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GENERAL

- 1. Chou En-lai's views on world war - [redacted] the East German Ambassador to Peiping has informed his government of a conversation he had on 5 December with Chinese Foreign Minister Chou En-lai, during which Chou declared that a third world war is inevitable as long as neither UN nor Chinese forces are willing to leave Korea. Chou said that China has therefore made itself ready for World War III.

EUROPE

- 2. GERMANY: Analysis of recent elections -- The US High Commission in Germany, in making an analysis of the Socialist victories in the recent Land elections in the US Zone, estimates that the stability of Adenauer's coalition government has not been seriously affected for the immediate future. The Commission believes, however, that the elections have increased the obstacles to the US objective of securing a German contribution to European defense and have encouraged demands for the abolition of remaining occupation controls and the early restoration of German sovereignty. The Socialists have placed the Adenauer regime on the defensive regarding the rearmament issue, and the Commission believes that even if Germany were accorded military equality in a European defense arrangement, the Adenauer Government could not obtain parliamentary approval in the absence of far-reaching Allied concessions toward political sovereignty as well.

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NEAR EAST-AFRICA

3. IRAN: Increased Soviet influence seen--US Embassy Tehran finds evidence of increasing Soviet influence in an apparent revision by the Razmara Government of previous policies regarding the suppression of Communist activities. The Embassy is unable to determine whether this revision is a result of secret agreements made during the Iran-USSR trade negotiations or merely a general policy of the Razmara Government to make concessions to the USSR, but points to such evidence as several recent developments revealing a desire by the government to release from jail leaders of the pro-Communist Tudeh Party. The Embassy also refers to: (a) mounting evidence, [redacted] that the police have been instructed to take a less rigorous attitude toward Communist activities; (b) reports that the Tudeh underground has received instructions not to attack the Shah; (c) a tendency of the Soviet radio to be less critical of the Iranian Government; and (d) such open government moves as closing the Voice of America and BBC radio relays in Iran and increasing restrictions on travel which primarily affect US and British nationals. The Embassy believes that the Razmara Government is likely to continue for some time its "soft policy" toward the USSR, that a legal formula may be found for the release of the Tudeh leaders, and that eventually the ban on open Communist activity may be lifted.

FAR EAST

4. INDOCHINA: Views of new French Commissioner--General Jean de Lattre de Tassigny, newly-appointed French High Commissioner to Indochina, has told US Ambassador Bruce

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in Paris that one of his principal objectives will be to impress upon the Associated States of Indochina that they will be given full independence within the French Union. In order to give concrete evidence of his intention, General de Lattre will do everything in his power to build up the Vietnam national army immediately. De Lattre also pointed to the extreme military importance of holding Tonkin and said that in this critical situation he would rely heavily on the closest possible liaison with US officials in Indochina.

5. CHINA: Anti-Communist activity discounted--The US Consul General in Hong Kong heavily discounts press reports of a recent increase in anti-Communist guerrilla activity in South China. The Consul General stresses there has been extensive evidence of guerrilla activity in South China ever since the Chinese Communists took over and admits it still constitutes a serious problem for local authorities. Moreover, he acknowledges that some increase may have occurred as a result of large-scale withdrawals of Chinese Communist troops from that area, but on the basis of available information he has concluded that the chief objective of guerrilla units in South China remains self-preservation, that their leaders are unwilling to attract greater attention to themselves by increased activity, and that there is "no future" for the guerrilla movement without outside aid in quantity.
6. BURMA: Government decision to side with West--US Embassy Rangoon, on the basis of decisions reportedly reached by Burmese leaders at a recent emergency conference, concludes that the Burmese Government has definitely decided to side with the West in the event of a showdown with the Chinese

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Communists. Meanwhile, the government will build up Burmese armed forces but remain neutral in appearance and passive in the UN. The Embassy believes Burma will again coordinate its action with the Government of India.

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