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CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Kennan believes Sino-Soviet talks involve real bargaining:

Ambassador Kennan believes that a tour by the Chinese delegation to points of interest in the USSR indicates that Sino-Soviet negotiations have reached a point where instructions from Peiping have become necessary. Kennan considers that the length of the talks shows that they are not "pro-forma" in character, but that real bargaining is taking place.

Comment: Communist cadres in China are being led to believe that increased Soviet aid will result from the talks.

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FAR EAST

4. Comment on militant Soviet line for Peiping "peace" conference:

The Chairman of the Soviet Peace Committee has stated that the "peace" conference to open in Peiping in late September will be of special importance since it will "intensify the struggle for national independence and territorial sovereignty." His statement, which appeared in the Peiping press of 12 September, provides the first reliable Soviet hint on how the conference will deal with the wars in Indochina and Malaya.

The conference is committed to call for a "peaceful settlement" of current conflicts in Southeast Asia. This militant Soviet line suggests that the conference will not propose truce negotiations on the Korean pattern in Indochina and Malaya but will merely repeat demands for withdrawal of foreign troops.

SOUTHEAST ASIA

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NEAR EAST - AFRICA

6. Greek Government requests inclusion in MEDO discussion:

Deputy Prime Minister Venizelos presented an aide-memoire to Ambassador Peurifoy on 12 September requesting inclusion of the Greek Government in the talks to be held

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on the Middle East Defense Organization. Similar notes were delivered to the embassies of the other sponsoring powers.

The note emphasizes Greek interest in Middle Eastern defense problems and suggests that the traditional Greek-Arab friendship makes Greek participation desirable.

Comment: Several recent Greek diplomatic messages and an 11 August approach in Washington have foreshadowed this formal request. The Greeks have been spurred into action in part by their recognition of the important position the Turks will assume in the new organization. The present discussions on MEDO, like the original plans for the Middle East Command, do not envisage Greek participation.

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7. Mossadeq and his opposition in deadlock:



Prime Minister Mossadeq is unable to accept any western proposals because of his fear of left and right wing extremists. However, the Prime Minister's opposition in the Majlis dares not go farther than to disclaim responsibility for any of his actions. Accordingly, new offers to settle the oil dispute are useless and the West should concentrate on convincing Iranian opinion that the onus for the break with the West lies with Mossadeq.

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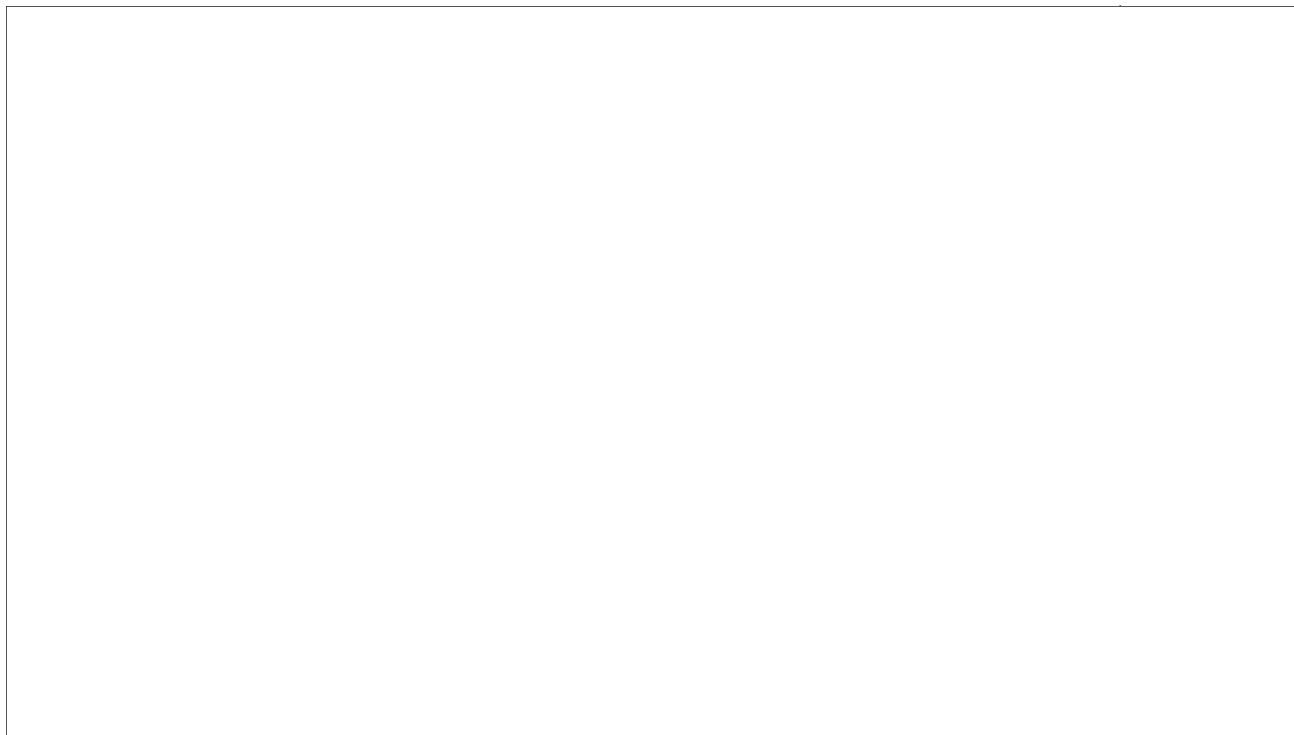


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Comment: The dilemma of Mossadeq and his opposition, both captives of fear, is revealed in other reports.



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9. General strike in Lebanon reportedly called for 15 September:

[Redacted] Ex-premiers Sami Solh and Abdullah Yafi and opposition parties, including the Moslem Brotherhood, are sponsoring a general strike for 15 September to last until President [Redacted]

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Khoury resigns, [Redacted]

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Comment: Moslem-Christian rivalry, army dissatisfaction, and popular discontent with political corruption all complicate the Lebanese political situation. While there are indications that opposition factions may now unite under Moslem leadership, they have failed in the past to cooperate successfully against the Khouri regime.

Saeb Salaam, who is considered competent and honest, has been asked by Khouri to form a coalition cabinet. If he succeeds in completing a full cabinet, opposition forces may again be split and the proposed strike thwarted or minimized.

10. South African official sees possible withdrawal from UN:

[Redacted] The permanent secretary of the South African External Affairs Department is convinced that his government would seriously consider complete withdrawal from the UN if the Arab-Asian group presses for an investigation of the passive resistance campaign in the Union.

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He believes that the Arab-Asian bloc is planning to include a request for such an investigation in the resolution on racial discrimination in South Africa which it is preparing for introduction in the General Assembly.

Comment: This personal opinion of an astute official probably reflects current sentiment in the government, which has frequently stated that it will not tolerate UN interference in a domestic matter. Relations between South Africa and the UN have already been aggravated by the discussion of the Indian minority question and the status of South-West Africa.

WESTERN EUROPE

11. Comment on the dissolution of the West German Socialist Reich Party:

The recent voluntary dissolution of the neo-Nazi Socialist Reich Party (SRP) removes a threat to the conservative right-wing parties of Chancellor Adenauer's federal coalition. In consequence the right wing will probably emerge from the forthcoming federal elections with no material loss of strength.

The German Party, most conservative in the coalition, may however swing even farther right in an effort to capture support of the followers of the dissolved party. If this is successful, extremists may wrest party control from the moderates.

The decision of the SRP was made in anticipation of a Constitutional Court decision which would almost certainly have banned the party. The government was confident that "unequivocal evidence of SRP collaboration with the Soviet Union" would have brought about the legal extinction of the party.

If the party attempts to go underground as its former leader Fritz Dorls allegedly plans, its subversive effectiveness will be negligible.