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GENERAL

25X1A **1.** Comment on Molotov proposals for Korean settlement:

Molotov's five general principles for a Korean settlement introduced at Geneva on 5 June appear designed to prolong the Korean phase of the conference and embarrass the UN with "reasonable" Communist proposals. The proposals for a neutral commission as well as for proportional representation were previously presented by the Communist negotiators in late May. Molotov's presentation of them continues to gloss over the fact that the Communists would hold a veto power in the all-Korean Commission which would set up the election machinery.

Molotov's proposals are presented in such a way as to exploit differences among the United States, South Korea, Britain, and France. During the past week Communist propaganda has been following the line that the United States is trying to maneuver the other UN members into breaking off the conference.

2. New French minister for Associated States favors partition of Vietnam:

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Edouard Frederic-Dupont, the new French minister for the Associated States, indicated to Ambassador Heath in Geneva on 5 June a decided preference for partition as a solution to the war in Vietnam. He said he was ready to envisage continuation of the French military effort if the "free world should decide it was necessary to continue the fight against Communism in Indochina," but that he favored a partition line at Col de Nuages, just north of Tourane in central Vietnam.

He added, however, he would resist any effort to partition Cambodia and Laos and claimed that French public opinion supported his views.

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Comment: During the past three weeks, there has been a noticeable increase in French willingness to accept some form of partition as a solution to the Indochina war. Frederic-Dupont's support of partition of Vietnam is a further indication that French policy now is aimed primarily at a cease-fire with controls.

3. Britain may propose partition of Cambodia and Laos:
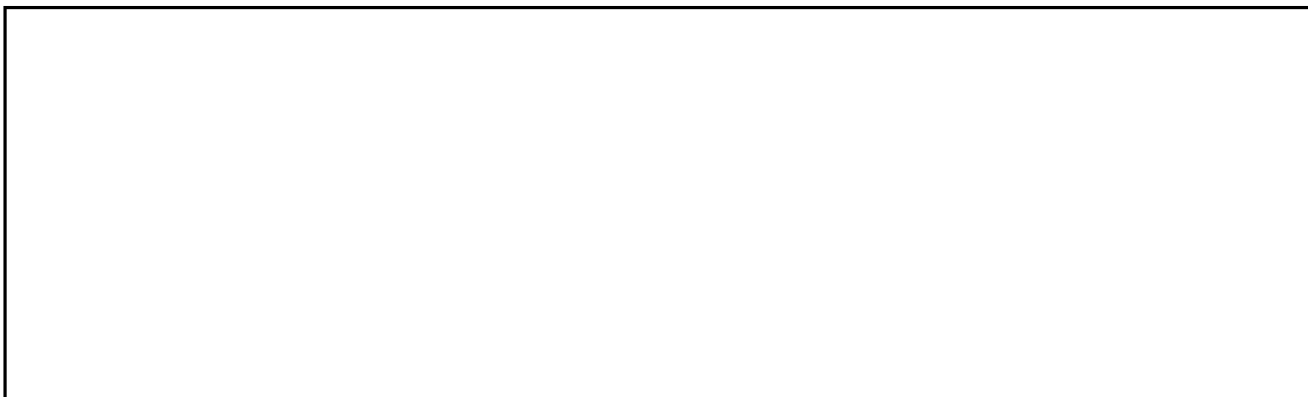
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Former French commissioner general Dejean recently told the American chargé at Saigon he has information that the British "contemplate proposing" at Geneva the occupation of "certain zones" in Cambodia and Laos by Viet Minh forces in the event of an Indochina armistice.

Comment: The Communists have insisted that both military and political settlements must include Laos and Cambodia as well as Vietnam. Their proposals for regrouping are tantamount to partition of the three states.

This is the first report from a reliable source that Britain may be prepared to agree with this Communist position. The report may, however, be a French trial balloon.

So far, Britain has taken a middle course by maintaining that the situation in Laos and Cambodia differs from that in Vietnam, while not calling specifically for a Viet Minh withdrawal from the two states. Britain might move toward the Communist position, however, if the Communists resist compromise long enough.
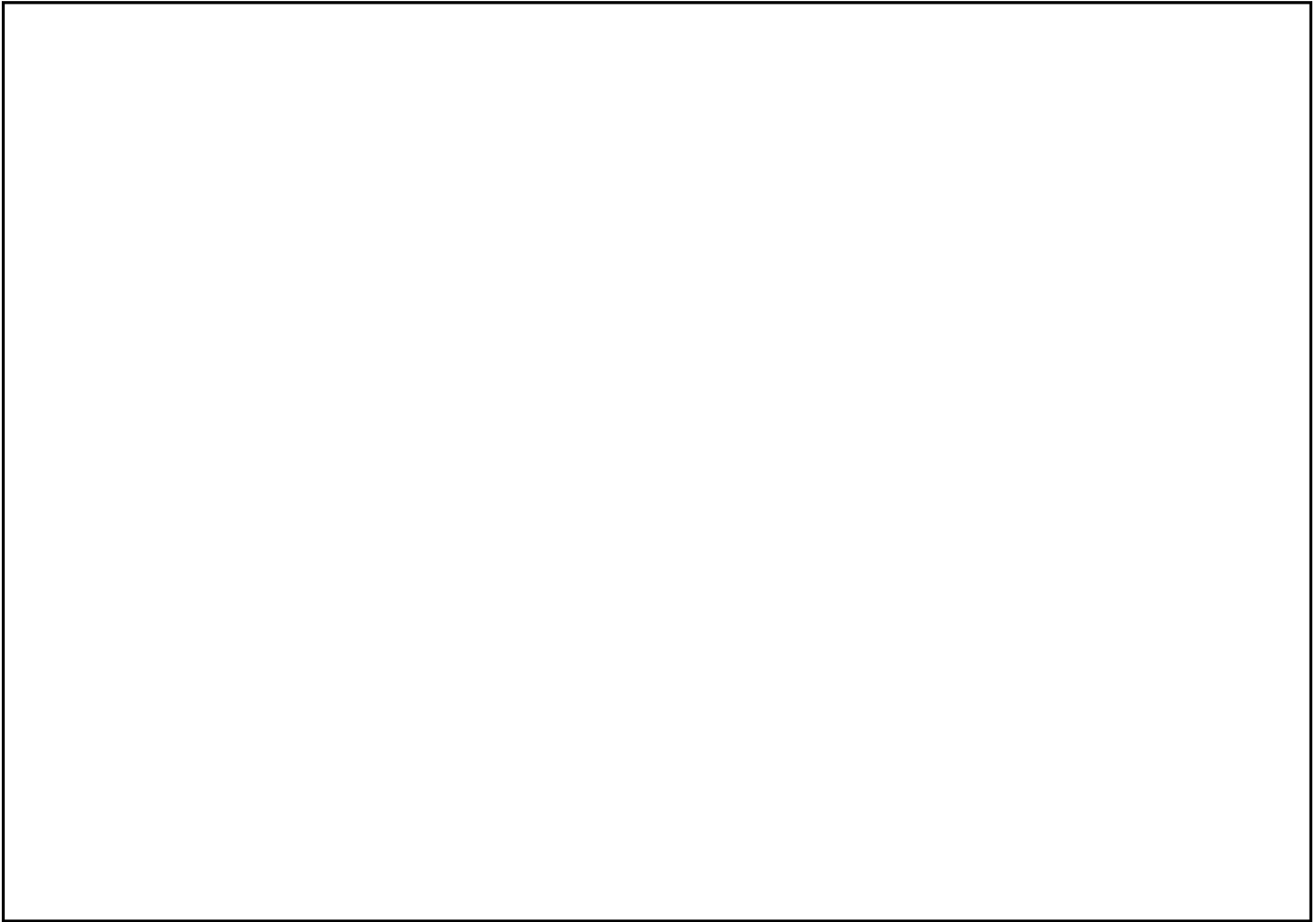
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NEAR EAST - AFRICA   25X1

7. Iraqi Communists reported planning election day violence:

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Iraqi Communists are planning to stage armed
demonstrations in Baghdad during the election
25X1 on 9 June,

The Communist-directed United Front expects
to win about 20 of the 135 seats in parliament and is using the elections
to publicize the party's program and to agitate for a "Government of
National Union."

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          Comment: The Communist Party, which is outlawed, cannot overthrow the government and its front group may not be able to win as many as 10 seats. Nevertheless, the Communists will probably emerge from the elections as the only effective opposition to the conservative, pro-Western leaders, whose listlessness in the electoral campaign has been in marked contrast to the vigor with which the Communists have electioneered.

WESTERN EUROPE

25X1A **8.** <u>Paris observers foresee early fall of Laniel government and new elections:</u>
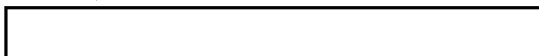
          Ambassador Dillon in Paris reports growing belief among qualified observers that the fall of the Laniel government is imminent and that prospects have increased for new parliamentary elections. Prospects for the formation of a new government in the present assembly remain slim.

          The ambassador sees reason to hope that, because of the success of pro-EDC candidates in recent by-elections, a new assembly would be considerably more favorable to EDC than is the present alignment.

          Comment: Although parliamentary dissatisfaction with Laniel has been rising since the 13 May vote of confidence, it will still be difficult for the opposition to muster the 314 votes needed to overthrow him if a new vote of confidence follows this week's Indochina debate. The premier is reported to have stated before the 13 May vote that he would not resign if beaten by a simple majority.

          The recent by-election victories were more the result of anti-Communist solidarity than of pro-EDC sentiment. There is a good possibility that if a general election were held now, the Communists could capitalize on center and right dissension to increase their parliamentary representation.

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LATIN AMERICA

9. **Guatemalan Communists attempt to mobilize mass support for government:**

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The Communist-controlled labor and peasant confederations in Guatemala began on 4 June to mobilize their followers for possible armed defense of the Arbenz administration.

Ambassador Peurifoy comments that this move may be designed primarily to demonstrate mass support for the administration, but that another motive may be to provide the government with an excuse for arming civilians.

He notes that the Communist and other pro-Arbenz forces are gaining the initiative in "Guatemala's war of nerves," and that the administration is "demonstrating it has the sinews for defense and intends to use them."

Comment: Communist efforts to create a militant following sufficient to neutralize the army have been noted since last December. As the best-organized progovernment civilian groups, the Communist-led confederations would be the likely beneficiaries of any decision to arm civilians to defend the government in a crisis. President Arbenz has favored such a policy in the past.

The Communists are believed already in possession of some weapons, but not sufficient to provide defense of the administration against an army revolt at this time. Top military leaders are likely to resist providing civilian groups with additional arms which might weaken the army's position.

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