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CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Communist literature on BW distributed in Vienna:

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Several publications summarizing "evidence" on the American use of biological warfare are being distributed at a BW exhibition currently being held in Vienna under the sponsorship of the Chinese and Austrian peace councils.

Comment: There is no evidence that the recent revival of Communist charges of American use of biological warfare foreshadows another concerted Communist propaganda campaign of proportions similar to the one earlier this year. The current accusations seem designed to up-date such charges in order to document Soviet arguments on the subject in current international forums.

FAR EAST

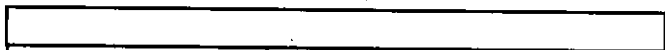
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2.  major Korean political crisis in January:


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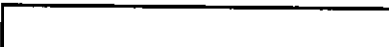


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 Rhee undoubtedly faces another major political battle with opposition Assemblymen during January. The

forthcoming political crisis, which will probably be similar to last spring's, will involve the appointment of a prime minister by Rhee and elections for the upper house of the National Assembly.

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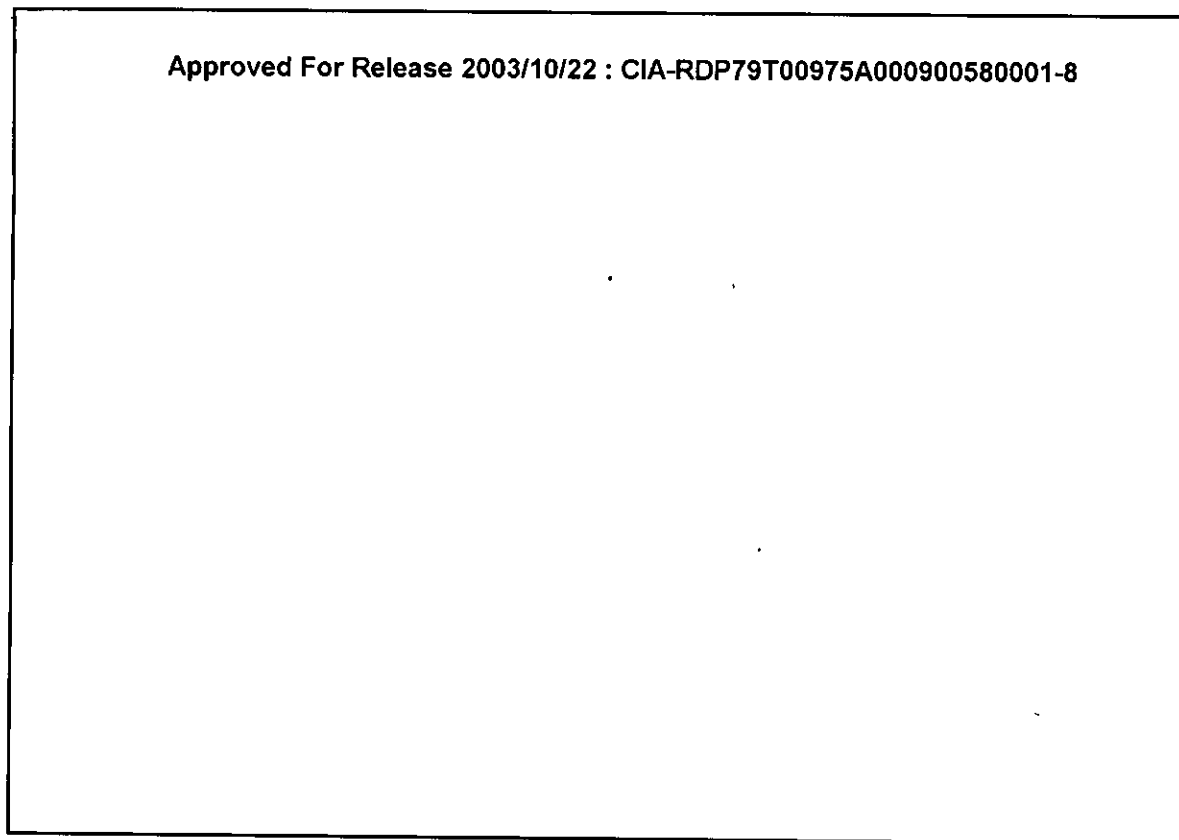


Rhee's choice for prime minister, either Paek Tu-chin or Yi Ki-pong, will not be acceptable to the Assembly while the creation of the upper house will meet with "blast-furnace resistance" by the legislators, who realize that a second house would limit their powers.

Comment: American officials in Korea believe that Rhee's recent public threats against the Assembly are the opening moves in another attempt to curb its powers. With the Assembly apparently as intractable as Rhee, there is little likelihood that it would be susceptible to Rhee's requests.

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NEAR EAST - AFRICA

4. Serious rioting in Morocco expected within 30 days:

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[Redacted] further serious rioting
in Morocco is expected within 30 days.

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French security officials state that the nationalist Istiqlal party is organizing shock troops to aid in inciting riots in Casablanca. It is estimated that approximately 10,000 fanatics are involved. With 7,000 to 10,000 well-equipped police and soldiers in that sector, the French are confident that the situation can be kept in hand.

Comment: Widespread riots are most likely to occur if the French depose the Sultan, a possibility previously reported. French security measures would probably prevent large-scale disturbances in Casablanca; predominantly native towns such as Fez and Meknes might prove more troublesome.

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EASTERN EUROPE

5. Yugoslavs believe they have excellent bargaining position on Trieste issue:

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[Redacted] Foreign Minister

Kardelj recently stated that Yugoslavia's increasing value to the West and its possession of Zone B make its bargaining position on Trieste particularly strong. Kardelj concluded that time is on Yugoslavia's side.

If serious negotiations develop, Yugoslavia will demand specific safeguards to protect the Slovene minority both in Trieste and in Italy. In the absence of any new proposal, however, Yugoslavia would support the establishment of an Italo-Yugoslav condominium, conceivably with some Austrian participation.

Comment:

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[Redacted] much of Yugoslav action on the Trieste issue reflects the reasoning presented. On 16 December Tito publicly expressed extreme irritation at Italian demands for pressure on Yugoslavia to force a Trieste solution, and stated that Yugoslavia would make no concessions in Zone B. Previously, however, Belgrade had professed willingness to concede some of the northern coastal area in Zone B for substantial concessions in Zone A, such as a corridor to the sea at Zaule.

WESTERN EUROPE

6. Schuman sees Saar settlement by late February:

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[Redacted]

French Foreign Minister Schuman recently told British Foreign Secretary Eden that France and Germany were "more than three quarters of the way" toward a Saar

solution and that he believed the issue could be settled by late February. He said that he realizes the importance of making further progress before the 1953 German national election campaign.

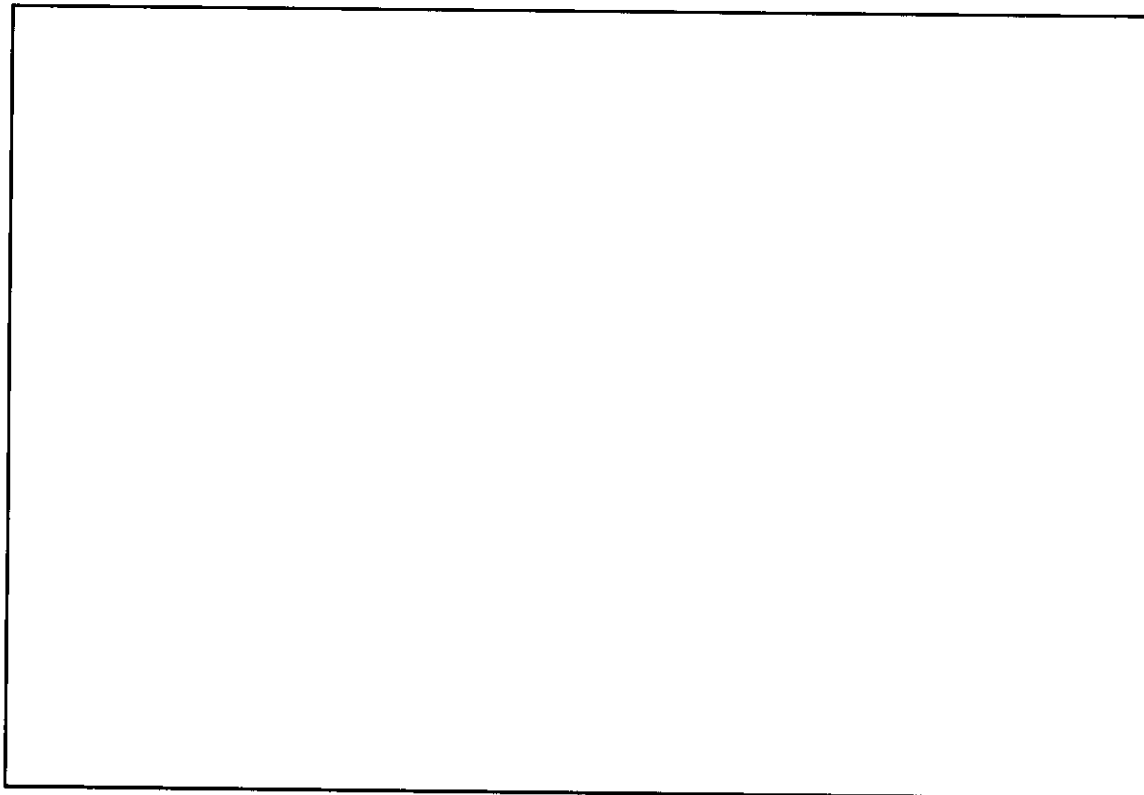
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According to the British Foreign Office, Schuman stated that France does not expect to receive all of the Saar's coal production, and that if the territory is "Europeanized," other countries will have to receive their share.

Comment: This is the first suggestion of French willingness to share the Saar's coal or steel production. This apparent shift in the French position provides some basis for Schuman's prediction of an early settlement, which otherwise appears over-optimistic in the light of numerous other still unresolved Saar economic questions.

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