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GENERAL

1. Comment on Molotov's 8 June speech at Geneva:

Judging by preliminary press reports, Molotov's 8 June speech at Geneva has again made it clear that the Communists have no intention of reaching an early cease-fire agreement or abandoning their maximum demands on Indochina at this time. The speech states publicly the hard line which the Communists have been taking in private in three weeks of restricted sessions on Indochina.

The only new proposal is that the Indochina sessions of the conference discuss political and military problems on alternate days, and that representatives of the two commands discuss political questions just as they have been discussing military matters. The Communists have insisted all along that "at least some" political problems must be connected with a truce.

Molotov suggested specifically that the talks consider the "true independence" of Vietnam, Laos, and Cambodia, "free" elections in these states, and withdrawal of foreign troops. This is a restatement of the Viet Minh proposal of 10 May.

The Communists now appear more than ever convinced that they will continue to achieve military successes in Indochina and that these successes plus political developments in Paris will eventually force the French government either to move toward the Communist position at Geneva or to give way to a new government which would be more amenable. Molotov's unyielding attitude is likely to have the immediate effect, however, of strengthening French Premier Laniel's position by helping him to convince the National Assembly that he is making every effort to obtain an acceptable settlement but is being balked by the Communists. It is also likely to result in increased pressure on the French government for an appeal to the UN and for greater military assistance from the US and Britain.

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2. Briggs fears early South Korean withdrawal from Geneva talks:

[Redacted]

President Rhee's feeling that the Geneva discussions are futile may prompt him to terminate further South Korean participation in the conference by the end of this week, Ambassador Briggs warned on 7 June.

Briggs said Rhee may do so to get the 15 June Asian anti-Communist conference at Chinhae, a project very close to his heart, "off with a bang."

Comment: Briggs has reported several times recently that Rhee will become extremely difficult to deal with once the United States concedes the failure of the Geneva conference to unify Korea.

The proposed Chinhae conference is a gathering of 23 unofficial delegates from South Korea, Viet Nam, the Ryukyus, the Philippines, Thailand, Nationalist China and Hong Kong which Rhee originally scheduled for 26 April. It will be primarily a propaganda forum seeking to influence American support for South Korean foreign policy objectives.

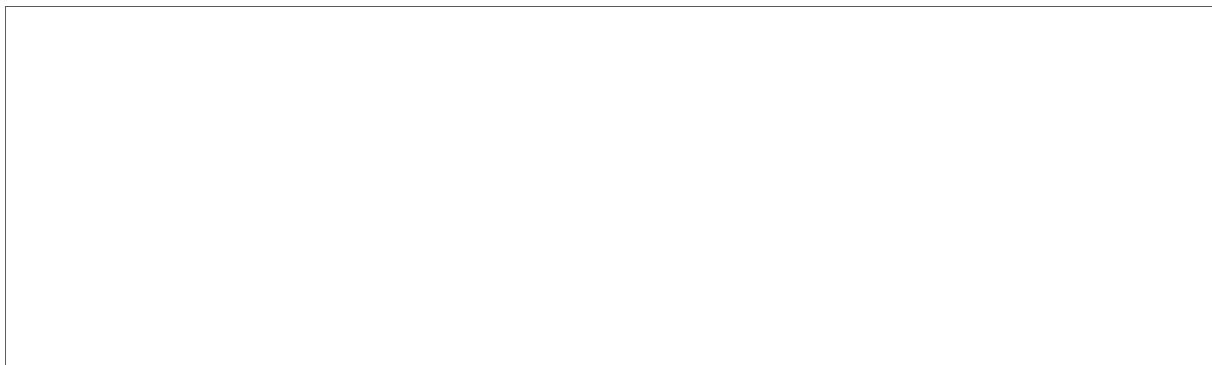
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SOUTHEAST ASIA

4. Navarre foresees destruction of Vietnamese units in southern delta:

[Redacted] In a conversation on 4 June with the American chargé in Saigon, General Navarre was scornful of the morale of the Vietnamese army and predicted its forces in south Tonkin would be "fleeced like sheep" by the Viet Minh. Navarre later admitted that some Vietnamese units had fought gallantly in recent engagements and could perform creditably under proper leadership.

The chargé had the distinct impression Navarre would feel an "inward, sardonic satisfaction" if the Vietnamese units in south Tonkin were "chewed to bits" by the Viet Minh.

Comment: On previous occasions, Navarre expressed in the strongest terms his contempt for the Vietnamese army and his doubt of the existence of any patriotic spirit around which a national army could be built. Navarre's attitude explains in large part the failure of the French to instill confidence and a sense of responsibility in the Vietnamese army.

Navarre's emphasis at this time on the weakness of the Vietnamese army is probably an attempt to excuse his failures.

5. Viet Minh document assesses French delta situation:

[REDACTED]

of the battle corps,

A captured Viet Minh document dated 31 May gives a remarkably accurate estimate of French plans in the Tonkin delta and issues instructions for Viet Minh commanders pending commitment

The document estimates that the French will abandon many fortifications, put Vietnamese army units in a static role, and establish mobile forces in a reduced area. Commanders are told to continue present harassing activities, take over evacuated areas promptly, and make final assaults on posts only when sure of success. Subversion of Vietnamese troops and the prevention of Vietnamese army recruitment are to be important objectives.

Comment: In the past, Viet Minh intelligence has frequently been well informed on French tactics.

NEAR EAST - AFRICA

6. British ask ARAMCO to leave disputed Trucial Coast area:

[REDACTED]

Comment: ARAMCO probably feels it must take this position in order not to give the Saudi government any pretext to award the company's concession rights in the disputed territory to the British in return for political control. Saudi officials have already cited lack of American support in this dispute as the reason for their threat to terminate Point IV activities in Saudi Arabia.

7. Syrian extremist

Comment: The situation in Syria is deteriorating markedly. The coalition caretaker cabinet has not yet agreed on a date for the elections and is bitterly opposed by strong army factions. Rumors of the government's resignation and possible coups are circulating.

Hawrani--reportedly with one fifth of the army's officers behind him--appears to be the most serious of many threats to the regime. A government dominated by extreme nationalist Hawrani would probably adopt a non-co-operative policy in its dealings with the West.

EASTERN EUROPE

8. Bloc conference in June to discuss East-West trade:

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[redacted] The meeting, which is "to be an answer to the recent Paris conference on relaxation of East-West trade controls," may be the quarterly session of the bloc's Council for Mutual Economic Assistance (CEMA).

Comment: A 17 May circular message from the Czech Foreign Trade Ministry to its representatives in Orbit countries urgently emphasized the need for a trade conference to be held in Moscow about 1 June. Information requested by the ministry suggests that the bloc may be planning to launch a co-ordinated effort to increase trade with the West in order to take advantage of the expected relaxation in Western trade controls.

A leading role played by China, not known to be a member of CEMA, would suggest consideration of a systematic bloc program for procuring industrial goods for China. [redacted]

9. Moscow apologizes for mistreatment of Yugoslav diplomats:

[redacted] On 4 June the Soviet government accepted responsibility and apologized for the discourteous treatment of Yugoslav diplomats in Moscow and gave assurance that in the future the Yugoslav embassy would receive all privileges customarily accorded the diplomatic corps.

Ambassador Bohlen comments that he can recall no instance in the recent past of "so complete an admission of error" by the Soviet government, even though the incidents involved unusually flagrant discrimination.

Comment: This reply to the Yugoslav government's recent protest may have been intended to demonstrate Soviet good faith in "normalizing" relations in response to various Yugoslav expressions of doubt on this score. For the past six months, Soviet efforts in this direction have diminished. A general revival of trade by the rest of the Orbit and re-establishment of full Czech, Polish, and Rumanian diplomatic relations with Yugoslavia are moves which Moscow can encourage if it wishes to pursue vigorously the "normalization" campaign.

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WESTERN EUROPE

10. De Gasperi sees fall of government in event of unsatisfactory Trieste solution:

[Redacted] Former premier De Gasperi told Ambassador Luce on 6 June that if a Trieste settlement is reached which is not satisfactory to the Italian public and parliament, the government will fall and new elections may be required this autumn. Because of the strong public feeling aroused by the Balkan pact, Italians now ask whether the West considers the Balkans more important than Italy.

The alternative to new elections, De Gasperi said, would be "a neutralist Italy which will not take sides in the world struggle against Communism."

Comment: De Gasperi's pessimism over alleged American favoritism to Yugoslavia reflects a new depth of disillusionment in one of the most consistently pro-American Italian leaders. His statements also show the extent to which Italy has become preoccupied with the Trieste question to the exclusion of other considerations.

11. Comment on Unden's call for reassessment of Scandinavian position:

[Redacted] Swedish foreign minister Unden's speech on 6 June deplores the adherence of Norway and Denmark to NATO and urges these countries to follow a "cautious and moderate" policy. Unden's counsel, on the eve of his departure for an unofficial visit to Moscow, is consistent with a 28 May statement by another Swedish official that the foreign minister was deeply perturbed by the possibility that the American "policy of massive retaliation might import otherwise local wars from Asia into . . . Europe."

While expressing his awareness that Sweden's fate is inextricably linked with that of its Scandinavian neighbors, Unden may also be attempting to impress the Soviet Union with the importance

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which Sweden attaches to neutrality and to its role as a possible East-West arbiter. Norway and Denmark have previously expressed strong reservations about extending commitments under the North Atlantic pact. [redacted]

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