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GENERAL

1. Comment on Molotov's Berlin speech:

[] Molotov's 6 October speech at the "German Democratic Republic's" anniversary ceremony, addressed primarily to West German opinion, was the second major Soviet move to counter the London conference agreements. France was the principal target of the first move--Vyshinsky's disarmament proposals in the United Nations.

Molotov's speech was clearly designed to impress upon the Germans that they are now faced with a fateful choice which will determine their future for many years to come. While promising to discuss any free election proposal, he carefully avoided a commitment to any formula actually guaranteeing free elections. His proposal for troop withdrawal merely repeated what he proposed at the Berlin conference.

Molotov's remarks are likely to have an unsettling effect in West Germany, where the results of the London conference were not greeted with great enthusiasm. The mere expression of Soviet willingness to discuss free elections is ammunition for the growing numbers of West German politicians who think the time is ripe for renewed talks with Moscow. The opposition Social Democrats have been insisting on new four-power talks, and Chancellor Adenauer may have trouble within his coalition with the Free Democratic Party, whose chairman recently suggested compromising with the principle of free elections.

Premier Mendes-France will probably get the French National Assembly endorsement of the London decisions, but he is likely to agree to include the proviso that final action await the outcome of the four-power talks proposed by Molotov. []

SOVIET UNION

2. Bohlen notes indications of stability in Soviet leadership:

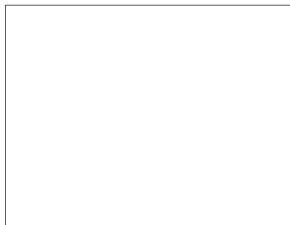


Ambassador Bohlen notes that with Molotov's departure for Berlin, four of the nine full members of the party presidium were simultaneously absent from the Soviet Union. The ambassador infers from this that relations among the top leaders are not of a nature which would cause them to worry about the security of their positions.

Comment: This is the first time since Stalin's death that so many members of the party presidium have been absent at the same time.

FAR EAST

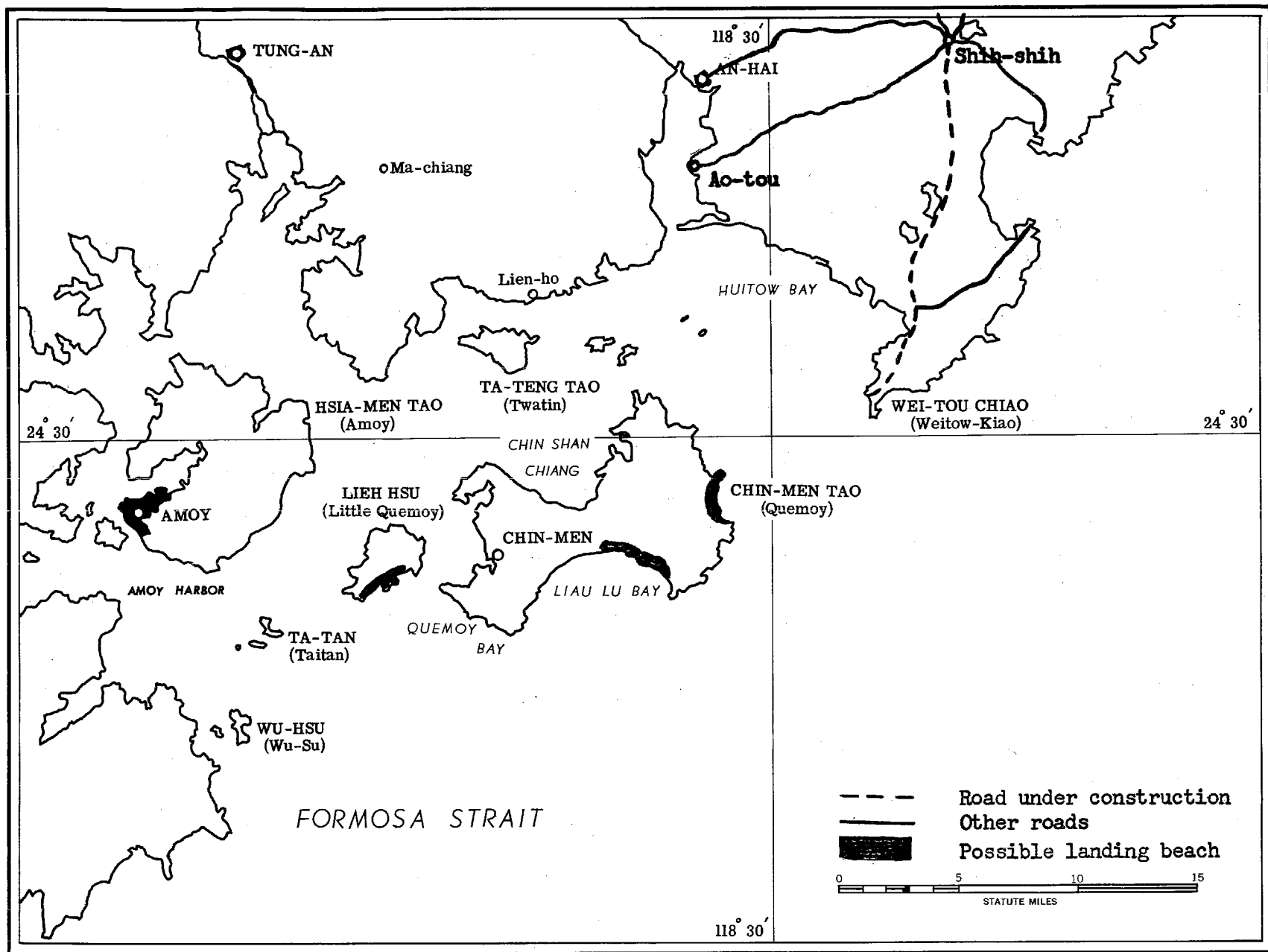
3. Communists reported "urgently" improving roads in Quemoy area:



Chinese Nationalist sources report that the Chinese Communists are "urgently" improving the road which runs between Shihshih and Weitou on the Fukien coast near the Quemoy (see map, p. 5).

According to Nationalist reports, a Communist fisherman captured near the Quemoy says Chinese Communist troops from Korea have recently arrived in southern Fukien.

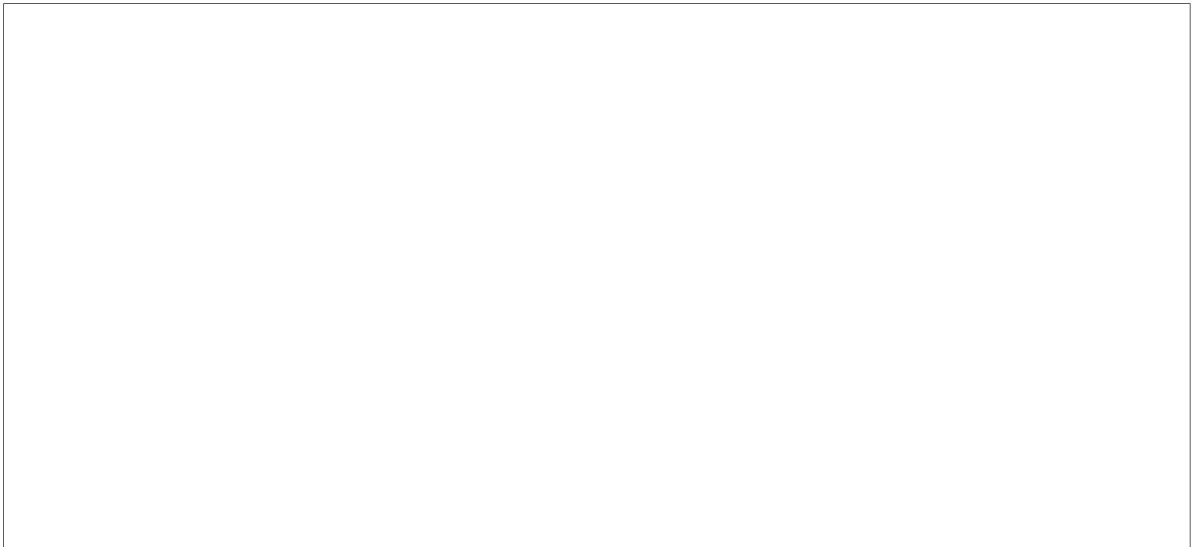
Comment: Improvement of the road to Weitou, which is only about eight miles from a possible invasion point on eastern Big Quemoy, would enhance Communist capabilities for attacking the islands.



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4. Chou En-lai's intercession speeds Sino-Burmese trade negotiations:

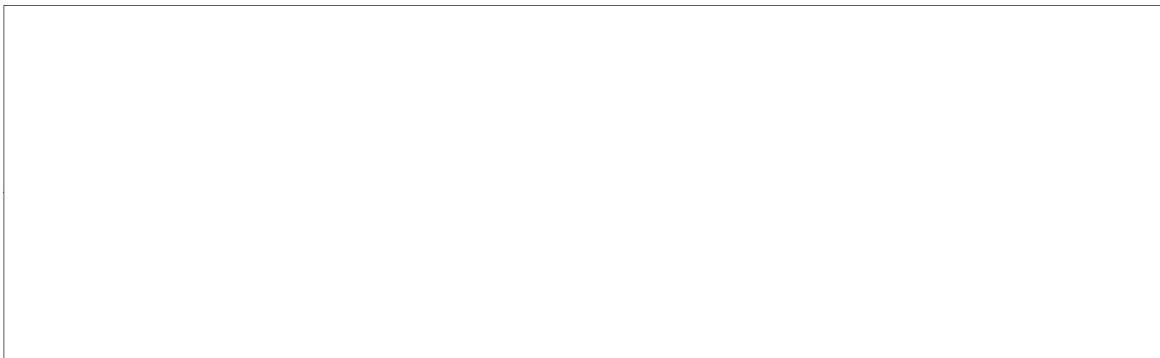


Comment: China is a major exporter of rice and its willingness to buy Burmese rice for resale at a loss demonstrates its political motive in these negotiations.

Chou's concessions to Burma would appear to be part of Peiping's current campaign to cultivate the Colombo powers. He also reportedly interceded to expedite the rubber-rice negotiations concluded with Ceylon on 6 October. In the current talks, Burma has offered to sell 200,000 tons of rice, some of which Peiping may buy and exchange for Ceylonese rubber.

SOUTHEAST ASIA

5.



SOUTH ASIA

6. Pakistani army ready to support governor general in current crisis:

General Ayub Khan, commander in chief of the Pakistani army, told American chargé Emmerson in Karachi on 6 October that he was unhappy over

the present political situation in Pakistan. He said that the Bengali politicians could not be allowed to dictate to the whole of Pakistan, that "something would be done," and that he hoped the United States would understand if some military action became necessary.

Emmerson comments there was no mistaking Ayub's meaning that the army would seize control if necessary.


Comment: This is a clear indication that Prime Minister Mohammad Ali and the group which engineered the "constitutional coup" of 21 September may be living in a fool's paradise.

The inevitable reaction on the part of Governor General Ghulam Mohammad's clique has been slow in developing because its members are widely dispersed. It may

be effective, nevertheless. Ghulam Mohammad and Law Minister Brohi have been in constant consultation--possibly on Ghulam Mohammad's residual powers to dissolve the government or call out the army in a national emergency. Brohi, who is also minister of information and broadcasting, has had a conference with Sind newspaper editors and has been assured of their co-operation. The army appears to continue loyal to the governor general.

NEAR EAST - AFRICA

7. American embassy comments on Israeli objectives toward the Arabs:

 Director General Eytan of Israel's Foreign Ministry recently told Chargé Russell that Israel had sent the Bat Galim into the Suez area to test Egypt's restrictions against Israeli ships transiting the canal. Russell feels, however, that the Israeli objectives in this venture were: (a) to complicate the Anglo-Egyptian agreement in its final stages, (b) to embarrass American efforts to lead Egypt into a more constructive position in the Middle East, and (c) indirectly to bring pressure on the UN and Western powers to force the Arabs into direct negotiations with Israel.

Russell concludes that it is becoming increasingly clear that Israel is less interested in peace in the area than in regional arrangements completely satisfactory to itself.

Comment: Russell's conclusions suggest that Israel's current offer in the UN of nonaggression pacts with the Arab states has been made, not with the expectation of Arab acceptance, but as part of an over-all Israeli policy to press the West for direct Israeli-Arab negotiations.

8. Egyptian minister in Sudan to arrange union with Egypt:



Major Salah Salim, Egyptian minister for Sudanese affairs, has told American liaison officer Sweeney that he came to Khartoum to arrange the union of the Sudan with Egypt. Salim said that despite public statements to the contrary, Egypt would never agree to an independent Sudan. He requested that the British not be informed of Egypt's intentions.

Comment: This unequivocal statement on Egypt's intentions in the Sudan suggests that Cairo is determined to thwart growing Sudanese sentiment against political union with Egypt.

Under the terms of the 1953 Anglo-Egyptian agreement on the future of the Sudan, the Sudanese are to choose either union with Egypt or complete independence before 1957.

London, which has strongly opposed possible union between Egypt and the Sudan, has invited the Sudanese prime minister to visit Britain in early November.