

JUN 1948

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EUROPE

1. **FRANCE: Cabinet crisis may delay debate on Germany--** Foreign Minister Bidault has told US Ambassador Caffery that he will do his best to bring the German question to debate in the Assembly before 10 June but can make no promises now. Bidault pointed out that the Government faces an imminent crisis on the issue of subsidies for Catholic schools and that there is general opposition on the German question, including opposition from his own Popular Republican Party (MRP), the Socialists, and the Foreign Office. Caffery reports that Maurice Schumann (leader of the MRP) fears that the question of Catholic school subsidies may bring about a parliamentary crisis which the Government may not survive and believes that until this issue has been settled there is no possibility that the Assembly will be able to debate the German question. Caffery has learned from Premier Schuman's "right hand man" that the Government hopes to forestall the crisis and strengthen its position by requesting the Assembly to postpone debate on the school subsidy bill until its legality can be passed upon by the Council of State.

FAR EAST

2. **KOREA: Firm US-UN policy recommended--**US Political Adviser Jacobs expresses the view that it is desirable for the US to try to secure active participation by the United Nations Temporary Commission on Korea (UNTCOK) in the formative stages of the new Korean Government. Jacobs favors this course because of his conviction that: (a) the Koreans are more likely to take advice from the UN than from US officials; (b) less fuel will be provided for Soviet propaganda charges that the US is "running the Korean show" for its selfish interests; and (c) an influential segment of the US public will support a "Korea program" if the UN participates. Jacobs believes that although there may be difficulties in dealing with the new Korean National Assembly, the failure of the US and the UN in Korea will mean either war or the abandonment of Korea to the USSR. Jacobs declares that this latter event "could only make a mockery" of US policy in other theaters of the world.

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THE AMERICAS

3. CHILE: Government may turn to UK for naval vessels---
US Ambassador Bowers reports that the Chilean Government will be forced to acquire badly needed naval vessels from the UK unless the necessary legislation making US vessels available is passed during the present session of Congress. Bowers fears that if US vessels are not made available, the US Naval Mission will lose all prestige in Chile. (The British have been most insistent in their efforts to sell the cruiser AJAX and other naval vessels to the Chileans at a very reasonable figure.)

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