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2. Arab League decides to sever economic relations with West Germany:

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[Redacted]

The Arab League has decided to sever economic relations with Germany. Ambassador Caffery reports that General Nagib told the German Ambassador that individual Arab states would communicate their decisions directly to the Federal Republic and that the German Ambassador could expect the Egyptian note shortly.

Comment: Recent reports from the American Embassy in Cairo have emphasized the surprising depth of Arab feeling on this subject. Caffery has commented that bringing this matter up in the UN, as previously suggested by Chancellor Adenauer, would be "well nigh disastrous" for American interests in the Middle East. The US High Commissioner at Bonn has been assured, however, that he would be consulted before the Chancellor made such a proposal public.

FAR EAST

3. Failure to engage Soviet planes over Japan may weaken US position:

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[Redacted]

Ambassador Murphy is concerned over the impression of weakness presented to Japan and the Far East generally by American failure to engage Soviet planes overflying Japanese territory. He notes that Communist propaganda pictures the US as a weak and unreliable power, and he believes that thinking Japanese are questioning the firmness of American intentions to defend Japan under the terms of the security treaty.

The Japanese Foreign Minister agrees with Murphy that Japanese public opinion would react favorably to the engagement or actual shooting down of the Soviet intruders, as recommended by General Clark. The Ambassador also believes that this would stimulate support for the rearmament program in Japan.

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Comment: The security treaty does not specifically commit the United States to protect Japanese territory, but the Japanese generally interpret this to be the case. Soviet planes have violated Japanese territory over northern Hokkaido at least four times since September.

SOUTHEAST ASIA

4. Widespread arrests in Bangkok aimed at junior officer opposition:

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The series of arrests begun by Thai police on 9 November involved chiefly junior military officers and left-wing journalists. The chief purpose of the arrests, according to the American Embassy, was to stamp out junior officer opposition to the regime by connecting it with communism. The Embassy states that rival Thai leaders are apparently cooperating in this operation, but warns that the "purge" may degenerate into a struggle for power within the ruling clique.

Comment: Discontent among junior officers has been previously reported. The wide range of arrests suggests, however, that the government was more interested in demonstrating its strength against its various opponents, who have recently become increasingly active.

NEAR EAST - AFRICA

5. Iranian official in new maneuver for American aid:

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Iran's Chief of Staff Baharmast has suddenly become extremely friendly toward Americans,

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[redacted] Baharmast is reportedly contemplating the transfer of suspected pro-Communist officers to southern Iran, where they will be less dangerous.

Comment: Mossadeq's advisory committee recently told him that the new US administration would assist Iran in solving its economic and financial difficulties. Baharmast's changed attitude may indicate a new Iranian campaign to secure American support.

6. Egyptian military regime to seek \$100,000,000 in US economic aid:

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[redacted] Colonel Amin, a member of the Egyptian army inner circle, has indicated to Ambassador Caffery that the military regime intends to request approximately \$100,000,000 in economic aid from the United States.

In addition Colonel Amin handed the Ambassador a note from General Nagib including a list of military equipment desired and stating in general terms Egypt's desire to cooperate with the United States.

Comment: This is the first time that Egypt has revealed the extent of its economic demands in return for cooperation with the West. According to General Nagib, Egyptian participation in MEDO is also dependent on withdrawal of British troops from the Suez area.

7. British Government sees possibilities in Egyptian proposals on Sudan:

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[redacted] British officials in London, Khartoum and Cairo state that the Egyptian proposals for the Sudan seem generally acceptable

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[REDACTED]

but that their implementation would involve considerable practical difficulty. One of them, a member of the Sudan Government, although skeptical about the good faith of some of General Nagib's advisers, considers that Nagib's own new attitude makes a settlement possible.

Comment: British officials evidently feel that it will be possible to discuss their points of difference with the Egyptians. They had previously stated that the proposals as presently framed would delay Sudanese elections for at least a year and would cut across Britain's promise to make no major changes in the government without consulting the Sudanese.

WESTERN EUROPE

- . 8. West German court reported ready to declare EDC treaty unconstitutional:

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treaty unconstitutional. Erich Ollenhauer, chairman of the opposition Social Democratic Party, has reportedly been informed of the court's opinion.

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Such a decision by the court will [REDACTED] lead to the prompt dissolution of parliament and early elections, in which the present government would probably be defeated.

Comment: There is no other evidence suggesting that the court will take such action. Competent American and German observers generally believe that the court will decide in favor of the treaty. It will probably announce its decision in early January.

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9. No decision on 1953 NATO armed force goals likely this year:

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[REDACTED]

The American NATO delegation now believes that the Annual Review report to the 15 December ministerial meeting can cover only the progress of the NATO build-up during 1952. American insistence that

there be some agreement by December on firm armed force goals for 1953 has encountered strong opposition, particularly from France and Denmark. Only Canada and Belgium have mildly supported the United States.

The French representative visualizes the Annual Review as merely an exercise showing the gap between NATO military requirements and national capabilities.

Comment: All NATO members know that definite goals are needed in connection with forthcoming congressional action on foreign aid.

If an abbreviated review is adopted for the December meeting, a detailed report will be submitted to the North Atlantic Council early in 1953.

10. East German refugees flood West Berlin:

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[REDACTED] With over 4,400 refugees, many of military age, reaching West Berlin between 1 and 7 November, the number of East German defections is now running substantially above the rate of the past few months. In October there was a record high of 15,595, more than triple the number recorded only last May. Although there has been a slight decrease in the number of police and Alert Police defectors, nearly 350 in this category requested asylum during October.

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American observers in West Germany attribute the increase to mounting political and economic pressure in East Germany and believe that despite tighter security controls, defections will continue at a high rate.

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