

December 24, 1950

**Letter, The Legation of the People's Republic of
Romania to Washington, D.C to Comrade Ana
Pauker, Minister of Foreign Affairs**

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December 24, 1950

(includes various annexes)

Confidential Report

To Comrade Ana Pauker

Minister of Foreign Affairs

Cabinet Directorate

Comrade Minister,

In response to the request of Comrade M. Bălănescu to draft a political report focused on the Korean matter, I will merely point out the latest events, following that in the next report, on the basis of the end-of-the-year information, I will make a more comprehensive summary of events and their consequences for the year that is ending.

The latest measure taken by the American Government, justified as necessary following the debacle in Korea, was [called] "The National Emergency" or a state of emergency. Which were the conditions in which this measure was taken and to what extent is it the product of the situation in Korea [?] Over the past few months, [we] noticed a significant rise in prices, sometimes up to 70% and 100%, which hurts the consumer, despite the wage rises following the recent signing of collective [work] contracts.

According to official data (Federal Reserve Bulletin), global production of steel and cast iron is conspicuously growing. In the private sector, in the production of cars, TVs, air conditioners, for instance, the growth rate slowed down, heading towards stagnation or even decline, in the production of TVs, following that in the future great cuts will be made (according to the information provided by US News and World Report). Agricultural production was sizeable this year. The reserves are growing, the circulation of fiat money is also increasing, [and] the gold reserve is decreasing.

In essence, there were two concomitant phenomena in 1950. On the one hand, the crisis situation has worsened in certain sectors (Ford sacked up to 30,000 workers) and on the other hand, the take-off of the wartime economy, which helps maintain the increase production in other sectors (for instance, in steel [production]).

This period reached its peak last week when the state of national mobilization - 'National Emergency', was declared, with the aim of completing a vast armament program, concentrating production, controlling prices and wages, etc. With the help of this program, they want to make great investments and to save great amounts.

In the following year, many of the sectors affected by the crisis or which saw it coming, will be included in this program. The cases of General Motors and Chrysler are interesting in this respect, which were assigned tank orders from the government, worth several hundred million dollars, a few days after the government refused to allow them to raise prices for cars (an increase in price which was meant, in turn, to compensate the decline of production). Factories will be working at full capacity, but the price freeze was a pretext for freezing wages too.

This transition to a wartime economy, control and dirigisme is made under the command of the General Electric director, [Charles] Wilson, GE being one of the main off-springs of [J.P.] Morgan and [J.D.] Rockefeller.

These measures were predictable. People have been talking about them for a long time, and the events in Korea only created pretexts for their adoption and expedition.

The trend in American politics to concentrate and coordinate all political, propagandistic, military and social means could be predicted from Acheson's speeches on 'total diplomacy' dating from the beginning of the year (February and March). According to this line, they seek to garner bipartisan support for their domestic policies, led by the Democrats, while in foreign affairs, [they seek to get to a] unity of action with countries in their sphere [of influence], in order to prepare and unleash a world war, which could, they hope, bring them to dominate over all the peoples [of the world] by destroying the USSR, China, and people's democracies which oppose the implementation of their crazy plans [...].

Of course that the war they started in Korea was supposed to be a [demonstration] of force, which, in addition to the establishment of a military base directed against the USSR and China, was supposed to increase their prestige and influence upon their satellites.

In that respect, they fully used the UN (also along the line contained in Acheson's previous speeches) and they made great military efforts and political pressures. For this reason, the failure of Mac Arthur's last big military offensive had a great impact, exposed their military weakness, and brought to light the contradictions they carefully sought to hide, both externally and internally, leading to a decrease in their prestige and they were probably forced to cede something to the British. At any rate, the main thing is that their war plans suffered a delay and that they will have to continue with their actions in much harsher conditions than six months ago. They also suffered from the fact that the prestige of the USSR increased and that People's [Republic of] China emerged as a real great power which cannot be ignored.

Internally:

Of course, [both] Republicans and Democrats agree with Truman's aggressive policies and agree with the internal and external concentration measures. This concentration will bring benefits. Republicans want to capitalize on this concentration so that they ascend to power.

The failure of the Korea campaign is not only a reason for attacking. They got scared. They lost soldiers and weapons in Korea and China, their prestige dwindles, and now the Republicans realized that the same policy is being drawn for Europe, and as good merchants, they do not want to play a game with too high a risk of losing. [the emphasis of the author]

The Republicans are pointing out the risks of a communist France, of a Germany in which the population does not want [re-]armament, etc. This is the explanation of 'isolationist' speeches, like those made by Taft and Hoover. Taft, after the elections, said that Western Europe does not have to be supported anymore, but then he took back his declarations so as to respect the formal agreements [implied by] bipartisanship. Hoover said that the US must withdraw from Korea and Western Europe, foreshadowing a defensive approach. Not all Republicans share Hoover's attitude; however, it is certain that the debacle in Korea created more doubt among the wide circles of monopolists about the ability of their lackeys in government [the emphasis of the author]. Such speeches show on the other hand how by criticizing

governmental policies, the Republicans seek to discredit Truman and others so as to manage to replace them and lead the anti-Soviet strategy of the US themselves.

In their relations with their satellites, those contradictions they had carefully tried to hide became visible. The columnist Drew Pearson showed in an extensive article that in the talks between Truman and Attlee, the former had to calm down the warmongering outbursts of Acheson, who proved to be the most aggressive and rash of them all [...].

From a military point of view:

The halt of MacArthur's final offensive and the disordered withdrawal of the US and its satellites' troops gave birth to a few days of indescribable chaos and hysteria. In this atmosphere, journalists managed to release certain news which would have otherwise long been censored (especially by France Press). The rivalry between Mac Arthur, Almond, the commander of the Northern sector and General Walker (the sector of the 8th Army) was thus [illustrated]. This rivalry led to divisions within the army and to a total lack of coordination. The chaos and low morale were also revealed. France Press released a commentary of an American in Tokyo which shows that the two hundred thousand fully armed [soldiers] should be able to confront a much stronger army, but armed with fewer heavy weapons and with no aviation, like the Chinese.

Just like the Germans, they invoked 'General Frost,' God, geographic conditions, etc, to justify the mistakes of their strategic and tactical thinking. This revealed that the only reliable troops of General Walker were made of a few British and Turkish [soldiers], who got out of the encirclement as they were taking a break, and they formed the rear guard. I would like to add that General Walker, the commander of the 8th Army, died three days ago, in a car crash next to Seoul.

Huge [fraudulence] with winter equipment was discovered at the same time. American soldiers died because of the cold in Korea as they did not have the [proper] equipment, while in the US, the commissariat claimed to have sent hundreds of thousands of winter clothes to Korea.

The lack of efficiency of the so-called 'strategic' air force also came into play. At the same time, in the flurry of news, the Americans released the fact that the latest type of British tank and the latest type of jet-engine plane were deployed on the battle field. Afterwards, censorship was tightened, and such revelations were criticized. It is clear that everybody lost their minds [...].

Future Prospects

They will mobilize more and more troops and they will produce more and more weapons. They will continue their treacherous propaganda, libels and provocations by all means [available]. Probably they will refrain from provocations similar to the one in Korea for a while. I do not think they will evacuate Korea unless they will be forced to do so, and if they do evacuate it, I think they will continue the bombings. I do not think they will start a direct action against China or Manchuria, but it is likely, according to newspapers and to the declarations of certain Republican senators, that they prepare and try to attack [China] through the Chinese Nationalists. In Western Europe and towards their satellites, they will attempt to create the appearance of unity and they will move on to the massive [re-] armament of Germany.

Currently, they started a new great provocation on the issue of the [re-]armament of Germany through their answers to the note [given] by the Soviets to hold a meeting of the Four Powers. They do not want this meeting, but they want to blame the

Soviets for the failure [of the meeting] as they ask to discuss the China issue without China [being present], hoping that the USSR refuses to get involved in the discussions in these circumstances. However, the press clearly reveals that the [Americans] are getting ready for difficult [discussions] with France, the UK and even Germany.

The clearest fact is that their aggression in Korea was not without an answer and that gave them a lot of food for thought about their possibility to start any such adventure. I believe the main thing for them now is to get more and more ready for war. In this respect, Truman declared in a speech delivered on December 22, in Missouri, that they need time.

M. Magheru

Minister of the People's Republic of Romania in Washington, D.C.