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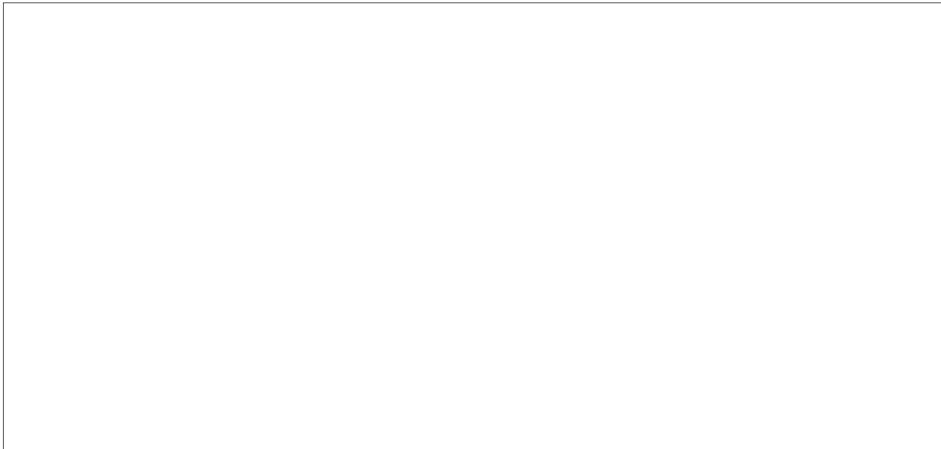
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1. THE SITUATION IN HUNGARY

The inability of the Kadar regime to demonstrate authority or influence has become increasingly apparent in Hungary. Scattered rebel groups continue to resist Soviet forces and Hungarian security police. The population in Budapest had not yet returned to work on 10 November. Food is scarce, and the Soviet forces continue to keep Budapest isolated in an apparent attempt to end all resistance by starvation.

The US legation reports that the present mood of the crowds in Budapest is sullen, and that they may eventually turn against the US representatives.

Khrushchev told the Swedish ambassador on 7 November that the Soviet government had originally agreed to support Nagy and had decided to use troops in Hungary only when it became apparent that Nagy had lost control and was in the hands of a "fascist" counterrevolutionary group. Khrushchev denied that the entire Hungarian people was against the USSR and insisted that it would not have used troops if this were so. He stated that in addition "fascist bands" were murdering "our people" and it was quite impossible for the Soviet army to withdraw in the face of hostile fire.

Khrushchev asserted that if the present government of Hungary asked for the withdrawal of Soviet troops and the acceptance of neutrality, the Soviet government would favorably consider both requests. He added emphatically that Soviet policy was still based on the decisions of the 20th party congress and the principles of the 30 October resolution concerning relations with Socialist states.

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2. SOVIET MOVES IN THE MIDDLE EAST CRISIS

Pravda on 12 November reiterated the government's earlier declaration that if Great Britain, France and Israel did not withdraw their troops in accordance with UN decisions, "the appropriate authorities of the USSR will not hinder the departure of citizen volunteers who wish to take part in the struggle of the Egyptian people for their independence."

The Swedish ambassador in Moscow has told Ambassador Bohlen that Khrushchev's attitude toward Israel at the 7 November

reception in Moscow was one of "anger and contempt." Khrushchev said the USSR could have handled Israeli action with no trouble; without using airplanes but merely rockets, and not even atomic rockets. Ambassador Bohlen believes that any Soviet assistance during the cease-fire will be given to Syria and possibly Jordan and Iraq, with Israel as the principal target. He believes such assistance might include arms and volunteers.

Secretary General Hammarskjold remarked to Ambassador Lodge on 11 November that he is sure Egypt's reservations concerning the composition of the police force were the direct result of Soviet influence since, in his conversations during the past week, the Egyptians had never hinted at it. Khrushchev told the Finnish ambassador on 7 November that the Soviet government had certain indications that its notes to Britain and France had contributed to bringing about a cease-fire.

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3. NASR MAY BE LOSING PRESTIGE WITH EGYPTIAN MILITARY

[redacted] One of the major problems Nasr may face in the immediate future is a decline of his prestige with the armed forces, [redacted]

[redacted] The regime is making an all-out propaganda effort to claim credit for Egypt's "heroic" military resistance, but this effort is unlikely to counteract entirely the effects of resentment in the Sinai army and among canal zone refugees who are saying that Nasr let them down. Moreover, the Egyptian military services are reported blaming each other for the debacle in Sinai. The air force, which is the most discredited, is believed the most angry at the regime because of the order given it not to fight. [redacted]

Comment

Internal prestige problems, as well as his improved international position, probably account for Nasr's increasing concern that UN troops not appear to be violating Egypt's "sovereignty!"

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4. NEHRU'S REACTION TO EVENTS IN HUNGARY

Indian prime minister Nehru's refusal to co-operate in UN action on Soviet intervention in Hungary and to support UN supervision of elections in Hungary probably stems from his earlier refusal to allow the same thing in Kashmir. He is also probably reluctant to admit that his picture of a liberalized Soviet Union as a force for peace in the world has been proven erroneous.

Nehru's negative approach to the Hungarian problem has probably also been influenced in part by his satisfaction at Soviet premier Bulganin's prompt and lengthy explanation to him of events in Hungary. While Nehru has described both Hungary and Egypt as "small countries... made to suffer because of the rivalries of great powers," he sees British-French action in Egypt as "naked aggression" while the fighting in Hungary appears to him to have been merely "civil conflict."

India's official policy on Hungary has been criticized by all of the country's leading newspapers. Respected Socialist leader J. P. Narain described it on 12 November as the result of "a double standard... unworthy of this country." Even India's Vice President Radhakrishnan told the American chargé in New Delhi on 11 November that he was much disturbed by Krishna Menon's vote in the UN against the resolution calling for withdrawal of troops and free elections in Hungary.

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5. SOUTH KOREAN ARMY CHIEF OF STAFF OPPOSES UNILATERAL MILITARY ACTION

[redacted] , Army
 Chief of Staff Yi Hyong-kun reportedly stated that South Korea was unable to take the initiative against North Korea because of the lack of air and logistic support. Yi expressed the opinion, however, that unification could be achieved if North Korea took the initiative since UN support would then be assured.

Yi reported a considerable logistics build-up by the North Koreans in areas adjacent to the Demilitarized Zone, but indicated he believed this activity derived from fear of an invasion from the South.

President Rhee reportedly said that he had been holding back on unification since he did not want to jeopardize the position of the free world, but that South Korea now had waited long enough. He instructed the ministers and generals present to mobilize all resources to reinforce South Korean combat readiness and to draw up all national policies in accordance with the unification goal.

Comment

Yi's statement, if true, represents a change in his attitude as expressed publicly [redacted] where he supported Rhee's demand for a "march North." These earlier statements were probably designed to ingratiate himself with Rhee at a time when he had no command responsibilities.

Rhee's immediate plans probably are to seek to foment unrest in North Korea. In pursuing this objective, he may try to stage incidents along the Demilitarized Zone, capture North Korean troops and infiltrate agitators into the North.

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**6. ITALIAN DEMOCRATIC SOCIALIST HEAD SAYS
SOCIALIST REUNIFICATION HINGES ON ITALIAN
SOCIALIST CONGRESS IN JANUARY**

Giuseppe Saragat told Ambassador Luce on 9 November that he is less optimistic over Socialist reunification than he was several weeks ago. Saragat feels that

Nenni's speech in parliament on 6 November was as ambiguous as ever and that Nenni still cherishes Communist ideology and is opposed to NATO. After expressing his confidence in US forces Saragat said Italian president Gronchi is badly frightened by Soviet moves and had spoken urgently to him about the need for strengthening NATO..

According to Saragat, most leaders of Nenni's party still favor co-operation with the Italian Communists, and the whole matter of reunification now depends on the national congress of the Italian Socialist Party, scheduled for 30 January. With regard to his own party, Saragat admitted he was having a hard time with the left wing and was often obliged to take a more pro-unification stand than he desired.

Comment

In his speech to the Italian parliament on 6 November, Nenni attacked Soviet intervention in Hungary, but agreed that "reactionary elements and white terror had infiltrated the uprising of workers, students and intellectuals!" He also stressed that his party should be vigilant against any "reactionary attempt" to exploit the disagreement with the Communist Party over Hungary. While insisting on a withdrawal of Soviet troops from Eastern Europe, he called for a withdrawal of American and other NATO troops stationed in foreign countries. His own press Avanti! pointed out on 30 October, as it has in the past, that Nenni's position is the same as that of many local Communist leaders.

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