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State Department review completed

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GENERAL

1. British disturbed by course of Korean truce negotiations:

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The United States Embassy in London believes that Foreign Secretary Eden's 19 November parliamentary statement on Korea will be helpful in giving "a badly needed explanation" to the British public. Their confusion over the issues at stake, and doubt over the source of the obstacles placed in the way of a settlement, is reflected in the press and "extends even into the Foreign Office." Press comment has questioned in particular the competence of the present UN negotiators as well as the accuracy and completeness of the information given out by the UN Commander in Chief.

Comment: Left-wing criticism has also focused on the lack of British or Commonwealth representation on the negotiating committee; and Prime Minister Churchill on 15 November evidently found it necessary to re-affirm publicly the Government's confidence in UN leadership in Korea.

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4. Greece suggests abolishment of UN Balkan Commission:

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The Greek UN representatives in Paris have told US delegates that Greece favors the abolition of the UN Balkan Commission without

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replacement by a new body and without the continuance of observers in the field. Greece fears that continued UN supervision of its borders implies a weakness and so jeopardizes its position in NATO. Greece, moreover, does not wish its frontier case to reappear on the General Assembly agenda, especially since there is an almost complete absence of significant frontier incidents.

Comment: Abandoning its original contention that the Commission should be retained, Greece recently expressed itself as sympathetic to the US view that the Commission should be replaced by a subcommittee of the Peace Observation Committee without Soviet or Satellite members. More recently, however, Greek spokesmen have been very critical of the Observation Committee and expressed the view that the Committee was worse than no UN supervision at all.

WESTERN EUROPE

5. Communist-led strike cripples French economy:

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The American Embassy in Paris sees no early solution for the serious strike by which French Communists are obstructing the strategic French coal industry. The Government has so far shown no willingness to back down while such a large-scale strike is under way, and it now seems likely that the walkout will spread to the important Saar and Lorraine basins. Despite the opposition of Socialist union leaders, the Socialist locals have been unable to withstand the pressure from the rank and file and have joined the strikers.

By curtailing medical benefits which French miners have enjoyed for over 50 years, the Government precipitated the strike and presented the Communists with a perfect situation to exploit economic grievances for political ends.

Comment: Premier Plevén has described the 1951 coal shortage as the greatest problem currently facing France. The Government has recently declared its intention of curtailing coal imports from dollar sources. Even with their current imports, estimated at over

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15 million tons for the year, the French are still unable to lift steel production over 85% of capacity. The loss of as much as one week's production will be a serious blow to the French economy.

In view of the speed with which this strike has mushroomed, the Government can be expected to offer an early compromise in order to prevent a greater loss to the defense effort.

6. Italy seeks approval of barter agreement with Czechoslovakia:

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The Italians are pressing the Coordinating Committee on East-West Trade (COCOM) for approval of a barter agreement which provides mainly for the exchange of Italian ball bearings against Czechoslovak special steels, coal, cellulose, and other goods. Sixty percent of the ball bearings are types now embargoed, but private contracts covering their delivery were made prior to the COCOM embargo.

The Italians are defending the barter agreement on the basis that 90 percent of the Czech counterpart deliveries are raw materials essential to the Italian economy, that such raw materials are in short supply in the West, and that a rupture in Italo-Czech trade may result if the agreement is not approved. Because further delay would compromise the export of certain seasonal Italian products, the Italian Government has already begun to implement part of the agreement.

Comment: This situation, in essence, highlights the difficult position in which the Italians find themselves as a result of their lack of natural resources. In return for important quantities of coal, wheat, manganese, and other raw materials from the Communist bloc, the Italians feel they must export a certain minimum of strategic items.

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