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SUMMARY

SOVIET UNION

1.

FAR EAST

2. Mao Tse-tung reported to be very ill (page 3).

SOUTHEAST ASIA

3. French adviser promoting Cochinchina state (page 4).

4. Burmese officials define attitude toward Communist China (page 5).

NEAR EAST - AFRICA

5. Comment on resumption of Suez base negotiations (page 6).

- 2 -

Approved for Release: 2019/08/13 C02026948

Approved for Release: 2019/08/13 C02026948 111 SOVIET UNION 1

FAR EAST

2. Mao Tse-tung reported to be very ill:

Mao Tse-tung is suffering from cancer of the throat and a kidney ailment, who says that he talked with a friend of a doctor on a board which examined Mao in June. The board

was said to have estimated that Mao had a year to live.

The same source attributes to the mayor of Shanghai the view that friction will develop, after Mao's death,

- 3 -

between Liu Shao-chi as the proponent of external expansion, and Chu Teh and Chou En-lai as leaders favoring internal development first.

Comment: Mao, who is 60, has been reported for years to be suffering from various severe disorders. He was absent from the Chinese Communist Party's important plenary session last February, and a photograph taken in March suggested he had indeed been ill.

Peiping's new constitution also suggests that Mao has been or will be obliged to reduce his activity as chairman of the party and government. The constitution gives great prestige but less authority to the government chairman and provides for succession "for reasons of health" or if the office "falls vacant."

Chinese Communist press treatment of Mao's lieutenants has indicated that he will eventually be succeeded by some combination from among Liu Shao-chi, Chou En-lai and Chu Teh. There is no good evidence to support speculation that they favor divergent policies.

SOUTHEAST ASIA

3. French adviser promoting Cochinchina state:

Marcel Mingant, a French adviser to the Vietnamese government, is apparently acting as promoter for a separate Cochinchina state, the American embassy in

Saigon concludes on the basis of a recent conversation with him. Mingant said that Premier Ngo Dinh Diem should immediately be replaced by a triumvirate consisting of the former prime ministers Tran Van Huu, Nguyen Van Tam, and General Nguyen Van Xuan. He argues that this would give Cochinchina several years' grace in which to establish a firm front against the Viet Minh, supported by a build-up in Cambodia and Thailand.

<u>Comment</u>: There is fairly conclusive evidence that the French are seeking to undercut the Ngo Dinh Diem government to prevent Diem from obstructing the French surrender of Tonkin to the Viet Minh. A "Cochinchina state" would be weak

- 4 -

Approved for Release: 2019/08/13 C02026948

15 July 54

and would only serve as a disguise for the continuation of French authority in the south. Although formation of such a state would antagonize Vietnamese nationalists, and thus serve Viet Minh interests, the French presumably count on American guarantees to make it work.

Mingant's candidates have long been closely identified with French policies. All held high offices in the French-sponsored Cochinchina Republic of 1946-49.

4. Burmese officials define attitude toward Communist China:

Burma's acting foreign minister, Kyaw Nyein, recently told Ambassador Sebald that the Burmese government had no illusions regarding the permanency of the

Chou-Nu declaration of principles governing Sino-Burmese relations. Kyaw Nyein stated, however, that the declaration gives Burma "several years reprieve" from Chinese Communist aggression.

Other Burmese leaders have told Sebald they do not fear internal subversion but believe Burma will almost certainly become a target of Chinese Communist aggression. They estimate that in five years Peiping will be in a position to take such action.

Both the Burmese president and premier have stated that "when the chips are down" Burma would resist aggression of any kind with whatever means were available.

Comment: Growing hostility on the part of the Burmese toward Peiping has been evident for some time. Their acceptance, at this time, of the theory that the Chinese Communists desire a period of peace in order to consolidate their control at home before engaging in new "adventures" appears to be primarily the result of Nehru's influence.

- 5 -

Approved for Release: 2019/08/13 C02026948

Approved for Release: 2019/08/13 C02026948

NEAR EAST - AFRICA

5. Comment on resumption of Suez base negotiations:

In contrast to optimism expressed by the press, there appear still to be serious obstacles to an early settlement of the Suez dispute. The Egyptians refuse to consider

the British proposals involving civilian technicians and reduced base facilities as essentially a "new deal" calling for new concessions on Egypt's part.

Egypt has objected to three points in the latest British proposals for a Suez base settlement: the duration of the agreement; the time required for complete evacuation of British troops; and the inclusion of Iran among the countries whose involvement in war would automatically make the base available to the British. The new British plan was presented at informal meetings in Cairo on 10 and 11 July.

Prime Minister Nasr has stated that he cannot accept an agreement of longer than seven years duration or a period of more than 15 months for full British evacuation--both points agreed on in negotiations last year. The British maintain, however, that the new approach to a settlement requires new consideration of these issues.

Nasr told an official of the American embassy, in commenting on the latest meeting with the British, "We seem to be in agreement on points on which we formerly disagreed and in disagreement on points on which we formerly were agreed." Nasr appeared uncertain how to handle the problem posed by the British position on the two issues.

- 6 -

Approved for Release: 2019/08/13 C02026948