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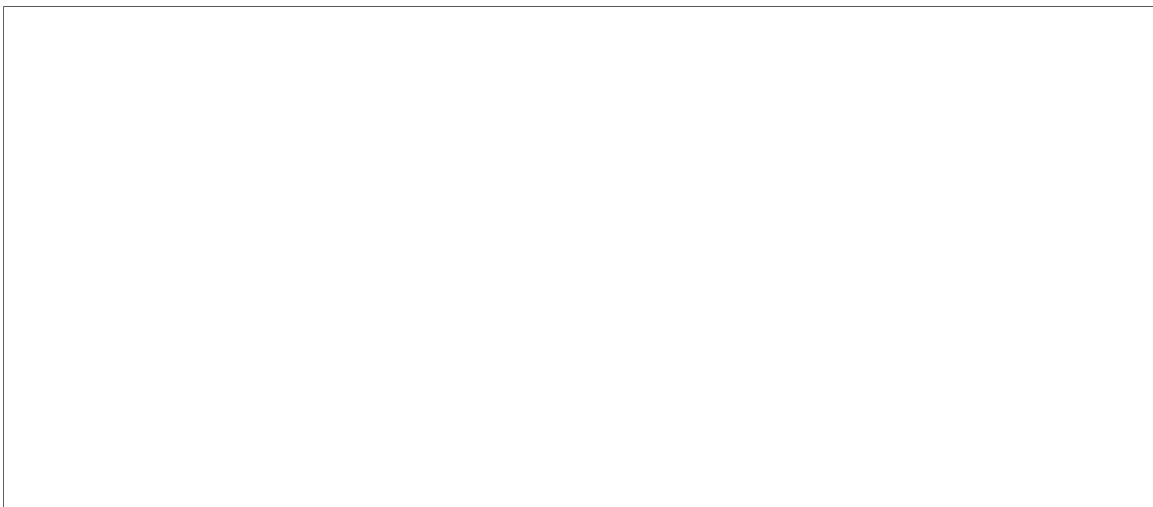
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~~TOP SECRET~~**1. THE SITUATION IN EGYPT (information as of 2200,  
7 November)**

Sniping reportedly continued in Port Said on 7 November despite the announcement of Anglo-French acceptance of a cease-fire. There is still no confirmation that the allied forces are occupying Ismailia, midway on the canal, and the over-all extent of the allied occupation has not been made clear.

The Egyptian government has still not recognized formally that a cease-fire exists, although in practice fighting between organized units of the Egyptian army and the Anglo-French forces appears to have stopped, at least temporarily.

The Nasr government's reluctance to announce an unequivocal acceptance of the cease-fire may stem in part from a desire to keep its record free from the taint of surrender, but it may also arise from a belief that the USSR is coming to Egypt's assistance. Nasr's chief aide, Ali Sabri, told an American official in Cairo on 6 November that reports from the Egyptian ambassador in Moscow and from Soviet ambassador Kiselev in Cairo had convinced Sabri that the USSR is prepared to "go all the way" even if it risks World War III. Kiselev told Sabri that the USSR had completed a review of its military situation and was prepared for World War III over Egypt if necessary.

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Sabri's statements, made before the cease-fire was announced, may have been designed to hasten American action, though he may also be convinced that the USSR will intervene. [redacted]

## 2. REPERCUSSIONS OF SUEZ DISPUTE IN IRAQ

Antigovernment demonstrations in Baghdad touched off by the Anglo-French intervention in Egypt are reported under control, but anti-British sentiment could still result in the government's fall and Iraq's withdrawal from the Baghdad pact.

[redacted]  
that there was considerable sentiment hostile to Britain and Prime Minister Nuri Said in the army, and that if the army were ordered to protect Nuri and the British it might not obey. Nuri, the symbol of Iraq's association with Britain and the Baghdad pact, is reported by the American embassy to be ill and disconsolate.

British-French collusion with Israel is widely believed and bitterly resented. Several cabinet ministers are reported to have told Nuri that the temper of the country would no longer permit the continuation of the Baghdad pact with British participation.

[redacted] the British were "hanging on by their fingernails" in Jordan and Iraq, and there was great concern in London that the Nuri government might be overthrown, with a break in diplomatic relations and the loss of Iraqi oil to the West as consequences. (NOFORN)

**3. TURKEY NOTIFIED THAT FIVE SOVIET WARSHIPS SEEK  
DARDANELLES TRANSIT**

The USSR requested on 4 November that the Turkish government permit five warships to transit the Bosphorus from the Black Sea,

As of 6 November Ankara had not replied.

Under the Montreux Convention, Black Sea powers are required to notify the Turkish government of an intention to transit the Straits eight days prior to actual transit. By this provision, the first date the Soviet ships could transit would be 11 November. There is no provision whereby Turkey may refuse transit unless it considers itself under the threat of war.

In the light of British and French fleet concentrations, five ships would be only a token force, perhaps to display the USSR's flag in the area and ostensibly to protect Soviet merchantmen.

In notes to Britain and France on 4 November, the USSR stressed the illegality of the Anglo-French "blockade" of the eastern Mediterranean and Red Sea as being in violation of the 1888 Convention. (NOFORN)

#### 4. FACTORS IN BRITISH AND FRENCH CEASE-FIRE DECISION

A smoldering cabinet revolt may have contributed directly to London's decision to abandon the military drive in Egypt. A powerful group of cabinet ministers headed by R. A. Butler, leader of the House of Commons, is reported in the London press to have demanded that Prime Minister Eden bring an end to the fighting. According to the American embassy in London, the deep division in Britain turned on both the moral issues and, of more immediate consequence, on Britain's international reputation, the Commonwealth, the Anglo-American relationship, the United Nations, and Britain's own precarious economy.

A major cause of French acceptance, [redacted] was Paris' concern over a report that the bombing of Israeli towns by Russian planes operating from Syrian bases was imminent. [redacted]

Mollet is being strongly criticized by important elements of public opinion for accepting a cease-fire prematurely, particularly while Nasr is still in power. Much of the military probably holds this view, and in the opinion of the American embassy would be tempted to reopen hostilities if provoked in any way. Defense Minister Bourges Maunoury is reported to have held out against the cease-fire decision and to have urged that if necessary France should continue the war alone. (NOFORN)

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**5. THE HUNGARIAN SITUATION (information as of 1700,  
7 November)**

Fighting continues in Budapest and in a number of areas in the provinces.

[redacted] resistance forces were still active in nine cities other than the capital, at least up to 6 November. American correspondents at the American legation reported on 6 November that "the heaviest continuous shelling yet" had been heard in Budapest during the early evening and that at least four pockets of resistance in the city continue to hold out, one of which is defended by Hungarian artillery.

According to a 6 November report [redacted] Soviet troops in Budapest have been systematically slaughtering men, women and children continuously for the past three days. "Despite this, the resistance evidently is not yet entirely broken."

Soviet atrocities have been confirmed

[redacted] a Soviet division ordered one of its subordinate units to surround a village and "burn it down." [redacted] another Soviet unit was ordered to shoot a captured insurgent leader and to "destroy his family."

The legation, commenting on the Soviet offer of food and medical supplies to Hungary, notes that whatever the motives of this offer, the Soviet action in Budapest will starve out the people, "and the Soviets cannot help but know it!"

The longer the freedom fighters hold out and the more the Soviets resort to slaughter, the more difficult Premier Kadar's task will become. Efforts to date to restore transportation facilities and to resume industrial production have met with little success. [redacted]

## 6. WESTERN EUROPE TO FEEL OIL SHORTAGE SOON

Britain and France are preparing emergency measures to meet the interruption of petroleum supplies from the Middle East. Britain has ordered companies to "under-deliver" petroleum products by 10 percent beginning on 7 November, and the Ministry of Fuel and Power expects a 25-percent cut to dealers before long.

The first effects of the Suez Canal closure and sabotage of pipelines will be felt in Britain within a week, after which up to three weeks will be required for tankers diverted around the Cape to reach Britain. Britain has four weeks' supply of crude oil products and six to eight weeks' supply of refined products.

France has an estimated two and a half months' supply of most petroleum products, but the lack of more than a four to five weeks' supply of heavy industrial fuels led to a 7 November cabinet meeting to consider rationing. West Germany has a supply unofficially estimated at three weeks of crude oil and two months of gasoline.

Avoidance of full-scale rationing in Britain and several other countries will depend in part on OEEC's success in spreading available supplies and in obtaining more from the western hemisphere. The British Treasury has agreed to make dollars available for purchases, but British officials have complained that so far little western hemisphere crude oil has been offered. The OEEC oil committee will meet on 14 November, if not earlier as urged by some members, to deal with the allocation problem. (NOFORN)

## 7. NEW WAVE OF FRENCH ANTI-COMMUNISM

The mob attack on the French Communist headquarters in Paris on 7 November points up a sudden wave of anti-Communism in France. Communist deputies' indifference to bloodshed in Hungary at the very moment they decried French intervention in Egypt has infuriated French public opinion and has almost completely isolated the party.

An attempt to outlaw the Communist Party for its "antinational" attitude is under way in the National Assembly, and [redacted]

[redacted] believe it would receive approval if assured of Socialist support. Traditional French apprehensions over the repercussions of such a move make it unlikely, however, and the government may limit itself to imposing strict control over party activities. There is some pressure for the arrest of party leaders, but such action is unlikely in view of difficulties encountered in 1953 in trying to lift the parliamentary immunity of top Communist leaders.

The Communist Party has called for organized demonstrations on 9 November, although the government is reported to have banned all Communist meetings in order to prevent possible rioting.

## 8. YUGOSLAV OFFICIALS COMMENT ON SOVIET TROOPS IN HUNGARY

The Yugoslav ambassador in London told Ambassador Aldrich on 6 November that he was personally convinced that Soviet troops would have to leave Hungary "within a short time." He insisted that if they do not, relations between the Soviet Union and Yugoslavia will become "very difficult."

The previous day a Yugoslav Foreign Ministry official told an American embassy official in Belgrade that he did not think Soviet troops would remain permanently in Hungary. He said the Soviet leaders "have had a lesson and know they can't go on forever with their domination, and will have to loosen control, but the loosening will have to be controlled and regulated."

**Comment**           Yugoslavia, in its limited public comment on the Soviet intervention in Hungary, has described the move as regrettable but necessary in view of the role assumed by "reactionary forces."

Belgrade supports the new Kadar government and has called for the prompt establishment of relations between it and the USSR on a basis of equality and non-interference so that Soviet troops can be withdrawn and Communism can be developed in Hungary through the efforts of the Hungarian people themselves.

While the Yugoslavs no doubt welcome the re-establishment of a Communist regime in Budapest, they cannot be indifferent to the potential threat posed by large numbers of Soviet troops in Hungary.

9. POLAND RELEASES ALL DEFENDANTS IN  
POZNAN TRIALS

A 6 November announcement of the office of the Poznan prosecutor stated that all indictments have been dropped against persons awaiting trial for alleged offenses in the Poznan riots.

The announcement explained that the riots were a result of "errors and distortions of the past era" and incorrect behavior by certain authorities. Most of the defendants who have already been tried and sentenced have been released, although three youths convicted of murdering a policeman are apparently still serving prison terms.

Comment

The Polish radio announced earlier that at least some of the indictments for actions taken during the riots would be reviewed. In his first speech after returning to power, Gomulka blamed the Poznan riots on the party's neglect of the people rather than on the faults of the individuals involved, which indicated the new regime's reluctance to pursue the trials further. (CONFIDENTIAL)

**10. PLOT TO KILL SOUTH KOREAN VICE  
PRESIDENT REPORTED**

[redacted] accused Liberal Party leader Yi Ki-pung, the home minister, and a former police chief of masterminding the plan, which allegedly calls for a "spontaneous" attack on Chang during a demonstration in Seoul urging revolution in North Korea.

[redacted]

Comment                      Suspicions that the Rhee administration was involved in an earlier attempt on Chang's life were embarrassing to the regime. "Spontaneous" demonstrations calling for revolution in North Korea are being staged, and the National Police have been alerted for possible internal disorders at any time after 8 November.

[redacted]

ANNEX

The Watch Committee of the IAC met in regular session at 1030 on 7 November. The conclusions were:

- A. No Sino-Soviet Bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. 1. Recent Soviet activities reflect an effort to improve the Soviet military posture and readiness to deal with the critical world situation.
  - a. Soviet troop movements, alerts and other military activities in the Satellites and the USSR do not indicate intentions to initiate hostilities in the immediate future against non-Bloc territory in Europe, including Turkey, or US forces abroad.
  - b. As a result of its own statements and actions, the USSR is under much political pressure to come to the aid of the Arabs. There are many indications that the Soviets are preparing to provide volunteers and equipment, particularly in the form of pilots and aircraft, to Syria and some other Arab states in as yet unknown quantities. There are no known Soviet military moves which conclusively reflect a Soviet intention to intervene unilaterally in the Middle East.
- 2. An unprovoked North Korean attack on South Korea is unlikely at the present time. Nevertheless, President Rhee, encouraged by tensions elsewhere, has launched a propaganda campaign for the reunification of Korea by subversion or force. This campaign, accompanied by subversion or force, could lead to a major incident between North and South Korea. (~~TOP SECRET NOFORN~~)