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EASTERN EUROPE

6. Finnish diplomat predicts early Hungarian release of US plane:

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The Finnish Charge d'Affaires in Budapest has informed the US Legation of a conversation with an "Eastern colleague" on 6 December in which the latter stated that the American plane incident was considered to be not very serious and would be settled "in a few weeks." The Finnish Charge, although firmly pro-Western, reportedly maintains fairly close contacts with his Orbit colleagues.

Comment: The US Legation in Budapest was encouraged by the fact that Hungary in its 11 December note failed to make direct espionage charges against crew members.

WESTERN EUROPE

7. Occupation costs become serious Austrian political issue:

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Austrian Foreign Minister Gruber has told the US High Commissioner that the British and French proposals for 1952 occupation costs have become a serious political issue within Austria, and that one member of the cabinet feels that the government should ask the British and French to leave Austria, turning their zones over to the United States. Gruber agreed with the High Commissioner that such a move would invite a dangerous Soviet expansion in Austria.

Comment: The French, British and Soviet representatives last month demanded an additional 400 thousand to 800 thousand dollars over the US-proposed ceiling of 4.4 million dollars per occupying power for Austrian occupation costs. Austria already faces a 1952 budget deficit of over 31 million dollars.

8. American Embassy in Paris comments on Schuman Plan ratification:

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The US Embassy in Paris views the French Assembly's ratification of the Schuman Plan by a large majority as evidence that the deputies now consider it politically risky to oppose the growing public sentiment for European unification. The government's triumph, however, does not mean that the coalition is now much more cohesive, inasmuch as its cleavages are economic and ideological and "have nothing to do with foreign policy."

Comment: The growing force of French public opinion favoring European unity is indicated by the failure of the steel interests, despite their major effort against the treaty, to influence more than a few conservative deputies.

9. Spanish dollar crisis reportedly imminent:

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The Spanish Minister of Commerce has informed the American Ambassador in Madrid that Spanish dollar obligations for the next six months exceed cash dollar assets by more than seven million. The Ambassador urges immediate and special efforts on the part of the Export-Import Bank to conclude commodity credits to Spain which would ease the strain. He believes that, after a year's publicity of forthcoming US aid and on the eve of possible military negotiations, should a publicly-known financial crisis develop the US position in Spain would be prejudiced.

Comment: The Spanish Government has consistently ignored the repeated requests of the United States Government for information concerning Spain's balance-of-payments and dollar position, and, in pressing the Embassy for a short-term cotton loan in September, the Spanish Minister of Commerce gave no indication of a serious dollar shortage.