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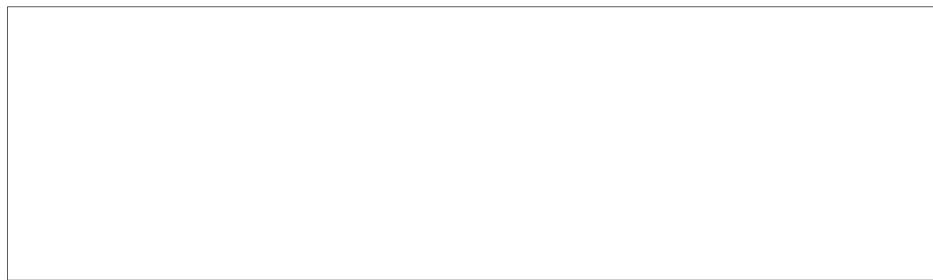
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1. ISRAEL RENEWS ARMS DEMANDS

Ambassador Lawson believes that Israeli prime minister Ben-Gurion is nearing a policy decision as great as any confronting him since the establishment of Israel.

Ben-Gurion, on the verge of tears and in the most emphatic, forceful and table-pounding manner Ambassador Lawson had yet seen, demanded a "yes or no" answer on arms for Israel on 29 February. 'It is a question of life or death. We are in mortal danger.' Ben-Gurion rejected the suggestion that Israel should rely on the United Nations and the tripartite declaration. He said that no diminishment of Israeli territory would be permitted "as long as we are alive." Lawson comments that though Ben-Gurion denied being under any pressure except the "pressure of events," the recent concentration of Egyptian and Syrian forces on Israel's borders put him under heavy and continuing pressure from the Israeli government, the army, his own party members and the opposition.

[redacted] the army is now urging Ben-Gurion to allow it to strike and destroy the Egyptian forces before it is too late. The [redacted] noted that the Israeli army had urged the same action at the time of the El Auja incident last November, but the prime minister had refused.

Comment

Israel almost certainly is making a reassessment of its security situation in the light of Arab troop concentrations on its frontiers and Israel's failure to obtain arms. At the same time, however, these statements appear timed to bring maximum pressure on the United States to give Israel arms. Israeli leaders probably have not yet decided on a new policy departure, nor on the direction such a new departure would take, and may hope that further pressure will secure the arms they have requested.

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2. THREAT TO ADENAUER IN BADEN-WUERTTEMBERG ELECTION OF 4 MARCH

Chancellor Adenauer faces a serious threat to his national position in the 4 March election in Baden-Wuerttemberg, where the other major parties have combined their campaign efforts against the Christian Democratic Union (CDU) and reportedly have agreed to exclude the Christian Democrats from the next state government.

Unless the CDU can gain an absolute majority in the Baden-Wuerttemberg legislature, there is almost certain to be a change in the state's delegation to the federal Bundesrat. This would lose the chancellor his present majority in the upper house of parliament and place the Free Democratic and Social Democratic parties in a position to hamstring Adenauer's national program. Exclusion of the CDU from the Baden-Wuerttemberg government would probably also defeat Adenauer's efforts to reverse the parliamentary coup of 20 February in North Rhine-Westphalia, when his party was turned out of office by the Free Democrats. It might also encourage the overthrow of one or more CDU-dominated governments in other states.

Informed political observers give the Christian Democrats little chance of gaining 50 percent of the seats in the Baden-Wuerttemberg legislature against the other parties which now form a coalition state government with them. In the 1952 state election the CDU polled 36 percent of the vote, and reached 52.4 percent only in the Adenauer landslide of 1953.

3. EAST GERMANS PLAN RE-ESTABLISHMENT OF SECURITY ZONE ON WESTERN BORDER

District secretaries of the Socialist Unity (Communist) Party from areas bordering on West Germany were to meet in Berlin on 27 February to discuss special measures to be applied on the frontier between East and West Germany, [redacted] these measures would include the enforcement of the five-kilometer security zone on the Western frontier, new control measures, and intensification of existing ones.

Comment

[redacted]
East Germany's border restrictions would be tightened on 1 May. Such moves would be intended to curtail the large flow of military-age refugees to West Germany before recruiting for the East German armed forces is intensified this spring.

The five-kilometer security zone on the West German border, originally established in 1952 to stem the substantial refugee flow, was opened to almost unrestricted access in June 1954 as part of East Germany's program of improving relations with West Germany. During the period of strict enforcement of the security zone from 1952 to 1954, only an estimated 4 percent of the refugees leaving East Germany crossed the West German frontier, the rest departing through Berlin. On the basis of this experience, the East German authorities would probably consider it necessary also to restrict movements into West Berlin. Since the relaxation of controls in 1954, there has been a substantial increase in refugees, with about 50 percent of the refugees crossing directly into West Germany.

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4. ARGENTINE GOVERNMENT UNEASY OVER LONARDI'S RETURN

[redacted] The American embassy in Buenos Aires reports that a new "atmosphere of uneasiness" has been building up there in the past few days. This may be related to the imminent return to Buenos Aires of former president Lonardi and the reported arrest of General Leon Bengoa.

General Lonardi is scheduled to arrive in Buenos Aires on 2 March.

[redacted] there are plans for a welcoming demonstration by all opposition elements, including the Communists. Ambassador Nufer comments that a large demonstration could have "wide repercussions."

[redacted] Bengoa declared he would not accept any post with the government because he was in complete disagreement with its basic political, economic, and military policies. Bengoa is at present reported to be detained in the War Ministry.

Comment Both Lonardi and Bengoa believe that the government should follow a more conciliatory line toward the Peronistas. Lonardi still retains a considerable following as a revolutionary leader and a former president. He was ousted and replaced by the present Aramburu administration on 13 November.

Bengoa, who is politically ambitious, recently defied an order assigning him to the Inter-American Defense Board in Washington.

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5. PEIPING MAY BE PLANNING DIRECT APPROACH TO LAOTIAN GOVERNMENT ON PATHET LAO ISSUE

The action of the Chinese Communist press in expressing approval of policies proposed by Laotian premier Katay may be a trial balloon in an attempt by Peiping to open direct conversations with Laos, according to Ambassador Yost in Vientiane. The Chinese Communists would probably offer a "settlement" of the Pathet Lao issue, presumably in exchange for the elimination or reduction of American influence in Laos.

The ambassador notes that Radio Hanoi has continued to take a "hard" line on Laos, and believes this may indicate a difference of opinion between the Chinese Communists and the Viet Minh. Such a difference may have been the cause of the Pathets' long delay in replying to the International Control Commission's resolution of 7 January calling for restoration of royal government authority in northern Laos.

Comment The Chinese Communists may be preparing an approach to the Laos problem in which they would offer to mediate between Hanoi and Vientiane and at the same time promote Laotian neutralism.

In seeking a vote of confidence for a new cabinet, Katay on 20 February announced that government policies included respect for the "five principles of peaceful coexistence." Although that cabinet did not win the confidence vote, a reshuffled one with Katay as premier is likely to be accepted.

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6. NEW GREEK CABINET

Comment on: [redacted]

The new Greek cabinet sworn in with Prime Minister Karamanlis on 29 February represents merely a reshuffling of Karamanlis' last government. It does not appear capable of carrying out the program of social and economic reform Karamanlis says he intends to initiate. Some of the members may resist any attempts at reform.

Minister Without Portfolio Gregory Kassimatis, whom Karamanlis recruited from the Liberal Party to broaden the base of his National Radical Union, reportedly has told the prime minister the "new team" offers the Greek people no hope for a change. Kassimatis also has been quoted as saying the new government cannot last long and is doomed to certain failure. Kassimatis is also reported to have complained to Karamanlis that his choice for the top economic ministry represented interests opposed to reform. The new minister of merchant marine has long been associated with Greece's most powerful industrial figure, Bodossakis.

[redacted] Bodossakis recently asserted that "Karamanlis cannot save himself from my efforts to destroy him."

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 1 March)

Egyptian and Israeli troops are [redacted]
 exchanging fire in the Gaza strip. [redacted]

Syrian prime minister Ghazzi, in reply to the Iraqi offer of military aid in the event of an Israeli attack, told the Iraqi minister that Syria felt that the recent Israeli moves were primarily intended to be a war of nerves against Syria. Ghazzi reportedly said that the United States had seized on the rumors of war to press for implementation of the Johnston plan. He had, however, told the US that Syria was not prepared to accept the plan. Ghazzi made no mention of accepting the Iraqi offer. [redacted]

[redacted]
 on 5 February there were about 50 MIG-15 aircraft under heavy guard at Almaza airfield near Cairo. On the same day 18 IL-28 jet bombers were reported to be at Cairo West air base. Six of these bombers were being used for training and Soviet instructors were training Egyptian pilots in groups of 20. The bombers allegedly were to be allotted to two squadrons which would be stationed in the canal zone. [redacted]

[redacted] only 37 MIG-15 fighters and 16 IL-28 bombers. On the basis of available evidence, it is estimated that 70 to 80 MIG-15's and between 30 and 45 IL-28's have been delivered to Egypt and that these all arrived soon after the arms deliveries began in October 1955. [redacted]

Egyptian premier Nasr, King Saud of Saudi Arabia, and Syrian president Quwatli reportedly will meet at Luxor, Egypt, this week end. There is no confirmation of this report or specific indications of the nature of the reported talks other than a previous report that Quwatli was going soon to Aswan for a rest. [redacted]

Prince Mishal, Saudi Arabian minister of defense, is already in Cairo. [redacted]

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