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INTERNATIONAL ORGANIZATIONS DIVISION

WEEKLY SUMMARY NO. 2

For week ending 17 January 1950

Volume III

The International Week

Problems incident to the collapse of Nationalist China dominated not only the entire international scene, but also the UN. The USSR and its satellites boycotted all UN meetings after the SC had refused to oust the present Chinese delegation. In the Kashmir case, the informal negotiations which General McNaughton (Canada) had been conducting were broken off by India. The first hints of a possible Italo-Ethiopian rapprochement appeared on the horizon.

Soviet blockade of the UN. The Soviet withdrawal from the Security Council is in effect an attempt legally to blockade the principal UN enforcement organ until it complies with the USSR's bidding by ousting the present Chinese delegation. It remains to be seen whether a legal airlift to overcome this blockade can be devised. Abstention has come to be a recognized form of vote in the UN, separate and distinct from a nay. Furthermore Article 28 of the Charter requires all SC members to be represented at all times so that the council may function continuously. These arguments may well be invoked to sustain the right of the SC to take even substantive decisions in the absence of the USSR on the theory that such absence amounts only to an abstention.

Meanwhile it becomes more apparent that the Soviet bloc has adopted a concerted strategy in dealing with the Chinese recognition problem. Not only are the satellites participating in this UN boycott, but it is being extended to other UN organs. Meanwhile in China itself, the seizure of the US Consulate property in Peking may be deliberately calculated to delay rather than accelerate US recognition of the PRC. A number of objectives may underlie these actions. The USSR probably seeks to capitalize the propaganda opportunity for bringing home to the Chinese Communists its outstanding and boundless championship of their regime. At the same time by inducing abstentions from such members as the UK and Norway which recently recognized the PRC, Moscow may hope to highlight the lukewarm attitude of the "Johnny Come Latelies" for the benefit of the Chinese. Possibly the Kremlin is trying to bring about a situation whereby the US will be confronted with an unfriendly and hostile Chinese government in the SC which for

prestige considerations, it cannot afford to recognize. Thus it may result that USSR can pay back the US in kind for the election of Yugoslavia to the SC last October, for which this country is held responsible in Moscow. Finally the USSR may wish emphatically to signalize its deep and basic dissatisfaction with the UN which during the recent GA session affronted the Muscovites not only by its choice of Yugoslavia for the SC, but by its adoption of the sharply anti-Soviet "Essentials of Peace Resolution." By arranging for a boycott of the whole UN by the entire Soviet bloc, the Kremlin may seek to serve a warning on the UN that there may be limits to what it is willing to accept from the organization.

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Italo-Ethiopian rapprochement? Prospects for the establishment of better relations between Italy and Ethiopia have increased as a result of their recent informal conversations in Geneva. The key factors tending to promote a rapprochement are Italy's fear of the Ethiopian reaction to Italian trusteeship over Somaliland, and Ethiopia's distrust of Italian aims in Eritrea, which is the true motive for Ethiopian pressure on Somaliland issues. Thus, basic to any real settlement is the future disposition of Eritrea, which the UN has failed to award to Ethiopia in two successive General Assembly sessions and which a Commission of Inquiry is to visit in preparation for a third.

The first concrete step toward a settlement is the Ethiopian suggestion, agreeable to the Italian delegation at the Trusteeship Council's Somaliland committee, for a provisional administrative boundary line, pending the final demarcation of a de jure line. Moreover, Italy has indicated to the UK its desire to consider ways and means by which it might attain general agreement with Ethiopia on all questions, including Eritrea. Since this is the only possible basis for establishing normal relations, it has been interpreted in some quarters as indicating Italy's willingness to renounce its claims to Eritrea, if a general settlement could be achieved thereby. Informal Italo-Ethiopian discussions continuing at Geneva offer some prospect for amelioration of tension between the two countries, provided that adequate concessions are made on both sides.

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Catholic trade unions postpone decision on unity with new international. The Christian Trade Union Confederation (CISC), representing 2½ to 3 million workers, has postponed for at least three months any final decision regarding affiliation with the newly formed Free Trade Union International (ICFTU). Simultaneously, leaders of the Christian Confederation stressed that all national Christian trade unions would decide as a group. Although

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attributed to CISC's desire for time to recoup dues and to resentment over an AFL threat of public attack if the CISC refuses to affiliate, the postponement probably also reflects a division between two groups of Catholic unions. One, led by Tessier, the CISC president, is apparently seeking a plausible excuse to avoid disbanding the Catholic labor organization. The other, represented by the Italian Pastore and supported by a minority within the French Christian federation, maintains that organic unity with the ICFTU is needed for effective countermeasures against Communist labor.

The Tessier group, currently in the saddle, favors some form of cooperation between the two labor internationals but is unwilling to be pressured by the two-year separation proviso, which it regards as an "ultimatum." Although continued efforts will probably be made to develop working cooperation between the two internationals, their success is uncertain. Should these efforts break down, the pro-ICFTU elements may withdraw from the Christian confederation and adhere independently to the new international.

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WFTU Asian Bureau develops links with Southeast Asia. The Peiping Asian Liaison Bureau, recently formed by the World Federation of Trade Unions, is currently seeking closer liaison between Chinese Communist labor and the labor force of Southeast Asia. This development is reflected in the visit of a large Indonesian labor delegation to Peiping and in the Burmese Trade Union Congress's reported affiliation with the WFTU. The visit of the Indonesian workers organization (SOBSI), following its failure to obtain transport to the WFTU Peiping Conference, indicates the determination of its Communist leaders to establish contact with the WFTU Asian Bureau. Other signs of the Bureau's expanding capabilities were: (1) a reported SOBSI request for a WFTU "observer" in Indonesia; (2) indications that the WFTU will distribute its publications in native languages throughout Asia, particularly in Indonesia and India; and (3) a reported plan for a WFTU office in Hong Kong for liaison with the Chinese seamen and dockers organizations. WFTU determination to pursue its drive for the "liberation" of Southeast Asia was further evidenced in the adoption by its Executive Bureau last week of a "plan of work" for carrying out the Peiping Conference's decisions. At this meeting the Bureau directed the WFTU Secretariat to accelerate aid to the trade union organizations in colonial areas.

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Yugoslav labor denounces Soviet domination of the WFTU. Yugoslav labor, until now ideologically loyal to the World Federation of Trade Unions, has denounced what it terms "Cominformist" efforts to evict the Yugoslav trade unions from that organization. The

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denunciation, made by the officially-inspired Yugoslav trade union paper RAD, follows the Soviet ban on Yugoslav participation in recent conferences held to organize WFTU departments for the Food and Agricultural Workers, Postal and Radio Workers, and Farm Workers. RAD condemns such "disruptive activities" against WFTU unity and stresses that the correct response of the international workers is to fight for "the free and independent activities of the national trade union movements." This blast by the same Yugoslav trade union organization which only a month ago reasserted allegiance to the WFTU indicates its strong resentment at Soviet domination of that body and suggests that it may be seeking to associate itself with other Communist elements within the WFTU in a splinter movement.

Indonesian UN membership. In what would be a shrewdly timed move, Indonesia is reportedly considering applying for UN membership during the current Soviet boycott of the SC. Since Indonesia has not previously applied for UN membership and been vetoed by the USSR, the Indonesians could contend that they were not trying to sneak in while the Soviets were absent.

Current status of the Kashmir case. Despite a sharp prod to India by the US, India still obdurately refuses to modify its stand on Kashmir. Nehru has flatly stated that he does not consider that further negotiations on the Kashmir case at Lake Success "are likely to lead to any fruitful result." It is expected that Nehru will remain uncompromising and will continue to avoid any real progress towards the over-all plebiscite in Kashmir to which both Pakistan and India are committed. Pakistan holds firm for the agreed over-all plebiscite but India, in conversations with the US, has boldly suggested partition of most of the disputed area, with the agreed cease-fire line as the boundary, and a plebiscite limited to the Vale of Kashmir. GCI's protestations that it favors a continuation of mediation can be interpreted as a maneuver to hold open a way until such a partition-plebiscite deal is suggested or arranged.

Meanwhile, in order to keep some machinery for settlement open, McNaughton (Canada) has agreed to keep himself available as mediator. Since there is no evidence that India will soften its attitude, McNaughton will be compelled to report his failure to the SC whose next move will then be to invite the contenders to make statements before the Council. At this stage only a major change in policy on the part of either GOI or GCP will bring the SC any nearer to a settlement of the dispute.

OPPOSITION TO 1950 ECA PLAN

As OEEC experts begin a detailed examination of ECA's new intra-European trade and payments liberalization plan, it is clear that ECA will face substantial opposition in getting many of its features adopted this year. Initially, the ERP countries have received the plan as a whole favorably, but many of them will probably be unwilling to proceed as far or as fast in all respects as the US desires. Although ECA hopes for complete elimination of bilateral quantitative restrictions by mid-1950, some OEEC members are balking at even the 50% reduction already called for. The French, while barely meeting the 50% goal, have adopted a strongly protectionist attitude in their reluctance to remove QR's where domestic producers might be hurt. It will be much more difficult to secure elimination of QR's on the remaining 50% of intra-European trade, where strong vested interests will object, than it was on the first try.

ECA's parallel objective of intra-European currency transferability through the operations of a proposed European Clearing Union also faces numerous obstacles. Perhaps most important is the conflict between debtor and creditor nations as to the terms of settling trade deficits. The UK and probably others will be, as in the past, extremely hesitant about any clearing system through which they risk losing gold or dollars in case of persistent large deficits. On the other hand creditor countries like Belgium will be reluctant to extend further large credits to debtor nations. A special problem will arise from the large sterling holdings of some ERP countries. It will be difficult to include the sterling area in the currency transferability arrangements if these countries seek to unload too large a volume of their sterling holdings, thus making the UK a persistent debtor forced to settle partly in gold or dollars. Another problem will be the reluctance of most OEEC countries to see any substantial amount of ECA dollars subtracted from their own individual aid allocations for use in the Clearing Union's stabilization fund. In addition, Denmark and Norway fear that too drastic a trade and payments liberalization will jeopardize their full employment policies.

Finally, ECA will meet great difficulties in securing a system which will endure after the artificial stimulus of US aid is withdrawn in 1952. ECA believes that this requires not only a system of automatic incentives and deterrents through gold and dollar payments or credits but some adequate mechanism for cooperative adjustment of national economic policies. But it will be hard to sell the ERP nations on such an organization to consult on national policies and recommend modification. While marked progress toward continued freeing of trade and payments will undoubtedly be made during 1950, the Europeans may well balk at adopting sufficiently drastic measures to ensure survival of the new clearing system after the end of the ERP.