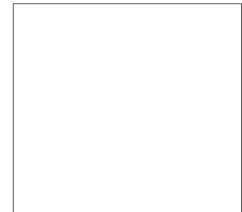


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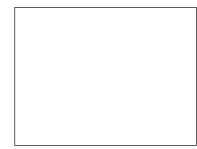


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1. GERMANY: Schumacher's views on relations with East--  
German Socialist leader Schumacher has expressed to the US High Commission in Bonn his great satisfaction with the unanimous decision of the Foreign Affairs Committee of the Bundestag to recommend that Chancellor Adenauer reply indirectly to the Grotewohl invitation to discuss formation of an all-German constituent council by simply reiterating in a public declaration the well-known position of the Federal Republic concerning German unification. Schumacher declared it was completely senseless even to consider any indirect or direct negotiations with the East German Government as long as the "real bosses of the Soviet Zone sit in the Kremlin and are not ready to permit German unity based on democratic principles." Schumacher is similarly pessimistic of the results of a CFM meeting. Although he believes the Allies must undertake such a conference, in order to counteract Soviet propaganda and to learn more about Soviet aims and intentions, Schumacher characterized the Soviet proposals for the CFM as nothing but an attempt to use all available propaganda means to increase Western confusion and insecurity.



NEAR EAST-AFRICA



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2. ISRAEL: Reported trend toward alignment with West--  
In a preliminary appraisal of Israel's offer to produce arms for Western defense, US Embassy Tel Aviv attributes the offer mainly to the conviction of top Israeli leaders and the informed public that Israel cannot hope to emerge from a third world war as an independent national state unless

State Dept. review completed

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firmly allied as an active participant with the Western Powers. The Embassy estimates that public opinion is now awakened to the danger that by remaining neutral during a war Israel may find itself cut off from the West, upon which it is dependent. The Embassy believes that the bulk of the population is now probably ready to support a complete break with neutrality, if such a break is linked to a political and military alliance with the West, and that the government will have little difficulty controlling opposition to open alignment with the West by extreme leftist elements. The Embassy offers a "safe guess" that outright rejection of Israel's offer by both the US and UK would weaken the position of Western spokesmen in Israel and encourage those who advocate salvation through "increasingly uneasy" neutrality.

**FAR EAST**

3. **KOREA: Civil leadership deteriorating**--US Ambassador Muccio in Pusan, in reporting a progressive weakening of South Korean morale and spirit, both civilian and military, expresses great concern over the decline in civil leadership. Muccio states that President Rhee is becoming less effective, and he considers the prospect for other official leadership not promising as a result of: (a) the removal by the Communists of large numbers of potential leaders; (b) the disintegration of Korean national life during the war; and (c) the absence of hundreds of Koreans earlier sent to the US for specialized training.

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