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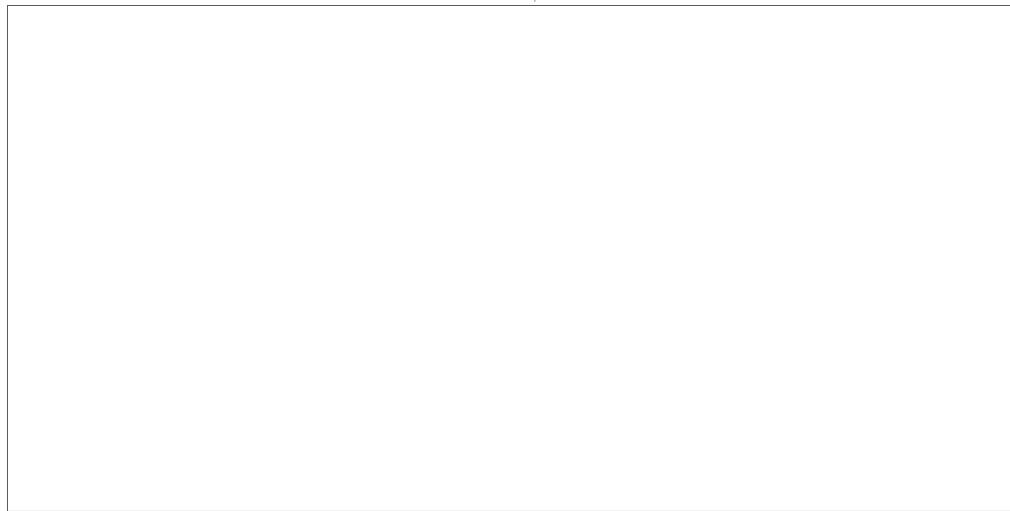
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1. WEST GERMAN CABINET SHAKE- UP MAY BE IMMINENT

A reorganization of the Bonn cabinet
will soon be announced.

In the main shifts, Vice Chancellor Bluecher would be replaced by Karl Arnold, former minister president of the important industrial state of North Rhine Westphalia. This shift would conciliate the left-wing element of the Christian Democratic Party and offset the demotion of unpopular Defense Minister Blank, a trade union man, to the Labor Ministry post. Blank is to be replaced by Minister of Atomic Affairs Strauss, a move possibly foreshadowing greater emphasis on atomic rather than conventional weapons for the West German army.

Meanwhile, Minister Blank

is disturbed and believes Adenauer may give in to increasing pressure to replace him. Blank made no mention of any decision having been reached at the recent cabinet meeting, and states that the whole matter of a cabinet reshuffle will be discussed by Adenauer and coalition leaders on 11 October in Berlin.

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2. BELGIUM SEEN REDUCING MILITARY SERVICE TERM

The Belgian government may follow West Germany's example and reduce the compulsory military service term to 12 months, according to Ambassador Alger in Brussels. Several Belgian defense officials have told Alger that Belgium might be unable to maintain its 18-month service period beyond 1 January. Prime Minister Van Acker is

quoted by Belgium's NATO representative, De Staercke, to the effect that Belgium "must be the first" to follow the German lead if attacks from the Social Christian opposition are to be avoided in the 1958 elections. De Staercke considers the prospect of a general reduction in military service a more serious threat "to NATO and to peace" than the Suez question.

Comment Political competition on the military service issue is likely in view of the fact that a promised reduction in the service term helped the Socialist-Liberal coalition in the 1954 Belgian elections. Current Belgian proposals for a reduction in force goals are attributable in part to this promise.

The Norwegian government, which is under similar pressure, is certain to make some move toward reduction of the term of service prior to the parliamentary elections next fall, and Denmark would follow Norway's example. The Dutch fear that similar pressures will develop in the Netherlands.

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3. RESIGNATION OF MINC PORTENDS RETURN OF GOMULKA TO POLISH POLITBURO

[Redacted]

The resignation of Hilary Minc as vice premier and politburo member removes the last member of the former ruling triumvirate of Bierut, Berman, and Minc which purged the nationalist Communist leader, Wladyslaw Gomulka, in 1948. It is probably a prelude to Gomulka's return to the politburo, which may be announced at the central committee plenum reportedly scheduled to be held on 15 October.

Various reports have indicated that negotiations have long been in progress between Gomulka and politburo members concerning his return to participation in party affairs, and Gomulka reportedly was demanding the removal of Minc as one of the conditions for his return. Gomulka has widespread popularity among the Polish people as one who opposed Polish subservience to Moscow and pressure for collectivization. His strength stems from his popularity with the lower echelons of the party, and he will probably be a strong proponent of policies designed to improve the Polish standard of living and continue the liberalization program.

Gomulka was reinstated as a party member by the seventh plenum of the Polish United Workers Party in July, although he had never fully recanted his opposition to party policies and his refusal to condemn Tito in 1948. The Polish regime may feel that in recalling him it would demonstrate its stability and would convince the people that it is adopting more liberal policies.

[Redacted]

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4. SHAH STRIVES FOR CLOSER TURKISH-IRANIAN COLLABORATION

The Shah stressed the need for greater Turkish-Iranian collaboration

[redacted] the railways of the two countries should be "unified" immediately, an oil pipeline should be constructed from Iran through Turkey to the Mediterranean, and arms and ammunition should be "co-ordinated." The Shah also sought assurances of Turkish assistance in Iranian air defense.

Comment Iran feels insecure in its new Baghdad pact defense role and wants assurance that its territorial integrity will be guaranteed. It is especially anxious to acquire additional American aid and the early accession of the United States to the pact. The Shah regards Turkey as one of the strongest military powers in the Middle East and was greatly impressed by Turkey's show of air strength during his visit there last May.

The Shah is also seeking closer co-operation with Turkey through exchanges of students and officers and through an exchange of training officers.

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5. BURMA, CZECHOSLOVAKIA AND THE USSR AGREE ON PAYMENTS ARRANGEMENT

[Redacted]

Burma, the USSR and Czechoslovakia signed a protocol on 9 October providing for "convertibility of currency" in trade relations with each other, according to a TASS announcement. This agreement, which Rangoon has been seeking for some time, will probably go a long way toward overcoming Burma's dissatisfaction with its barter trade with the Soviet bloc.

During the first half of 1956 the USSR absorbed approximately 40 percent of Burmese exports to the bloc. Czechoslovakia, on the other hand, was the source of over 50 percent of Burma's imports from the bloc while taking almost nothing in exchange. The currency convertibility agreement will permit Burma to use its credits with the USSR to obtain goods from Czechoslovakia.

This is the first time the USSR is known to have made such an arrangement with a non-Communist country, which attests to the importance Moscow attaches to its economic offensive in Burma. [Redacted]

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THE ARAB-ISRAELI SITUATION (Information as of 1700, 10 October)

Two Israeli citrus workers were killed by Arab infiltrators near an Israeli village about 6 miles from the Jordanian border. Israel is convinced that many of the recent actions of this sort have been carried out by terrorist bands under Egyptian direction.

According to a press report from Amman, an Israeli plane flying over the Jerusalem district in Jordan was forced to retreat when Jordanian forces opened antiaircraft fire. According to the report, Israeli ground forces in the area then opened fire on Jordanian forces with automatic and light arms in an exchange lasting about one hour. (Press)

The Israeli foreign minister told the American ambassador on 9 October that Israel is withdrawing its conditional acquiescence in the movement of Iraqi troops into Jordan until a number of facts are made known to Tel Aviv. According to the foreign minister, Israel wants assurances that Iraqi troop movements are not connected with an Iraqi-British program to force Israel into negotiations which would involve territorial concessions, or with an Iraqi-Jordanian treaty detrimental to Israel's security. An Israeli Foreign Ministry spokesman charged on 10 October that the real objective of Iraq's recent proposal for a peace settlement with Israel on the basis of the 1947 UN resolutions was to jeopardize Israel's "sovereignty and entity" and was only a cover for Iraqi territorial expansion.

The American army attaché in Amman has been told [redacted] that the movement of Iraqi troops into Jordan would probably result in Arab fighting Arab. The attaché believes that Iraqi troops will be stationed not only at Mafraq but also at Amman, with the purpose of stopping

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civil outbreaks while the Jordanian army is deployed on the west bank of the Jordan River. The attaché also considers that Egypt may direct an effort to overthrow King Hussain as a result of his inviting Iraqi troops into Jordan.

A press report from Amman stated that the second consignment of Iraqi military supplies in two weeks arrived in Jordan aboard two large transport planes. The Iraqi embassy there said it intended to "pour military and financial aid" into Jordan to help protect Jordan from any future Israeli attacks. (Press)