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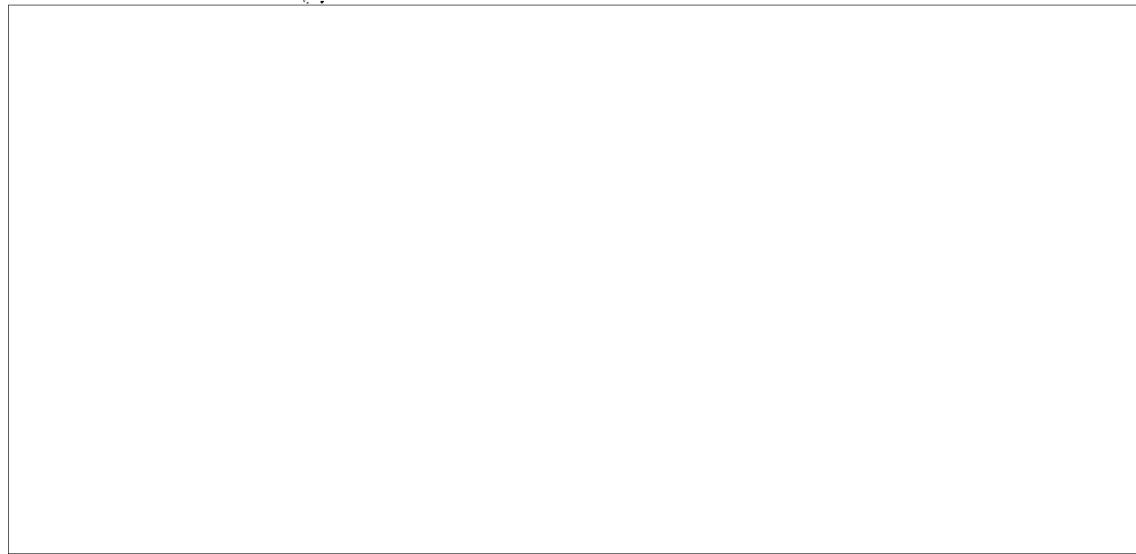
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**THE ARAB-ISRAELI SITUATION**

[redacted] (page 15)

## 1. HUNGARIAN PUBLIC DEMONSTRATIONS LEAD TO POLITICAL CRISIS

Hungarian Communist leaders are facing a major political crisis brought on by demands of party moderates and an aroused public that Hungary follow Poland's lead in asserting greater independence from the Kremlin. An emergency meeting of the central committee of the party has been called to deal with the situation.

Demonstrations by thousands of Hungarian university students, workers and off-duty soldiers on 23 October, demanding a new government headed by Imre Nagy and the immediate withdrawal of Soviet troops from Hungary, ended in violence. Police fired on demonstrators attempting to seize the Budapest radio station and to destroy a Stalin monument. At least one person was reported killed. Telephone communications with the West were cut off during the evening of 23 October and normal radio broadcasts were replaced by music programs.

The demonstrators, who throughout the afternoon were apparently orderly, may have been sparked to violence by a speech party leader Gero made shortly after his return from a visit to Belgrade.

Gero criticized the demonstrations as "chauvinist incitement" and "nationalism" in an uncompromising statement of continuing loyalty to the Soviet Union, ironically using the terminology of the charges under which Nagy had been expelled from office in 1955.

Gero, by his attempt to discredit the demonstrations, stands in marked contrast to those in the party leadership who actually endorsed such demonstrations in order to illustrate the close solidarity of the Hungarian party with the Polish party and its latest moves. Hungarian party moderates--who now appear to be dominant in the party--are presumably exerting great pressure on Gero to resign, planning subsequently to declare, in effect, their "independence" of the Soviet Union along the lines of the Polish declaration last week end.

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## 2. GOMULKA MAN IS NEW POLITICAL COMMISSAR OF POLISH ARMY



The Polish news agency has announced that General Spychalski has replaced General Witaszewski as deputy minister of defense in charge of political affairs in the Polish armed forces. Spychalski was purged with Gomulka in 1949 and was returned with him to the central committee on 19 October.

Spychalski's appointment is probably intended to limit the authority of Defense Minister Rokossowski, who has already been dropped from the politburo, and pave the way for his removal. Until 1949 Spychalski was a deputy defense minister and deputy commander of the Polish armed forces.

Witaszewski is one of the "Stalinists" within the Polish Communist Party and a strong supporter of Marshal Rokossowski. He was instrumental in attempting to foster a wave of anti-Semitism in Poland as an attack on the intellectual liberals, many of whom are Jewish. Student and worker rallies on 20-21 October called for his replacement. [redacted]

### 3. POLISH OFFICIAL COMMENTS ON SITUATION IN POLAND

[Redacted] Julian Hochfield, a prominent member of the Polish parliament currently visiting England, reportedly told [Redacted]

that Poland was in a state of "second revolution" and that there was no turning back unless the Kremlin decided to use force. He stated that the bulk of the Polish army is patriotic and will fight only one enemy, the Russians.

Hochfield said that Poland was facing bankruptcy and advocated an American loan of \$30,000,000 to \$45,000,000. If such a loan were not provided soon, he said, workers' riots would be likely, with the result that the Russians might intervene "to restore order."

**Comment** Hochfield, a former Socialist and a member of the Polish politburo until the Gomulka purge in 1949, is considered to be a member of the liberal faction of the Polish Communist Party.

Since early summer several Polish officials and journalists have hinted to Westerners that Poland was interested in receiving extensive aid from the United States.

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## 5. TURKEY AND IRAN STUDYING JOINT OIL PIPELINE PROPOSAL

Turkey and Iran are in direct communication regarding joint construction of an oil pipeline from Iran through eastern Turkey to the Mediterranean coast, according

' to Secretary General Birgi of the Turkish Foreign Ministry.

[redacted] the negotiations have made significant progress. The construction will probably follow the right of way of the railroad under construction from southwestern Turkey to northwestern Iran, terminating at Iskenderun (Alexandretta) on the Mediterranean coast.

Foreign financial and technical assistance will be sought to handle the actual construction of the pipeline which, according to current planning, will tap only the new Iranian oil field at Qum near Tehran. [redacted]

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## 6. USSR BUILDING NEW TYPE OF SUBMARINE

Comment      None of the features or characteristics of submarine Project 641 are known

The USSR has shown a marked interest in the diesel and hydrogen peroxide closed-cycle systems as well as nuclear propulsion for submarines.

It is also possible that Project 641 is a special-purpose submarine such as a guided missile launcher or a radar picket equipped with either a conventional or advanced propulsion system.

The appearance of this new class at Komsomolsk suggests that series construction may already be in progress at other Soviet yards inasmuch as Komsomolsk, since World War II, has consistently been the last yard to participate in new major construction programs.

~~SECRET~~**7. GREEK PRIME MINISTER TO HEAD DELEGATION TO UN**

The decision of Greek prime minister Karamanlis to head his country's delegation at the UN General Assembly next month indicates his optimism that the assembly's decision on the Cyprus issue will be favorable. Karamanlis told Ambassador Allen that he hoped to have discussions with Washington officials while in the United States.

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## 8. SINGAPORE ANTISUBVERSION DRIVE ANTAGONIZING CHINESE COMMUNITY

[redacted] [redacted]  
[redacted] the antisubversion drive appears less successful than the local government claims. Public opinion among the 800,000 Chinese in the colony has tended to veer against the government since the closing of two schools on 12 October, which is viewed as an attack on Chinese education. Only 1,000 of the schools' 10,000 students have registered for instruction elsewhere. As a result of the government's campaign, many other students are staying away from schools that are still open--80 percent of the student body in some cases.

The Chinese Chamber of Commerce, which exerts wide political influence in Singapore, reportedly is being urged by Communist-front groups to protest the government drive. The Chamber's decision on the protest action probably will be governed largely by the intensity of Chinese sentiment on the school issue. One recent report indicates that the Chamber's Executive Committee will pass a motion censuring the government's actions. [redacted]

[redacted]

**9. PATHET LAO TOLD TO PROVIDE SAFEGUARDS IN  
DRAFT SETTLEMENT PROPOSAL**

The Viet Minh

[redacted] criticized a Pathet Lao draft proposal for a final settlement with the Laotian government on the grounds that it would "give the royalists an opportunity to rally public opinion to exert pressure on us to accept a compromise on the question of the two provinces." Failure to ensure the rights of the Pathets to vote and stand for elections was cited. The Viet Minh expressed fear that the draft could be used by the government to restrict the appointment of Pathet cadres to its civil administration. The Viet Minh urged that the government be committed to "specific practical" steps to carry out its pledge in favor of neutralism before an agreement is signed.

**Comment**

Although the Communists have previously indicated a willingness to give up overt control of the two provinces, they expect to obtain a special position for the Pathet Lao in the area. The Communists are also concerned about possible government duplicity and will insist on adequate "guarantees."

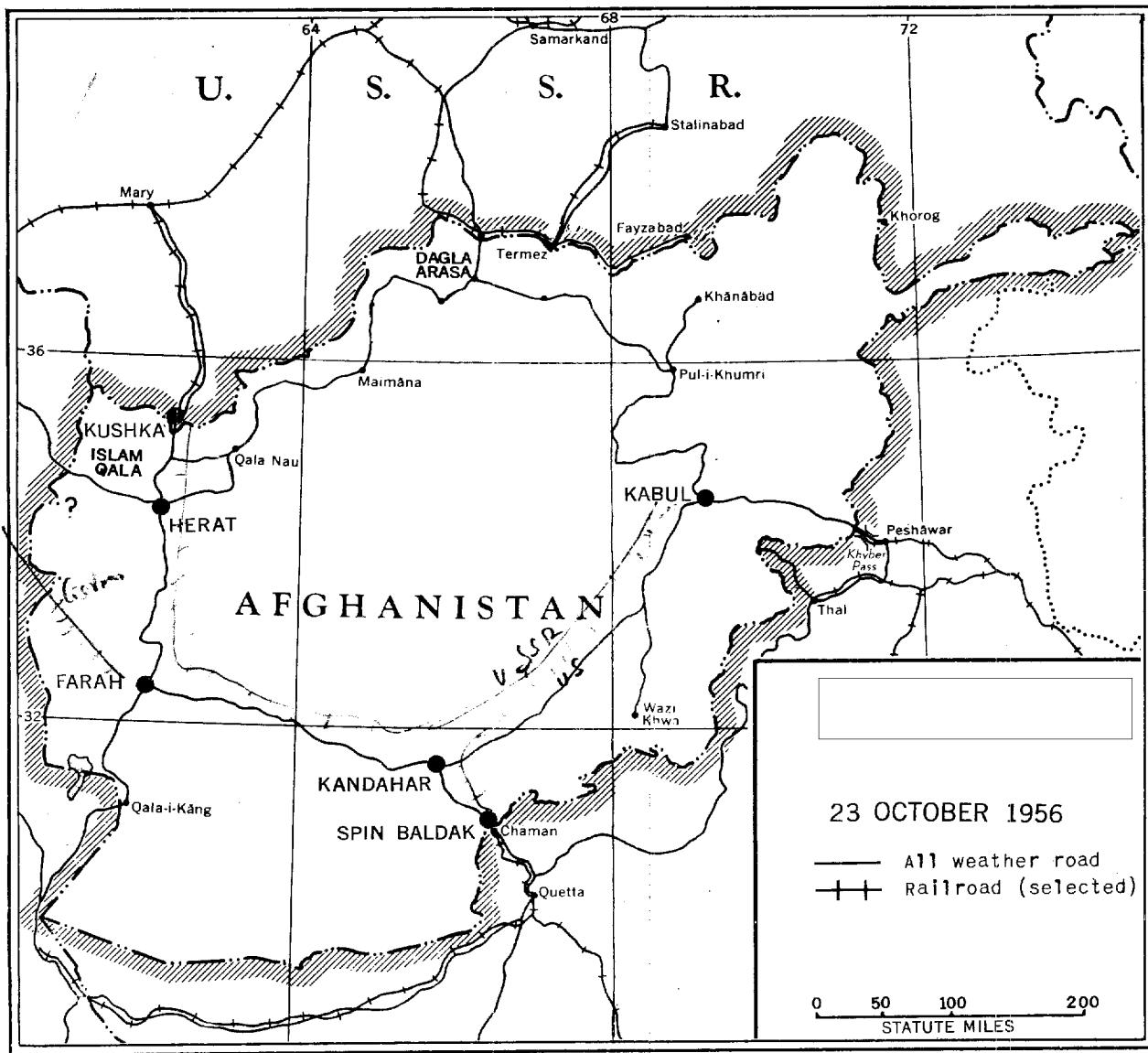
The Communists apparently will press for a more specific expression of the government's neutrality policy--such as the establishment of diplomatic relations with Peiping and Hanoi and possibly acceptance of Sino-Soviet bloc aid--as a sine qua non for a final agreement.

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## 10. AFGHANISTAN PROPOSES BUILDING RAILROAD WITH AMERICAN AID

Comment on:

The Afghan government on 18 October gave the American embassy assurances it would co-operate in developing an Afghan-Pakistani transit project with American aid. Afghanistan, which has no railroads, said a railway line from Spin Baldak, on the Pakistani border,

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through Kandahar to Kabul would be preferable to highway improvements in the eastern and southeastern parts of the country. Foreign Minister Naim also stated that a railroad might in the long run prove more beneficial to his country.

According to the American embassy in Kabul, connecting Afghanistan by rail to the Indian subcontinent would facilitate economic progress. The Afghan suggestion seems particularly significant, however, in that it follows recent reports that the USSR had discussed the possibility of building a railroad from the Soviet border post at Kushka through Herat and Farah to Kandahar and Kabul, while a German Krupp corporation official reportedly announced on 29 August that the Iranian railway being built from Tehran to Meshed (near Herat) would be completed within a year and that a link with Afghanistan would follow.

Meaning?

## 11. REACTION IN NORTH AFRICA TO SEIZURE OF ALGERIAN LEADERS

Capture by the French of five Algerian nationalists on 22 October has led Tunisia to recall its ambassador from Paris and to threaten a complete rupture of relations and a renewal of guerrilla activity against the French. General strikes and violence have occurred in both Tunisia and Morocco, and the consul general in Casablanca reports that a breakdown of order must be expected. In view of the general situation, the sultan of Morocco is breaking off his talks in Tunis and returning to Morocco.

Both the sultan and the premier of Tunisia, who have favored moderation and a negotiated settlement in Algeria, will now be forced to adopt more extreme and anti-French roles.

On 23 October representatives of the Arab states at the United Nations met to draft a protest against the French action. Such a protest would probably be supported in the UN by the Arab-Asian nations and the Soviet bloc. [redacted]

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## THE ARAB-ISRAELI SITUATION (Information as of 1700, 23 October)

A Lebanese commando squad commanded and trained by Egyptians was captured by the Israeli security forces in northern Israel, according to an Israeli announcement from Jerusalem on 23 October. The group is reported to have operated with the help of Arab residents of Israel.  
(Press)

Israeli military activity continues in forward areas opposite West Jordan and in the Southern Command. Extensive laying of field telephone wire has been reported. In addition to augmenting its jet fighter strength, Israel appears to have received major new arms shipments including tanks, motor vehicles, and tank transporters. Most of this equipment is believed to have come from France.

Israel

asked France for "unqualified support" in the current UN Security Council deliberations of Israeli-Jordanian border tension. The Israelis had reinforced their request with the contention that "the entire Western bloc" would be the loser in the event of an Arab victory--"even a token one"--in the UN debate.

The commander in chief of the Egyptian army and of Arab joint forces, Major General Amer, arrived in Amman on 23 October to discuss military aid to Jordan. Earlier the Syrian army chief of staff, General Nizam al-Din, arrived in Amman from Damascus. In addition to discussing expansion of Arab military aid to Jordan, the talks may consider closer alignment of Jordan with the Egyptian-Saudi-Syrian joint command.

Egypt will present five Vampire jet fighters to Jordan

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[redacted] Spare parts and  
ammunition will accompany the fighters. The aircraft will  
be delivered by Egyptian crews [redacted]

[redacted] The aircraft will increase Jordan's jet  
fighter strength to 15 Vampires. Delivery of the gift appears  
to have been timed to coincide with the visit of General Amer.

[redacted]

~~TOP SECRET~~ [redacted]