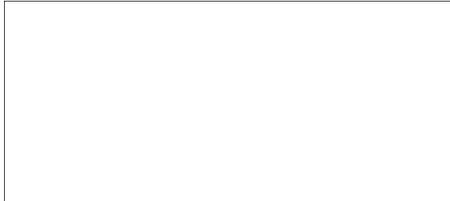


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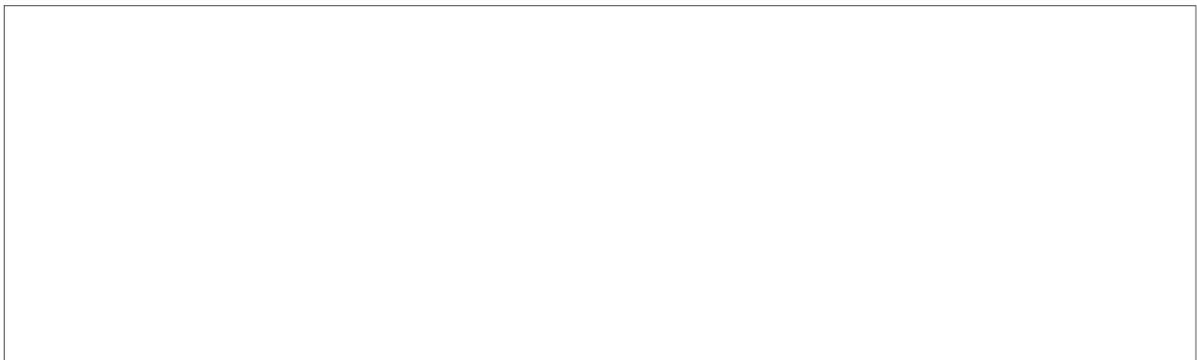
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SUMMARY



SOUTHEAST ASIA

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3. Viet Minh said to be giving clandestine aid to Hoa Hao dissidents (page 4).



NEAR EAST - AFRICA

5. Liberal program for Morocco seen gaining decisive support in France (page 6).



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SOUTHEAST ASIA

2. Sino-Viet Minh propaganda on Indochina becomes more belligerent:



Chinese Communist and Viet Minh propaganda on developments in Indochina has become more ominous in the past few days.

The United States is accused by Peiping of creating a "serious threat" by obstructing implementation of the Geneva accords, masterminding the Saigon riots, and of "sparing no effort to dismember Vietnam and turn South Vietnam into an American military base." Peace in Indochina, therefore, is facing a "crisis," this propaganda asserts, and the United States "will be responsible for the grave consequences."

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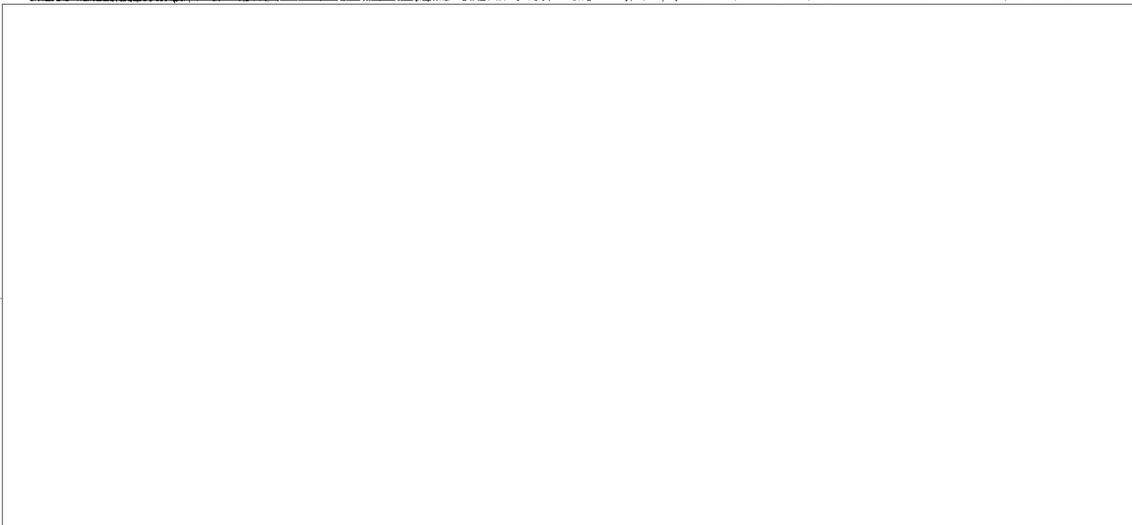
Viet Minh propaganda has been even more vehement. Hanoi broadcasts claim that the United States is planning to attack both North Vietnam and Communist China.

Considerable attention has been focused on Laos. The United States is accused of sabotaging negotiations between the royal government and the Pathet Lao and of instigating the recent fighting at Muong Peun. On 19 July, Peiping noted that China and Laos were neighbors and warned that unless "sinister American maneuvers" to promote aggression in Laos through the Manila pact were frustrated, "the flames of war in Indochina would be rekindled."

The Communists may follow this propaganda attack with acts of violence intended to spur diplomatic activity toward a solution in Vietnam.

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3. Viet Minh said to be giving clandestine aid to Hoa Hao dissidents:



Comment: Ba Cut is said to be violently anti-Communist. However, in view of his present logistic and financial difficulties, he may feel constrained to accept Viet Minh aid.

The Vietnamese army, in the second phase of its operation against Ba Cut's forces, has largely succeeded in containing them, but is unlikely to suppress them completely in the foreseeable future.

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NEAR EAST - AFRICA

5. Liberal program for Morocco seen gaining decisive support in France:

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[REDACTED] Well-informed Paris sources see a trend in France in favor of a liberal policy in Morocco, according to the American embassy. The recent activities of French extremists in Casablanca have evoked a strongly unfavorable reaction in Paris, and in Morocco Resident General Grandval's actions have gained him prestige with liberal French and moderate Moslems.

Premier Faure seems assured of sufficient support from the Socialists and from Mendes-France supporters in the National Assembly to compensate for the loss of votes on the right over a conciliatory North African policy. Reliable sources, including certain members of parliament, expect Sultan Ben Arafa to be replaced, probably by a regency council, some time in August.

Comment: Appointment of a regency council, unsupported by former sultan Mohamed ben Youssef, would still leave the nationalists unsatisfied. They insist on the return of the former sultan. France may therefore reinstate him outright in order to dramatize its announced policy of reducing direct French control of Morocco.