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Watch Committee conclusion: No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the orbit in the immediate future, except as noted below.

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*Macao: Tension building up in Macao may lead to serious disturbances between pro-Communist and pro-Nationalist Chinese on 10 October, the Nationalist holiday. Nationalist sympathizers are infuriated by the Portuguese Governor's decision to ban ceremonial arches because of threats by local Communists to call a general strike and forcibly remove the Nationalist flags. The Chinese Communists reportedly have threatened to send troops into Macao and cut off its food and water supply in the event of disturbances.

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Communist China - Guinea: Communist China's recognition of Guinea on 7 October, three days after a similar Soviet move, is another indication that the bloc intends to move rapidly to take advantage of the opportunity to increase Communist influence in West Africa. While the US and the UK

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have delayed recognition in deference to a French request, Paris has denied official communications facilities for congratulatory messages to Guinea Premier Sekou Toure.

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II. ASIA-AFRICA

Cambodia: Phnom Penh's decision to oust Nationalist China's representative leaves the Chinese Communists virtually unopposed in their efforts to control Cambodia's influential Chinese population. This decision was almost certainly taken with the approval of Premier Sihanouk.

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Jordan: Prime Minister Rifai has been subjected to strong parliamentary attacks which possibly had support within the palace. This appears to be the first move in a concerted effort by Rifai's enemies inside and outside the government to force his resignation and pave the way for a more "popular" government. Pro-UAR elements would be tempted to take advantage of the political turmoil which could develop.

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UAR: Nasir's reorganization of the UAR administrative structure, which appears to have transferred potential Syrian troublemakers to Cairo, aims at increasing his control over Syria. He has removed several other Syrian officers

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from military posts by appointing them as members of the executive council for Syria. Troublesome but influential Vice Presidents Hawrani and Baghdadi have been retained, while conservative but less important Syrian nationalist Vice President Asali has been dropped.

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Watch Committee conclusion--Middle East: Although a deliberate initiation of open hostilities in the Middle East is unlikely in the immediate future, the situation remains unstable throughout the area, particularly where US and UK interests or commitments are involved, and incidents and coups could occur at any time.

NOTE: In Lebanon political and religious strife continue to endanger the stability of the country, and incidents could occur involving US forces.

The survival of the Jordanian regime continues to be threatened. If the regime in Jordan collapses, action by Israel and other neighboring countries to take control of Jordanian territory is likely. In Iraq internal conditions continue to invite action by the Communists and pro-Nasir elements to further their respective objectives.

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Cyprus: Talks under NATO auspices have been indefinitely adjourned to allow additional behind-the-scenes attempts to bring Greece, Britain, and Turkey together. Such progress as may have been made thus far is threatened by Ankara's current negative attitude and by its unexpected appointment of a new consul general to Cyprus. This leaves his predecessor as full-time Turkish representative to the Cyprus government and is a move certain to irritate the Greeks.

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III. THE WEST

Panama: Striking secondary-school students appear to be gathering support from university students and labor unions in their efforts to enforce demands against the government. The situation is explosive and agitators could provoke riots with little warning in Panama City.

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II. ASIA-AFRICA

Laotian Political Situation

Prime Minister Phoui Sananikone touched off a political storm when he signed a monetary reform agreement with the United States on 30 September. While there was considerable opposition to reform in principle, assembly deputies are even more annoyed at Phoui's failure to consult with them prior to signing the accord. Leaks almost immediately undercut Phoui's efforts to keep the new dollar exchange rate secret until after the assembly adjourns on 11 October. Under public pressure, he now plans to present the issue to the assembly on 10 October.

Bitterness is strongest within Phoui's own party, the recently formed Rally of the Lao People (RLP), and ex-Premier Souvanna Phouma and assembly President Pheng Phongsavan apparently are maneuvering to bring down the government on a vote of confidence. Souvanna's frequent meetings during the last week of September with Souphanouvong, leader of the Communist-dominated Neo Lao Hak Zat, and with the leader of the leftist Santiphab party suggest that he may hope to head a government of national union.

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Phoui's position, however, has been somewhat strengthened by public backing from the crown prince and the recent cooperation of Deputy Premier Katay. In addition, RLP deputies may fear that a vote against Phoui would probably split their party on the lines of the former Nationalist and Independent parties, thus leaving the leftist opposition in a pivot position in the assembly.

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Cambodia Ousts Chinese Nationalist Representative

The Cambodian Government's order to Nationalist China's unofficial representative, Consul Liao Chung-chin, to leave Phnom Penh within the next two weeks has removed the last rallying point for anti-Communist elements among the local Chinese. Communist China, which opened an embassy in Phnom Penh only last month, now is virtually unopposed in its efforts to gain control over the country's large and influential Overseas Chinese population. Phnom Penh's action last May abolishing the long-established, semi-autonomous Overseas Chinese administrative system had already removed a major obstacle to Communist subversion.

This latest step against Taipei was undoubtedly taken with the approval of Premier Sihanouk, possibly before his departure for the United States in early September. The issue may, in fact, have been decided in principle at the time of Cambodia's recognition of Communist China in accordance with Peiping's insistence on the concept of "one China." Sihanouk, who opposes domestic Communism, at the same time considers pro-Peiping sentiment among the approximately 300,000 local Chinese as insignificant.

Peiping has been overtly circumspect in its relations with Cambodia, but is making steady propaganda headway through educational and cultural media among the local Chinese. At least one Communist propaganda film is being shown daily in Phnom Penh and most provincial centers, and Radio Peiping recently has undertaken to augment its daily 30-minute Cambodian-language broadcasts.

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Developments in Jordan

Members of both houses of Jordan's Parliament on 7 October attacked the government's pro-Western policies and its harsh internal rule, in a debate over the reply to King Husayn's speech from the throne.

In the House, a group led by Speaker Mustapha Khalifa demanded restoration of normal relations with the UAR and other Arab states, and the lifting of martial law and other emergency measures. Members called for immediate withdrawal of British troops, and insisted that Parliament had in no way agreed to the original request that the British come in. In the Senate session, which was closed to the public, Dr. Husayn Khalidi, a possible "popular" replacement for Prime Minister Rifai, is said to have made violent attacks on the government.

It is generally believed in Amman that the attacks could not have taken place without the foreknowledge and acquiescence of the palace, and that this is another sign the King is preparing to replace Rifai. Although the King himself was responsible for the decision to seek British intervention, it might suit Rifai's rival, Court Minister Majalli, to blame all unpopular features of present Jordanian life on Rifai. The King appears convinced that extensive cabinet changes are necessary before the departure of British troops puts the government back on its own resources. The King's recent conferences with opposition leaders further suggest that an attempt to form a government with broadened popular support is not far off.

King Husayn remains eager to depart for a "vacation" in Europe following withdrawal of British troops. His apparent determination to hold a public trial of conspirators who planned his overthrow early this summer could, however, arouse ultranationalist agitation and delay the British withdrawal.

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Nasir's Reorganization of the UAR Government

The most important aspect of Nasir's reorganization of the UAR administrative structure appears to be the transfer of several potential Syrian troublemakers to Cairo and the removal of a number of Syrian officers from military posts. Baath leader Akram Hawrani, recently reported to be slated for dismissal, has been retained as a vice president and given the relatively unimportant post of UAR minister of justice with offices in Cairo. Amin Nafuri, former minister of communications for the Syrian Region, and former Minister of Municipal and Village Affairs Abd al-Karim, who may have been suspected of conspiring with Iraqi anti-UAR elements, also have been shifted to Cairo. These moves have eliminated from the Syrian scene two ministers who may have retained military followings there.

In the Syrian Region another ex-army officer was put in charge of enforcing the new agricultural reform law, while two other officers with army supporters were removed from military posts and relegated to the ministries of municipal and village affairs and social and labor affairs. In all three posts there are good chances of much public criticism and well-publicized failure. Syrian influence in what was once the Syrian army has been further reduced.

Hawrani's removal from the Syrian scene at a time when his long-cherished dream of land reform is to be carried out by his rivals appears to be another step in downgrading his Baath party, which has done much to promote land reform. Nasir may have wished to eliminate Hawrani altogether, but probably feared the possible repercussions in Syria at this crucial time. His decision to retain Abd al-Latif Baghdadi as a vice president may be considered in much the same light, while the dropping of the conservative Syrian nationalist, Sabri al-Asali, was facilitated by his implication in "anti-Syrian" Iraqi plotting.

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Cyprus

Following a brief meeting on 8 October the North Atlantic Council postponed discussion of the Cyprus issue indefinitely to permit further informal conversations.

At a meeting on 6 October, agreement seemed near on acceptance of NATO Secretary General Spaak's paper which called for a conference of interested parties in the Cyprus dispute. Britain announced acceptance and the Greek representative accepted with the provision that the ultimate status of Cyprus--following the interim British seven-year plan--could also be discussed by the conferees. The Turkish representative criticized the Spaak paper but agreed to seek further instructions from Ankara.

On 7 October, officials informed the American chargé in Turkey of Ankara's "last word" on the Turkish position. The Turks rejected the Spaak paper, refused to permit discussion of a final solution for Cyprus because of "the present climate of hostility," and declined to accept the suggested participation of Spaak, Italy, France, or the United States at the proposed conference. In addition, the Turks again questioned Spaak's impartiality and denounced NATO "pressure tactics."

On the same day, Turkish officials confirmed a press report that the Turkish consul general in Liverpool had been appointed consul general in Nicosia to replace Burhan Isin, who had recently been appointed the first Turkish representative to Governor Foot. Appointment of Isin to the additional post was a move by Premier Menderes designed to calm Greek fears that partition was being fostered by the British plan. This latest Turkish move will probably bring an angry reaction from Athens.

The present Turkish attitude toward a conference and the change in the status of Isin indicate that Foreign Minister Zorlu, advocate of a "tough" policy on the Cyprus issue, has apparently convinced Premier Menderes that the latter's conciliatory move in appointing Isin rather than another diplomat as Turkish representative, was in error. Zorlu's intransigent stand on matters of Turkish foreign policy could make further negotiations toward a Cyprus solution extremely difficult.

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III. THE WEST

Panama

The Panamanian Government may be unable to contain growing support for the week-old strike of secondary-school students in Panama City. University students and labor unions are considering joining in the strike, which is aimed at restricting the power of the corrupt National Guard, the ruling oligarchy's main source of power and the country's only armed force. Although most university students oppose violence and the National Guard thus far has been careful not to provoke it, a few Communist and opposition agitators are actively encouraging violent action and some student groups are armed. Tension is high and a relatively minor incident could touch off bloodshed.

The striking secondary-school students seized control of Panama City's largest high school on 4 October. The National Guard promptly surrounded the school, but efforts to dislodge the students have failed. Opposition politicians are probably using student agitation in an effort to oust President de la Guardia. Communist student leaders are exploiting student grievances to enhance their influence in the ultranationalist student organizations, prime target of the weak Communist party.

If the strike becomes general, violence may break out before 13 October when the assembly is scheduled to take up legislation to limit guard power. Younger officers of the guard are displeased with restraints imposed on them by senior commanders in the face of provocation. During serious riots last May, agitators found how easy it was to arouse Panama City's restless, poverty-stricken mobs.

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