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1. French stress need of new labor international--According to US Embassy Paris, leading French Socialists are increasingly concerned over the failure of British labor to realize the importance and urgency of establishing immediately a new international labor group which would effectively oppose the World Federation of Trade Unions (WFTU), now completely Communist-dominated as a result of the secession of the leading western trade unions. Non-Communist French labor leaders also hope that the CIO and the AFL in the US will appreciate the urgency of organizing a non-Communist labor international.

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(CIA Comment: CIA believes that unless a new western-oriented labor international is promptly established, the hard-core Communists in the WFTU will make important gains in the international trade union movement. CIA believes that, in addition to the attitude of British labor, antagonism between the AFL and the CIO is one of the main obstacles to the organization of such an anti-Communist labor international.)

2. USSR rejects US counterproposal on Berlin currency--US Representative Knapp in Geneva reports that the USSR has rejected, as a basis for discussion, the US counterproposal providing for acceptance of the Soviet mark on the basis of autonomous use in the three western sectors of Berlin. The Soviet rejection contended that the US counterproposal did not conform to the basic principles of the 30 August Moscow directive. The Soviet representative in Geneva, however, expressed the belief that, although it required significant amendments and additions, the UN Technical Committee's draft report did conform to the Moscow directive.

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(CIA Comment: CIA believes that Soviet insistence on the 30 August Moscow directive indicates that the USSR will continue to reject any settlement which would protect the interests of the western powers in a split Berlin.)

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supplies be shipped either to China or Taiwan for the Nationalist Government. The JUSMAG Chief expresses the opinion that, in event of the complete collapse of the Nationalist Government, these supplies might fall into the hands of the Communists or be sold by unscrupulous Nationalist personnel in other areas of conflict in Southeast Asia.

Possible uprising in Taiwan--US Consuls General in Shanghai and Hong Kong have been informed by leaders of the Formosan League for Re-emanicipation of an imminent native insurrection on Taiwan designed to forestall further development of the island as a Kuomintang stronghold. US Consul General Shanghai believes that, in view of the large Nationalist forces already established on Taiwan, Taiwanese revolutionary leaders may envisage success in terms less of military victory than of world-wide dramatization of their cause.

(CIA Comment: CIA believes that increasing Taiwanese resentment against the influx of mainland Chinese may lead at any time to spontaneous acts of violence and sabotage. CIA believes, however, that although an insurrection may be planned, Chinese military forces would probably be able to suppress it.)

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