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1.	REACTIONS TO ESTABLISHMENT OF MOROCCAN
	COUNCIL OF THE THRONE

The installation of a 4-member Council of the Throne on 17 October to exercise the functions of the Moroccan sultan is unlikely to lessen Moroccan

tension or resolve the two-year-old impasse. The dominant nationalist organization, Istiqlal, immediately denounced the council as a violation of the understanding reached with Premier Faure at Aix-les-Bains in August, and has refused to participate in the new government, which is to be headed by Fatmi ben Slimane. The nationalists want France to recognize Moroccan independence and negotiate a new treaty to replace the protectorate treaty of 1912 under which France governs Morocco.

The organization of reactionary settlers, Presence Francaise, has also indicated its dissatisfaction with the council, claiming that its establishment violates an agreement with Resident General Boyer de Latour.

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## 2. RHEE TO EXPEL LEADING AMERICAN BUSINESSMEN President Rhee informed the American embassy on 13 October that a number of leading American businessmen must be expelled from Korea "at least for a time" in order to "save face" for Korea in the taxation dispute. He asserted that the recent public attack by the local American Chamber of Commerce had "shamed Korea before the world" and that "someone must suffer." He requested the embassy to provide the names of the "troublemakers."

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## 3. ITALY SEEN SOFTENING ON RECOGNITION OF COMMUNIST CHINA

The American embassy in Rome reports a marked softening in Italian government circles regarding recognition of Communist China, although the statements of government leaders remain cautious.

Foreign Minister Martino told Ambassador Luce on 15 October that Italy had little to gain by recognition, since China's trading interest focuses on prohibited strategic items, but that Italy was being increasingly pressed by other NATO countries to recognize Communist China.

Mean-

while, efforts by the Italian Foreign Ministry to formalize trade relations have annarently ended in a stalemate.

Comment

The campaign for recognition of Communist China

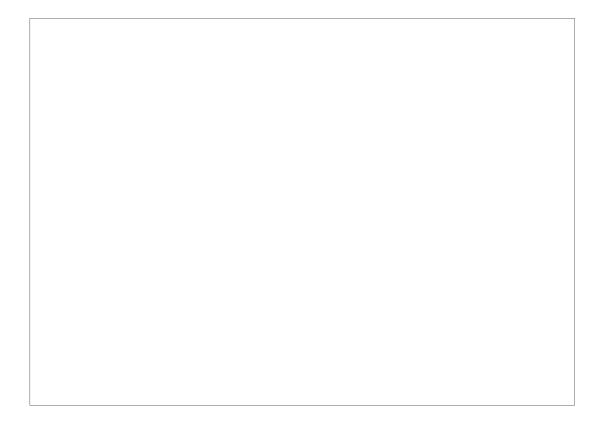
may be supported

not only by the leftist parties, but by industrialists seeking new export outlets.

Peiping, however, has never previously sought pledges of diplomatic recognition as a price for expanding economic relations with non-Communist countries. (Concurred in by ORR)

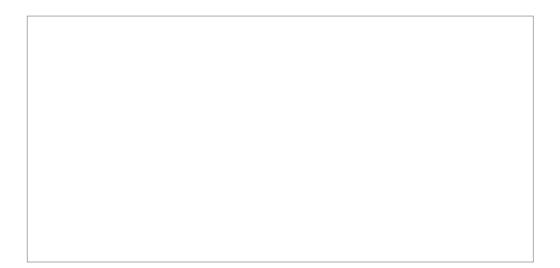
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