of German "militarism" to France and Europe, the incompatibility of the Paris agreements with the French-Soviet pact and with post-ratification negotiations with Moscow, and the consequences which would follow the entry into force of the Paris accords. When Joxe stated that there was no doubt that the French assembly would ratify the agreements, Malenkov expressed surprise and pointed to the recent report of the assembly's Foreign Affairs Committee as evidence of serious opposition in the French parliament.

In defending the Paris agreements, Joxe blamed Stalin's postwar policies for creating a feeling of insecurity and threat in Western Europe. Malenkov nodded his head in apparent agreement, Bulganin and Mikoyan exchanged approving glances, but Molotov, who was sullen and "glacial" throughout the conversation, was visibly irritated. Ambassador Bohlen concurs in Joxe's opinion that there is at least a difference of view within the Soviet leadership as to what exactly should be done if and when the agreements are ratified.

2. Tito reportedly to talk with high-level Chinese Communists:

Yugoslav diplomats in India and Burma have been notified by Belgrade that Tito will hold talks in the Yugoslav embassy

in Rangoon with high-level Chinese officials, [REDACTED]

[REDACTED] Economic exchanges with the Viet Minh will also be discussed by trade officials in Tito's party.

Comment: Tito would probably welcome an opportunity during his current trip to India and Burma to meet with Chinese representatives.

Yugoslavia was one of the first non-Orbit countries to offer to establish relations with Peiping, but Peiping has never accepted the offer. Belgrade has repeatedly maintained that Western recognition of the Peiping regime is desirable to ensure against Soviet domination. Tito has publicly stated, however, that as far as Yugoslavia is concerned the initiative for the establishment of normal relations must now come from Peiping.

It is believed that Peiping would agree to establish diplomatic relations with Yugoslavia, in line with the current Communist effort to improve relations with Belgrade.

Trade talks with the Viet Minh might lead to establishment of Yugoslav-Viet Minh diplomatic relations, which the Yugoslavs attempted in early 1950.

FAR EAST

3. Opposition subjecting President Rhee to unprecedented criticism:

[REDACTED] President Rhee is being subjected to unprecedented criticism by his opposition, according to Ambassador Briggs. The ambassador believes the major causes are Rhee's highhanded tactics in forcing through his constitutional amendments and his prolonged dispute with the United States over the aid program, which has undermined confidence in his ability to deal with the United States. Opposition leaders say Rhee is too old, misunderstands democracy, and has "smeared and retarded" parliamentary politics.

Briggs feels Rhee, to prevent further deterioration of his position, will seek to prevent a serious rift with Washington, and will institute strict controls over activities of both his own and the opposition parties.

Comment: Rhee has begun a party reorganization and is reported considering some cabinet changes to prevent further defections from his party.

Only vigorous action by the police, which Rhee still controls, can effectively stifle the opposition. That such action is contemplated was suggested by Rhee's recent denunciation of his opponents, including those persons advocating co-operation with the United States on the aid program, as "traitors."

4. Chou En-lai says Peiping will not be "intimidated" in airmen's case:

[REDACTED] Chou En-lai is reported to have told the [REDACTED] that Communist China would not be "intimidated" in the case of the 11 American airmen convicted as spies, but that if the airmen's behavior were good their cases "would be reviewed." This account of the Chinese Communist position was given [REDACTED]

Chou mentioned to the ambassador the "American" action of sending to Formosa some 10,000 Chinese prisoners of the Korean war who had refused repatriation, the recent signing of a mutual security treaty between Nationalist China and the United States, and the detention of some Chinese students in the United States.

Chou alleged that the list of American nationals held in Communist China which was provided by the United States during the discussions at Geneva last summer did not identify the 11 airmen as prisoners of war.

Comment: Chou's reported remarks, like Peiping's propaganda, suggest that Chinese Communist prestige is heavily committed in the airmen's case and that the prospects are therefore poor for their early release. At the same time, the door apparently remains open for an eventual settlement.

Should UN secretary general Hammerskjold go to Peiping, the Chinese Communists could be expected to document

the "spy" case in great detail and to present a list of allegedly related grievances which have long been staples of Peiping's propaganda.

There is no basis for Chou's implication that the 11 airmen were regarded by the United States last summer as civilians. The American list explicitly identified them as United States air force personnel.

5. Chinese Communist radar facilities increased:



The number of coastal radar sites in Communist China, almost all of World War II type, has increased from 90 to 132 since July. This increase is not considered indicative of imminent military operations, but does indicate an improvement in Chinese Communist air warning capability for dealing with violations of frontier security.

It is possible that the introduction of newer Soviet radar types in the western USSR has freed more of the older sets for use in the Far East.

Comment: The growing number of radar sites in Communist China has coincided with a gradual repositioning of jet fighters to bases from which they can react more quickly to overflights of the mainland coast. Added evidence that the Chinese Communists are improving their air defenses was revealed recently when two tracking nets began using a new and more accurate system of describing the locations of aircraft detected by radar.



In addition to the expanding belt of radar cover along the China coast, there is evidence that the Chinese have installed sets in the interior.



SOUTHEAST ASIA

6. Prominent nationalists express misgivings about Vietnamese premier:



Phan Huy Quat told American officials on 10 December he is now convinced Premier Diem is merely finding pretexts to avoid appointing him defense

minister. After 15 discussions with Diem with regard to a cabinet appointment, Quat rejected the premier's latest proposal to take him into the government if Quat could persuade the Cao Dai and Hoa Hao sects to agree to it.

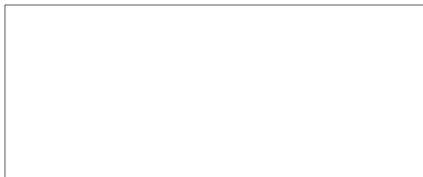
Quat criticized Diem's haste to eliminate French influence and armed strength in Vietnam, stating that he favored a more "flexible" policy.

Le Huu Tu, dean of the Vietnamese Catholic bishops, told the embassy on 11 December that Diem's appointment last July had aroused a "wave of hope throughout the country," but that this feeling had been dissipated by Diem's ineffectiveness in office. He also stated that Diem is fearful of potential rivals and attempts to play one off against another.

Comment: On previous occasions, Diem's refusal to bring into his government certain well-known opportunists has probably been to Vietnam's advantage, but his rejection of Quat, an outstanding Vietnamese nationalist and the most promising candidate to head the Defense Ministry, has no such justification. His decision appears to be based largely on his desire to retain a maximum of political and military power in his own grasp.

NEAR EAST - AFRICA

7. France seen supporting anti-Western elements in Syria:



Syrian minister of economy Kayyali told Ambassador Moose in Damascus that France considers the United States

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as much a French adversary in Syria as the Soviet Union. Kayyali declared that French money is being freely spent in order to prevent closer Syrian collaboration with either the United States or Britain. To that end, Kayyali asserted, France is financing the efforts of the independent politician, Khalid al Azm, in co-operation with socialists and pro-Communists, to discredit Prime Minister al Khouri's government.

Ambassador Moose feels Kayyali may be somewhat prejudiced but believes that recurring reports of Azm's close connections with French agents in Syria seem to justify Kayyali's statements.

Comment: France, which has traditionally resented the growth of American or British influence in Syria and Lebanon, apparently contributed heavily to Azm's recent successful campaign for election to parliament.

Azm has long wanted to be president of Syria. He now heads a loose coalition of opportunistic independents, extreme socialists and Communists which is bent on overthrowing the present anemic government.

8. Comment on anti-American demonstrations in Athens:

[REDACTED] The anti-American demonstrations in Athens on 14 December increase the pressure on the government of Prime Minister Papagos to be obdurate on the Cyprus issue. The Greek government may as a consequence be forced to modify its recent tendency to compromise and insist on a clear-cut decision in the UN, which is now considering the issue.

The Papagos government, which Greeks identify closely with American influence, may attempt to escape its dilemma by publicly assuming an anti-American attitude and placing the blame for the probable Greek defeat in the UN on the United States.

Similar riots may occur again, but the government is considered capable of controlling them. However, the regime's continuance in office, which is also threatened by other political difficulties, may depend on Papagos' skill in handling internal repercussions of the Cyprus issue. [REDACTED]