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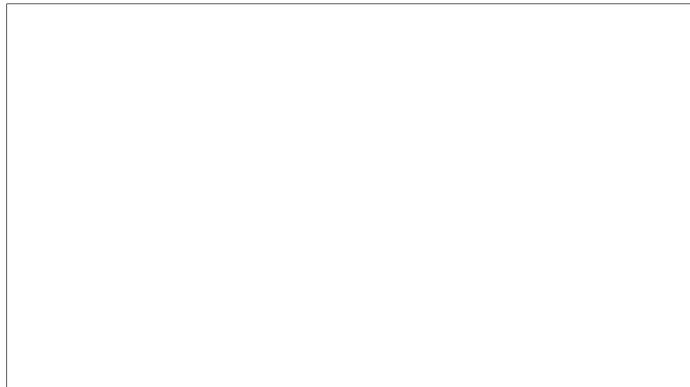
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1. NASR REPORTED WILLING TO "ENCOURAGE" ACCEPTANCE OF AMERICAN MIDDLE EAST PROPOSAL

[redacted] Egyptian president Nasr will neither accept nor reject the American proposals for the Middle East, but is willing to "encourage" their acceptance, [redacted]

[redacted] Since Nasr reportedly wishes to reach full agreement with King Saud, he is inclined to view the American proposals with favor.

[redacted] if the momentum created by President Eisenhower's speech of 20 February can be maintained, the prospects for a favorable outcome of the current "summit" meeting of the four Arab heads of state will be "extremely good." [redacted]

[redacted] Syria would follow Egypt's lead in shifting its attitude toward the American proposals. [redacted]

Comment

Nasr is almost certainly anxious to avoid placing himself in direct opposition to King Saud. Nasr is aware of the king's irritation over the hostile reception the Egyptian press gave the Saudi-American communique and Saud's statements favoring the American proposals. It is unlikely, however, that his "encouragement" would be very substantial, because of his abiding suspicion of Western policy, his dependence on the Soviet Union for military supplies and economic support, and his demonstrated reluctance to make any pro-Western gesture which could be interpreted as offending Arab nationalism. [redacted]

2. KING SAUD WARNS AGAINST COMMUNIST SABOTAGE IN ARABIA

King Saud has warned that because of his visit to the United States and the development of closer Saudi-American relations "the Communists will intensify their propaganda against Saudi Arabia and will send out their agents everywhere."

The king ordered the governor to take careful, secret precautions to screen persons entering Saudi Arabia and to watch over the oil pumping stations, refineries and pipelines.

Comment

While King Saud has always professed to be aware of the dangers of Communism, before his trip to the United States he usually brushed aside discussion of Communist threats and instead emphasized the dangers posed by Israel. The development in his thinking shows the influence of his American visit. He is particularly sensitive to the threat of sabotage, because of a wave of Egyptian-inspired attempts to sabotage Western-owned oil installations in Bahrain, Kuwait and Syria last fall.

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3. ARABS INCREASINGLY APPREHENSIVE OVER ISRAELI AND BRITISH INTENTIONS

[Redacted] the British have advised President Chamoun of Lebanon that an armed conflict will occur shortly between Israel and "some of the Arab states" and that Britain will intervene "to repress it." Britain is reported to have instructed its forces in the Mediterranean area to be "prepared for an emergency!" [Redacted]

Comment

Since 14 February, the Egyptian, Syrian and Jordanian commands have been preoccupied with reports of a large-scale Israeli mobilization and troop concentrations opposite Jordan and Syria. The most, however, which has been confirmed so far by American attachés and UN observers is that very limited Israeli call-ups and redeployment have probably taken place.

[Redacted] Israel, with the encouragement of Britain, would attack Jordan after termination of the Anglo-Jordanian Treaty some time in March. Termination of Britain's obligation to defend Jordan, and Israel's long-standing interest in establishing its frontier on the militarily defensible line of the Jordan River have revived rumors of schemes for an impending partition of Jordan.

[Redacted] that Arab fears are being exploited by the Soviet military attaché in Syria, as well as directly by Moscow. [Redacted]

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4. INDONESIAN COMMUNISTS EXPLOIT SUKARNO CONCEPT FOR ANTI-WESTERN CAMPAIGN

Comment on:

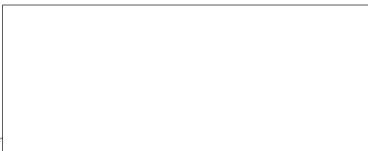
The Indonesian Communist Party has enthusiastically acclaimed President Sukarno's "nation-saving concept" and has launched a vigorous pro-Sukarno and anti-Western campaign. At a recent mass demonstration in Djakarta, during which US-owned property was damaged, a resolution was adopted calling on all Indonesians to support the president's proposals and denouncing as traitors those who would not do so. Sukarno has welcomed this Communist-organized demonstration as evidence of popular support for his plans and has stated that theirs was the "voice of the people, which is the voice of God."

Sukarno appears determined to move quickly in carrying out the essential elements of his concept which involves the establishment of an "all-representative" and all-powerful appointed "advisory council" and a new cabinet, both with Communist participation. In this connection, he has invited political parties in the present cabinet to express their views on his proposals on 28 February.

Although he will probably first seek to win their support through negotiation, compromise, and the impact of mass support, Sukarno is reportedly planning the arrest of numerous opposition leaders should they fail to accept his plans. Sukarno is also reportedly planning to declare martial law if he runs into serious opposition, and to implement his concept through force.

5. NATO OPPOSITION TO BRITISH TROOP CUTS

Comment on:



Sharp criticisms offered during the North Atlantic Council discussion on 22 February of proposed British force reductions in Germany may increase when the Western European Union (WEU) ministerial council considers the problem on 26 February.

Britain proposes to cut its ground forces in Germany from about 80,000 to 50,000 and tactical air force planes there from 446 to 216 during the year ending in March 1958. SACEUR expressed the hope that the reductions could be modified and phased out through 1959 to take account of the German build-up.

Germany, France, Belgium, the Netherlands, Italy, Greece and Norway all expressed deep concern over the immediate and long-term implications for NATO of the British plan. They warned of an inevitable chain reaction which would nullify the ministerial meeting's reaffirmation last December that a strong allied defense posture is a continuing policy.

This strong continental reaction was presumably discussed at the special week-end meeting of the British cabinet. Any modification of the British position would be intended to reduce the chances that a WEU majority might formally oppose the reductions.

6. POSSIBILITY OF SOVIET TROOP MOVEMENT INTO CZECHOSLOVAKIA RUMORED

Rumors are circulating in Prague that Soviet troops may be moved into Czechoslovakia to strengthen the Warsaw pact in line with the 29 January Czech-Soviet declaration, according to the American

army attaché in Prague. Western diplomats speculate that the government is trying to sound out popular opinion and condition the people to the possible presence of Soviet troops. The source believes the deployment of high-ranking regime officials throughout the country to explain the joint declaration to the people supports this speculation and denotes "unusual" and "significant" concern for public opinion.

American officials point out, however, that these rumors could have been planted by the regime to sound out Western reactions to such a move.

Comment Stationing of Soviet troops in Czechoslovakia would complete the military encirclement of Poland and put additional pressure on the Warsaw government. In making such a move Soviet leaders would probably claim that the Warsaw pact countries had been forced to take countermeasures for their own security by United States plans to station special troops armed with atomic weapons in West Germany.

The introduction of Soviet troops into the country would tend to stimulate anti-Soviet feelings in Czechoslovakia, hitherto one of the most loyal Satellites.

7. ADENAUER'S REPLY TO BULGANIN MAKES SUGGESTIONS FOR IMPROVING RELATIONS

[Redacted] Chancellor Adenauer's reply to Premier Bulganin's 8 February letter will call for talks with the USSR as soon as possible on trade relations and subsequent talks on scientific and technical co-operation, [Redacted] The message, which is scheduled for delivery on 26 February and for publication later, notes the increase in German-Soviet trade and agrees that further expansion would improve political relations, but also cites the unification problem and the continued detention of German citizens in the USSR as two obstacles to friendly relations.

Comment The unusually friendly tone of the letter is in evident recognition of the widespread sentiment in West Germany for improvement in relations with the Soviet Union. The opposition has exploited the poor state of Bonn-Moscow relations in its early campaigning for the September Bundestag elections.

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8. SARAGAT SOCIALISTS POSTPONE DISCUSSION OF MERGER WITH NENNI GROUP

	<p>The Italian Democratic Socialist Party directorate on 23 February rejected a proposal to hold an immediate national party congress to consider a merger with the Nenni Socialist Party (PSI). The directorate issued a resolution stating that "only the future concrete political acts of the PSI will provide a clarification" of the extent to which the Nenni Socialists have broken with Communist influence. The resolution added, however, that the Democratic Socialists regard the recent PSI congress as "a step forward on the road toward unification," and the directorate took no action to block the co-operation which is already taking place between the two parties at the local level.</p>
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Prior to the directorate's meeting, the American embassy reported that Democratic Socialist chief Saragat, who originally split the Socialist Party to escape Communist domination, was under strong pressure from elements in his party and the Socialist International favoring reunification. In a conversation with embassy officials on 21 February, Saragat complained about the hostile attitude displayed toward him by British Laborites and their support for Nenni and early Socialist reunification. He interprets this attitude as stemming from a British desire to "monopolize" US friendship and to act as the intermediary between the US and the rest of Europe.

9. PROSPECTS OF NEW JAPANESE PRIME MINISTER SEEN FAVORABLE

Nobusuke Kishi's smooth succession to the Japanese prime ministership and his retention of the Ishibashi cabinet, with the addition of influential faction leader Mitsuiro Ishii, has minimized the danger of early internal strife in the government party, according to Ambassador MacArthur. Despite the fact that a new struggle for control of the party is about to begin, MacArthur believes that Kishi's prospects for continuing as prime minister for a considerable time appear good since he now enjoys near-unanimous party support and has avoided commitments to the competing factions.

Kishi lacks the personal popularity Ishibashi enjoyed, and this, together with his wartime record as a member of Tojo's cabinet, may handicap the conservatives' position vis-a-vis the Socialists. On the other hand, he is respected for his intelligence and ability, and there is a chance that he will achieve his goal of uniting the younger party leaders into an effective political and governing organization.

[redacted]
[redacted] He intends to form his own cabinet at the end of the current Diet session, scheduled for 18 May. He hopes to avoid holding elections until May 1958.
[redacted]

Comment

Kishi's rise to power has been based on shrewd politics and the achievement of compromises rather than by his formulation and support of forthright policies. He has disclosed privately that it may

be necessary for him to "swim with the political tide." His recent commitment in the Diet to oppose the introduction into Japan of nuclear weapons and any American atomic task force emphasizes his responsiveness to popular attitudes.