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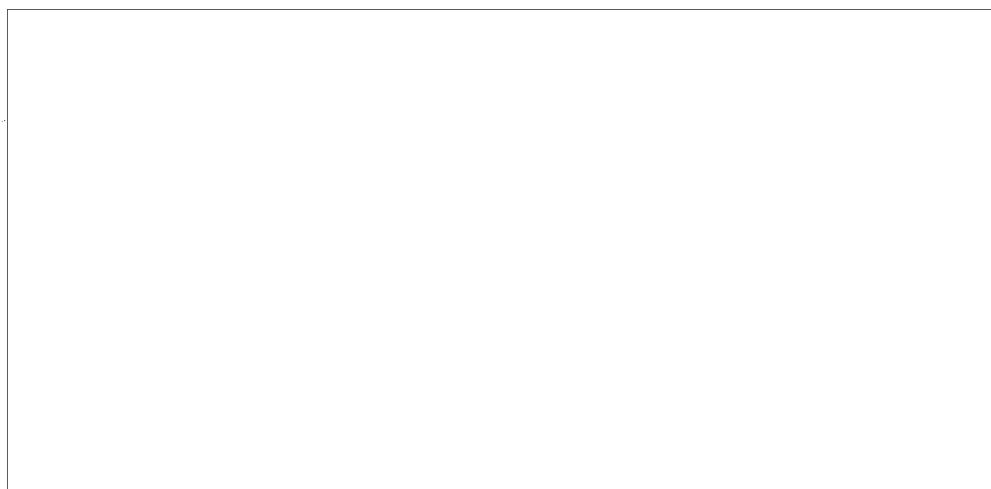
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TOP SECRET



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## THE ARAB-ISRAELI SITUATION [ ] (page 10)

## 1. THE JORDAN-ISRAEL BORDER SITUATION

### Comment on:

The heavy Israeli assault on Jordanian military positions in the Qalqiliya sector, 12 miles northeast of Tel Aviv, on 10 October creates another crisis for the faltering regime of King Hussain. Faced with a population embittered by Jordan's weakness, the 21-year-old king's position may be further threatened by a leftist, ultranationalist and antimonarchical trend in the elections for the lower house of Jordan's legislature, scheduled for 21 October.

It is unlikely that Jordan will feel capable of undertaking a military reprisal against Israel; Jordan has, however, indicated the intention of bringing up the Israeli attack in the UN.

In addition to retaliating against a known center of terrorist groups in Jordan, the Israeli assault destroyed fortifications and tested Jordanian defenses on a main route to Nablus and the Jordan River. Shortly before the action, Ambassador Lawson reported that both strategic and tactical considerations now appeared to be pulling Israel from a policy of moderation.

## 2. HUNGARY HERALDS "NEW ERA" OF INDEPENDENT COMMUNISM

Comment on:

In a frank and revealing comment on relations with Yugoslavia, a Hungarian broadcast of 10 October commented that trips to Belgrade by Hungarian, Polish, Bulgarian and Rumanian leaders will lead to "noninterference in the affairs of others and real equality in principle and practice." The praise of Tito's fight against the "international assault of Stalinist tyranny" suggests that liberalization in Hungarian domestic policy will increase. This could hasten the reinstatement to party or government power of ex-premier Nagy, whose domestic policies resemble those of the Yugoslavs.

The broadcast concluded with the statement that the Crimea meeting between Yugoslav and Soviet leaders gives a "new impetus to the Communists of the people's democracies to overcome the resistance of the retreating Stalinist forces. The broadcast, by implication, also encouraged more independent thinking by Communists within the Socialist framework. Thus Hungarians pressing for moderation appear to be treating the Crimean talks as a re-endorsement of their views.

The formation of a more liberal Hungarian government, possibly including Nagy, may be announced at the 22 October extraordinary session of the National Assembly. Politburo member Istvan Kovacs in a speech on 4 October warned that it was necessary to replace those who were unable to adjust to the more liberal internal policies. Continuing unconfirmed reports of the gradual removal of anti-Nagyists in middle government and party ranks, and the recent jailing of several police officials most responsible for Stalinist excesses, support the theory that further personnel shifts are in the offing.

### 3. YUGOSLAV MILITARY DELEGATION VISITS THE USSR

Comment on:



The departure of a Yugoslav army delegation headed by Col. Gen. Pavle Jaksic, deputy chief of staff, on a "friendly visit" to the USSR on 10 October may be motivated by a desire to show that normal relations between Moscow and Belgrade are continuing despite serious ideological differences. It is unlikely that they are substantially connected with the recent exchanges at Yalta. Currently, a Yugoslav military delegation is visiting Communist China and last July, the chief of the Yugoslav air force led a delegation to the USSR.

Yugoslavia is dependent on outside aid in building up its military forces. Belgrade may be exploring the possibility of obtaining aid from the USSR in case American aid is terminated. To date, however, the Yugoslavs have considered it too risky to accept military assistance from the USSR.

Reports last July that Yugoslavia would obtain Soviet assistance to construct MIG's were not borne out. They were probably circulated by the Yugoslavs as part of Belgrade's attempt to pressure the West to support Yugoslav production of Western-type jets. [redacted]

#### 4. PEIPIING REPORTEDLY OFFERS TO STOP COMMUNIST RESISTANCE IN MALAYA

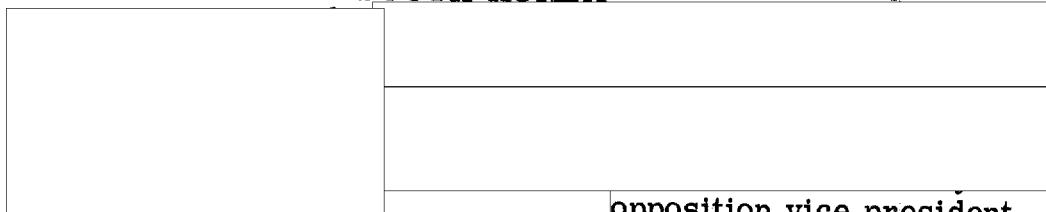
The British Foreign Office is perturbed at the current Chinese Communist maneuver to obtain official recognition in Malaya and Singapore of the local Communist parties. Premier Chou En-lai reportedly told David Marshall, former chief minister of Singapore, that he could guarantee fighting in Malaya would stop if the Malayan Communist Party were recognized.

Chou is reported also to have told a Singapore-Malayan trade delegation visiting China with Marshall that he hoped Overseas Chinese would adopt the nationalities of their countries of residence and no longer consider themselves Chinese nationals. In the British view, the local Chinese would be able to work more effectively on behalf of Communist interests in the parliamentary and political arena as citizens than as aliens.

**Comment** If the Communist parties in Malaya and Singapore are given legal status, party leaders could be expected gradually to assume overt control over political elements formed by Overseas Chinese who became local citizens. The Chinese now comprise about 38 percent of Malaya's population and 80 percent of the people in Singapore.

5.

**FORESEES CONSTITUTIONAL  
SUCCESSION IN SOUTH KOREA**



opposition vice president Chang Myon would probably succeed to the presidency with the backing of the army in the event of President Rhee's death. [redacted] army chief of staff Yi Hyong-kun would support Chang Myon and the Democratic Party with the idea of controlling the presidency and would enforce martial law. The Seoul populace would rally to Chang Myon's support, the police would switch their support to the Democratic Party, and the Liberal Party would disintegrate. [redacted]

**Comment**

The army, provided it retains its cohesion, can determine the outcome of any succession crisis. Most observers believe it will remain responsive to American guidance, and that it would support a constitutional succession. A period of political instability, including violence, is likely to occur, however, while any new regime is attempting to consolidate control.

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## 6. HONG KONG RIOTS

### Comment on:

A dispute between pro-Nationalist Chinese and Hong Kong police over display of the Chinese Nationalist flag during nationalist celebrations on 10 October apparently was the cause of riots termed by police officials the "worst in a generation." The US army attaché believes that rioting is being perpetuated by the local secret criminal societies although Communist elements are probably swelling the ranks of the rioters.

The rioting illustrates the potentially explosive situation in Hong Kong, where more than half the population of about 2,500,000 are refugees living under miserable conditions. Stepped-up Chinese Communist efforts to win support among this large Hong Kong population during the past year have had some success among trade, labor, press and educational circles.

In recent weeks Peiping's propaganda has been complaining about alleged British infringement of Chinese rights in restricting free movement across the Hong Kong border. Communist China may now add denunciation of British failure to protect Hong Kong Chinese against violence stirred up by "Kuomintang bandits."

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## 7. VIET MINH CONCERNED OVER SITUATION IN LAOS

The Viet Minh fears American influence on Laotian premier Souvanna Phouma, whom the Communists consider to be weak and inconsistent. It is also disturbed by the Indian attitude which aims to attract "Laos into a sphere of neutralism on the Indian pattern." The Viet Minh, moreover, characterizes the Pathet Lao as an organization "which cannot hope to stand on its own feet by the end of the year!"

To rectify this situation, directives have been issued to the cadres to direct their efforts at reducing American prestige, inducing the Indians to believe "that their form of neutrality is accepted," and persuading Souvanna Phouma that "the Viet Minh's real desire is to support him."

**Comment**      The Viet Minh has consistently demonstrated a marked lack of confidence in Pathet Lao capabilities and must soon decide whether to let the Pathet Lao come to an agreement with the government.

The Viet Minh is undoubtedly fearful that once a settlement has been reached Indian efforts will be directed at lessening Communist influence in Laos.

**THE ARAB-ISRAELI SITUATION**  
**(Information as of 1700, 11 October)**

Israeli foreign minister Meir told Ambassador Lawson on 10 October that British and Iraqi statements on a peace settlement based on the 1947 UN resolutions--which if enforced would deprive Israel of territory--have changed Israel's attitude toward the entry of Iraqi troops into Jordan. Mrs. Meir said she believed the entry of Iraqi troops would be followed by invocation of the Iraqi-Jordanian defense treaty, and then the Anglo-Jordanian treaty. She said Israel would fight the British or anyone else rather than yield territory. She asked for immediate and full information as to the intentions of Britain and Iraq

Iraqi troops have not yet entered Jordan, according to the American embassy in Amman. British sources told embassy officials that the Iraqi build-up was progressing at H-3 pumping station in western Iraq and should be completed by 13 October. The time of entry into Jordan was not known, but the sources hinted that it could be in a few days. Ambassador Mallory reports that Britain has given Iraq categorical assurance of British assistance to Jordan in the event of Israeli aggression, not including "border raids."

France has suggested with regard to the proposed entry of Iraqi troops into Jordan that Britain, France and the United States guarantee Israel's frontiers and define an area in Jordan beyond which Iraqi troops would not go. The French proposal appears to reflect French fears and suspicions of the British-Iraqi moves as well as the stated need to allay Israeli fears.

There are indications that Israel may now have acquired a total of from 50 to 60 French Mystere IV-A jet fighters, which would more than double Israel's first-line jet

fighter strength. This additional air strength would again give Israel air superiority over the Arab states. [redacted]

The American army attaché in Damascus reports that the strength of the Syrian army appears to be on the rise again and has probably increased by 3,000 to a total of 65,000. [redacted]

(See also item 1, p. 3.) [redacted]