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SECURITY INFORMATION

28 December 1952

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Office of Current Intelligence

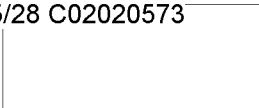
CENTRAL INTELLIGENCE AGENCY

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**GENERAL**

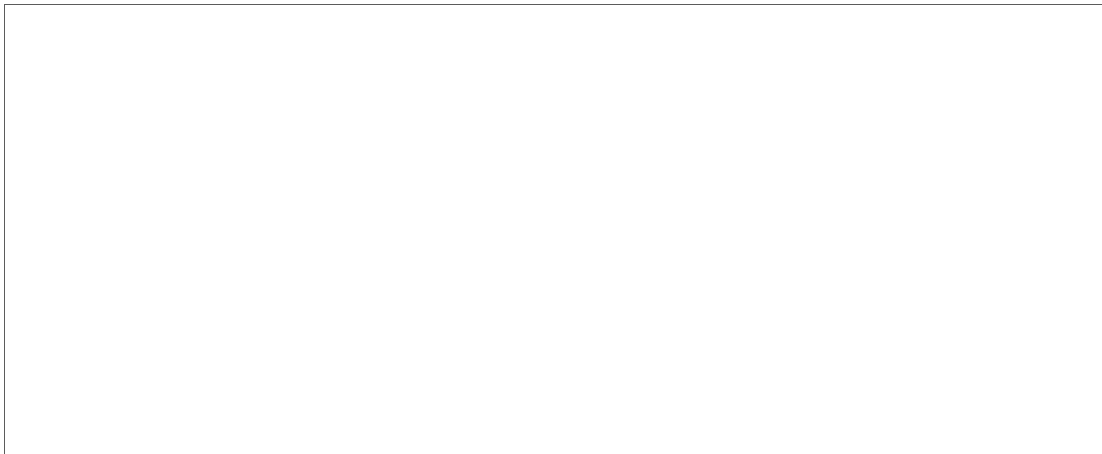
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2. Arabs may boycott Japan for trading with Israel:

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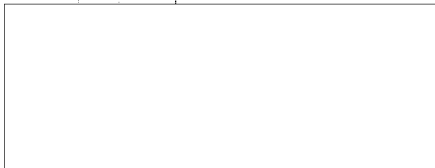
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Comment: There is no evidence to date that the initiation of trade between Japan and Israel would produce an automatic Arab boycott of Japanese goods. Egypt in particular would be loath to lose Japanese markets for Egyptian cotton. Arab public opinion might force the more moderate governments to curtail their economic ties with Japan.

### SOUTHEAST ASIA

#### 3. Chinese Nationalists in Burma may have alliance with Karen insurgents:



The American Embassy in Rangoon believes that the Chinese Nationalists in northeast Burma may have formed an alliance with Karen insurgents which could force a radical redeployment of the Burmese army.

3.3(h)(2)

As evidence, the Embassy cites the Burma War Office's confirmation of the barter of Nationalist arms for Karen rice and the fact that Burmese troops recently captured nearly new American carbines and ammunition from Karen forces.

Comment: Karen emissaries have been negotiating with the Nationalists for several months, but there is no confirmation of a formal alliance. A joint Karen-Chinese Nationalist force would appear to be capable of controlling most of eastern Burma.

A determined government effort in that area would undermine efforts to restore security elsewhere, particularly against the Communists, who are strongest in central Burma.

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## SOUTH ASIA

4. Comment on proposed constitution of Pakistan:

The problem of whether Pakistan is to become officially a Moslem or a secular state will not be resolved by the proposals formally presented to the Pakistani Constituent Assembly on 22 December, and the attempt at a compromise may raise serious difficulties. Some liberals, as well as the leftists, will be opposed to those provisions providing the Moslem hierarchy a means of exercising considerable political control, while orthodox groups are likely to protest the clause which gives the legislative body authority to override the recommendations of the proposed board of Islamic experts.

Provision for an elected head of state would necessitate some juridical change in Pakistan's Commonwealth status, possibly along the lines of the Republic of India. This should appeal to nationalistic elements and at the same time aid the government in refuting Communist claims that Pakistan is dominated by "imperialists."

## WESTERN EUROPE

5. Austrian Cabinet obeys Soviet ultimatum on police:

The Austrian Cabinet on 23 December decided to comply with a Soviet ultimatum regarding the weapons to be used by the Austrian police in the Soviet Zone, but to protest to the Allied Council. The USSR had threatened to take the action itself if the Austrians failed to do so.

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Comment: Friction between Soviet and Austrian authorities over the Austrian police has grown in recent months. Since 3 December the Minister of the Interior had ignored

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this particular Soviet demand, as well as another for the removal of the chief of the Wiener-Neustadt police.

Failure of the Austrian police to prevent the display of anti-Soviet posters and inscriptions in the Soviet Zone has also led to veiled Soviet threats that the occupation powers rather than the Austrians would be made responsible for maintaining order in the respective zones.

The recent change of Soviet High Commissioners seems to coincide with a new stiffening of Soviet policy, in the Allied Council as well as toward the Austrian Government.

6. French take firmer stand on economic union with Saar:



In the official French reply of 21 December to Chancellor Adenauer's 16 October note requesting cancellation of the French-Saar conventions, Foreign Minister Schuman stated that the only basis on which discussions on the Saar can be resumed is Bonn's acceptance of the French-Saar economic union. 3.3(h)(2)

Comment: This statement effectively destroys the hopes for a more yielding French attitude on this issue expressed by British Foreign Secretary Eden after his 16 December interview with Schuman.

In view of recent criticism of Schuman's "soft" foreign policy, there now seems little likelihood that any new government will offer the Germans further concessions on the Saar.

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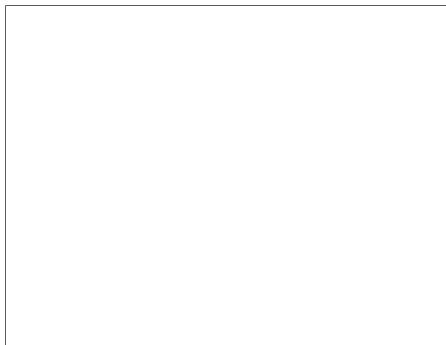
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7. Britain voices concern over handling of Korean prisoner incidents:



Selwyn Lloyd, Britain's Minister of State for Foreign Affairs, has expressed to Ambassador Gross at the UN the "gravest" concern over the handling of public reporting of incidents in Korean prisoner-of-war and internee camps. He indicated that the Churchill government has been having difficulty in parliament because of its inability to get prompt and adequate information.

3.3(h)(2)

Meanwhile, the Foreign Office has told the American Embassy in London that it plans to approach Washington with a number of very pointed questions on the administration of the camps, ostensibly in preparation for further parliamentary inquiries.

Comment: The American Embassy in London has repeatedly commented on the part prison camp incidents have played in encouraging British public and parliamentary criticism of American leadership in Korea. Even government circles seem convinced that the riots could have been avoided, or at least minimized, if the camps had been located and managed differently.

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