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GERMANY

- A recent Moscow press statement sets forth a
 "socialized East Germany" as the model for a
 united Germany.
 - a. This may be an attempt by East German leaders, who wrote he article, to show that rumors of a Soviet policy change on Germany are without foundation.

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MIDDLE EAST

- The Communists have ordered demonstrations in Syria, Lebanon, Jordan and Egypt during Secretary Dulles' tour.
 - a. Other demonstrations by Arab refugees may be expected.
 - b. However, such demonstrations should be controllable by local security forces, which are aware of the danger.



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FRANCE

- 1. Foreign Minister Bidault has urged that the West offer four-power talks on disarmament in order to convince French public opinion that ratification of EDC is necessary.
 - a. Socialist Leader Mollet also has called for four-power talks on Germany prior to French action on EDC.
- 2. The recent split between General De Gaulle and his followers is unlikely to affect the ratification prospects for EDC.
 - a. However, the split may prolong somewhat the life of the Mayer government while the other political parties compete for the allegiance of former Gaullist deputies.

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b. It was Maier's defection which recently

produced the Bundesrat majority in favor

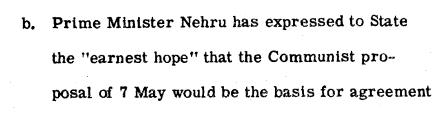
of obtaining a High Court ruling on the treaty.

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KOREA

- Communist attitude at Panmunjom shows no compromise on key issue of final disposition of reluctant POW's.
- 2. The new UN proposal call: for such POW's automatically to revert to civilian status after two months of "explanations."
 - a. A possible Communist counterproposal would be for the fivenation commission to decide the disposition of these prisoners.
- 3. Peiping has kept India informed on the progress of the negotiations, the Indian Foreign Secretary told US officials in New Delhi.
 - a. The Indian diplomat believes that a settlement is possible, and that it would lead to decreased tensions in Southeast Asia.

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c. Nehru is being informed of the current UN counterproposal.

on an armistice.

- 4. The USSR itself has made a direct approach to Indonesia on the question of serving as a neutral trustee.
 - a. This is one of few times Soviet officials have become directly involved in Korean negotiations



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- 3. On the political scene, French have offered some increased autonomy to Cambodia.
 - a. However, the concessions do not go far enough to stem Cambodian complaints against French domination.



INDOCHINA

- Major communist military attacks in Laos apparently are over for the rest of the summer.
 - a. Minor forces have been left behind to pin down
 French troops.
 - b. The Viet Minh may renew the attack next autumn when rains cease and supplies have been stockpiled.
- 2. Thailand has urgently requested additional shipments of American arms.
 - a. The Thais' immediate concern is over the recent Communist advance toward their border.
 - b. Their long-range concern is to get a more definite American commitment in Southeast Asia.

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BOLIVIA

- 1. Bolivia has shifted its policy on a major issue and may now be prepared to pay compensation to the owners of the three nationalized mining companies.
 - a. However, the money for such payment, as well as the revenues necessary for survival of the government, must come from US purchases of Bolivian tin.
 - b. Accordingly, Bolivia has enlisted the active cooperation of Brazil, finile and Ecuador in making representations to the United States on the question of renewing RFC purchases of tin.

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IRAN

- Premier Mossadeq has proposed that President Eisenhower arbitrate the Anglo-Iranian oil dispute.
 - a. He claims, but in no way can guarantee, that
 he and the Iranian parliament would be bound
 by the President's decision on the compensation
 to be paid to the British.
- Mossadeq's troubles with political opposition in the parliament are continuing, as evidenced by the riotous Majlis session on Sunday.
 - a. However, the premier's position relative to the shah is better.
 - b. This week the shah turned over his royal lands to the Mossadeq government for distribution to the people.

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YUGOSLA VIA

- 1. For the first time since 1948, the Yuroslav ambassador in Moscow was recently received by the Soviet foreign ministry in a state visit.
 - a. The Yugoslav diplomat, however, said the conversation with Molotov was entirely formal and general.
- 2. Yugoslav leaders have consistently indicated they will not accept gestures of reconciliation unless there is a concrete reversal of Soviet policy toward their country.

SECRET

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AUSTRIA

- 1. France still remains in some disagreement with the United States on the tactics the West should pursue on the Austrian treaty, which is scheduled to be the subject of four-power discussion next week.
 - a. Paris fears Soviet propaganda would exploit
 American insistence on revising Article 35
 of the old draft treaty, which calls for a
 \$150,000,000 reparations for the USSR.
 - b. The French would agree to reopen discussion on this article only if the Russians attempt to reopen some other item previously agreed upon.

SECRET