

Noted by DCI  
5/20/5306

**OFFICE OF CURRENT INTELLIGENCE**

**ROUNDUP**  
(As of 0830, 18 May 1953)

**State Dept. declassification & release instructions on file**

**GENERAL**

**REACTION TO  
CHURCHILL SPEECH**

Moscow has not yet commented on Prime Minister Churchill's speech and the parliamentary debate which followed. Satellite propaganda pointed out, however, that the Churchill and Attlee speeches mark "Britain's first open rebellion" against the United States, and "will have a favorable effect on the cause of peace and understanding." [REDACTED]

25X1

In France, the National Assembly's Foreign Affairs Committee reacted by unanimously adopting a motion urging the government propose early four-power talks. This was a reversal of its vote of two months ago.

President Auriol told Ambassador Draper on 15 May that he favors talks with the Soviet Union without either prior conditions or an agreed agenda.

French foreign minister Bidault and West German chancellor Adenauer reportedly are apprehensive that the USSR may now make a tempting offer on the reunification of Germany. [REDACTED]

25X1

## SOVIET UNION

### AUSTRIAN TREATY

Thus far, the Soviet Union has not responded to a British invitation for a four-power meeting of the Austrian treaty deputies on 27 May, but there is no reason to expect a refusal. Before the invitation was sent, Soviet UN delegate Vishinsky had commented to the Austrian UN observer that there should be a good chance for a treaty agreement since the United States appeared willing to withdraw the abbreviated draft. The purpose of this statement probably was to encourage Western European optimism on the chances of an agreement with the Soviet Union, but it may also indicate a serious interest in exploring the bargaining position of the Western powers. [REDACTED]

25X1

## EASTERN EUROPE

### OATIS RELEASE

The release of William Oatis looks like another conciliatory gesture to the free world at little cost to the Soviet bloc. Moscow's hand in this decision is suggested by Pravda's prompt reprinting of the Czech news release and the fact that the pardon came four days after Ambassador Bohlen discussed the case with Foreign Minister Molotov. The Prague government probably hopes to obtain tangible advantages by releasing Oatis, such as the lifting of American commercial sanctions which have hurt the Czech economy. [REDACTED]

25X1

### ORBIT-YUGOSLAV RELATIONS

Rumanian willingness to negotiate an agreement with Yugoslavia for the re-establishment of a joint administration for the Iron Gate stretch of the Danube is primarily a reflection of Orbit economic interests and will hardly be viewed by Tito as indicating a major change in Orbit policy. The Orbit has so far not mentioned the negotiations. Contrary to Western press stories, Cominform propaganda continues to attack Tito and there has been no perceptible decrease in border incidents. [REDACTED]

25X1

FAR EAST

KOREAN  
TRUCE

The Communists will probably persist in rejecting the current UN proposal to release the Korean prisoners who are unwilling to be repatriated as soon as an armistice is signed. Although they may compromise on other points, it is extremely unlikely that the Communists will agree to any arrangement which would prevent the repatriation of a substantial number of prisoners. [REDACTED]

25X1

Prime Minister Nehru, who feels that the United Nations 13 May counterproposal diverges from the terms of the Indian UN resolution of last December, nevertheless is doing his utmost to obtain a settlement. He urged China, as well as the United States, to continue negotiations. The approach to China was made despite Nehru's feeling that the Chinese proposal of 8 May furnished a better basis for negotiation than the UN counterproposal. [REDACTED]

25X1

KOREA

President Rhee apparently is becoming more reconciled to an armistice based on the 7 May UN counterproposals, but his support remains doubtful unless the United States agrees to some sort of defense arrangement. [REDACTED]

25X1

INDOCHINA

Most of a Viet Minh division remains in Laos, probably to prepare for a renewal of operations next fall. The enemy has increased his activities in the Tonkin delta in what appears as an effort to capture part of the spring rice harvest. [REDACTED]

25X1

French devaluation of the Indochinese piaster has brought strong protests from all three Associated States and has put a serious additional strain on French-Indochinese relations. [REDACTED]

25X1

JAPAN

The anti-Yoshida forces have been gaining momentum, and it is now no longer certain that Yoshida will be elected prime minister. In any event, the new government is likely to be unstable. [REDACTED]

25X1

BURMA

The problem of evacuating Chinese Nationalist troops from Burma shows no signs of an early solution.

--	--

25X1

25X1

25X1

NEAR EAST - AFRICA

ARAB  
STATES

Official reaction to Secretary Dulles' visit has been favorable, but the popular mood remains negative. The public is suspicious of the secretary's motives, condemns American support of

Britain in the Suez dispute, and generally is against peace with Israel.

[REDACTED]

IRAN

The Communist Tudeh party is no longer illegal and can now engage in overt activities following an Iranian court ruling of 16 May. Some imprisoned members have already been released. It is not clear whether or not this action was approved or sponsored by Prime Minister Mossadeq's government; in any event, it permitted the decision to stand.

Mossadeq continues to consolidate his position against the shah, who announced on 11 May that he was turning over the crown lands to the government. In return, the shah will receive an annual income which he will devote to charitable purposes. [REDACTED]

SOUTH  
AFRICA

The opposition to Prime Minister Malan's Nationalist government is splitting up. Three groups have formally broken away from the United Party and formed new parties in the past week.

The immediate future of these parties is uncertain, but a political realignment based more strictly on cultural and racial divisions appears to be under way.

[REDACTED]

## WESTERN EUROPE

### EDC

Bundesrat ratification of the EDC and contractual treaties on 15 May completed West German parliamentary action on the treaties but left them still facing the Social Democratic Party's challenge before the Constitutional Court. President Heuss is committed not to sign till after a court ruling on their legality, and such a decision is not expected before late summer.

Other developments connected with EDC ratification were largely unfavorable. In France, the sentiment for holding four-power talks before proceeding further with EDC was encouraged by the Churchill speech. Last week's high-level efforts to reach a French-German understanding on the Saar, which Premier Mayer has made a prerequisite for EDC ratification, were unproductive, and no solution is now anticipated before the September German elections.

25X1

**SECRET**  
SECURITY INFORMATION

**LATIN AMERICA**

**ARGENTINA**

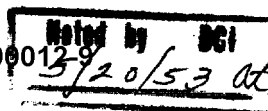
President Peron's recent speeches, the anti-American press campaign of the past fortnight, and the investigation of American news agencies in Argentina suggest that Peron is reassessing his earlier overtures for improved relations with Washington.

There are indications that the 15 April bombings and the advice Peron received since then are part of a Communist-inspired plot to prevent such a rapprochement. It has become apparent that Peron had nothing to do with the placing of the bombs, which sparked the officially condoned reprisal burning of all political opposition headquarters except the Communist, and led him finally to charge the United States with inspiring this plot as well as a "defamation campaign" throughout the hemisphere. His extreme rightist and leftist advisers, anticipating American press reaction to such violence, exploited Peron's well-known sensitivity to the American press.

Peron told Ambassador Nufer on 14 May that he still wants improved relations with the United States and that his 1 May speeches were directed only against elements of the American press and certain individuals who were "conspiring" in the United States against Argentina. If the extremist advice prevails, however, there will be not only an increase in anti-American influence in Argentina but also a revival of an aggressive anti-American campaign throughout Latin America. 25X1



~~TOP SECRET~~  
SECURITY INFORMATION



NSC BRIEFING

20 May 1953

## THE SITUATION IN EGYPT

Two weeks ago Egyptian spokesmen announced that talks with the British over the Suez and defense problems had been suspended indefinitely. At the personal request of British ambassador Stevenson, General Nagib agreed for the time being not to break off the talks formally. Ten days ago Nagib also assured Secretary Dulles that he would keep the situation under control until the matter could be reviewed by the secretary in Washington. He presented a pessimistic picture, however, and once again outlined the Egyptian position as he underscored the gravity of the situation. Nagib also insisted that the proposed Middle East defense organization which was being urged on Egypt was unacceptable.

What does Egypt want and what is the actual situation there? Egypt wants Britain to agree to get out of the one and a half billion dollar Suez Canal base unconditionally. This was also the demand of the nationalistic Wafd party when it abrogated the Anglo-Egyptian treaty in October 1951. Popular sentiment on this point is so strong that, despite some moderate statements in private, Nagib and his fellow officers have never dared publicly to hint that they would settle for anything less.

Nagib probably gave the tip-off on the situation in Egypt when he told Secretary Dulles: "an agreement I could make

~~TOP SECRET~~

with the United Kingdom now, I will not be able to make in a month or two." In other words, Egyptian popular opinion is rapidly hardening against the British.

25X1X4

resurgence of activity by the Wafd party, which has plugged Egyptian independence for the last 30 years. Despite the ban against political parties, the Wafd is still believed to have an organization that extends down to the village level. The Wafd is awaiting an opportunity to take over the moment Nagib falters on the issue of uncompromising nationalism.

Moreover, the present regime has promised to improve the lot of the common man, to stamp out corruption, and to requisition land from the wealthy for the benefit of the poor. Almost nothing has been done. Instead, low cotton prices have helped weaken seriously the Egyptian foreign exchange position, with adverse internal reactions. The Communists, whose party is banned and who have never been a direct threat in Egypt, are making overtures to the Wafd; the extreme rightists, such as the Moslem Brotherhood, are ready for direct action against the British. The rising count of incidents involving Egyptian and British troops in recent weeks is indicative of the new mood.

Britain maintains a firm position in the face of all this. Physically the base is secure against anything Egypt could do. Britain's current force there is over 70,000; the depots at the

base are large and can be supplied and reinforced by air and sea indefinitely. Egypt's army of about 65,000 may at best be rated third class. Guerrilla activity, boycotts, and mass disturbances could seriously harass and hamper; they cannot change the basic picture.

25X6

[REDACTED]

25X6

The situation

25X6

is more tense than at any time since the Cairo riots of January 1952.

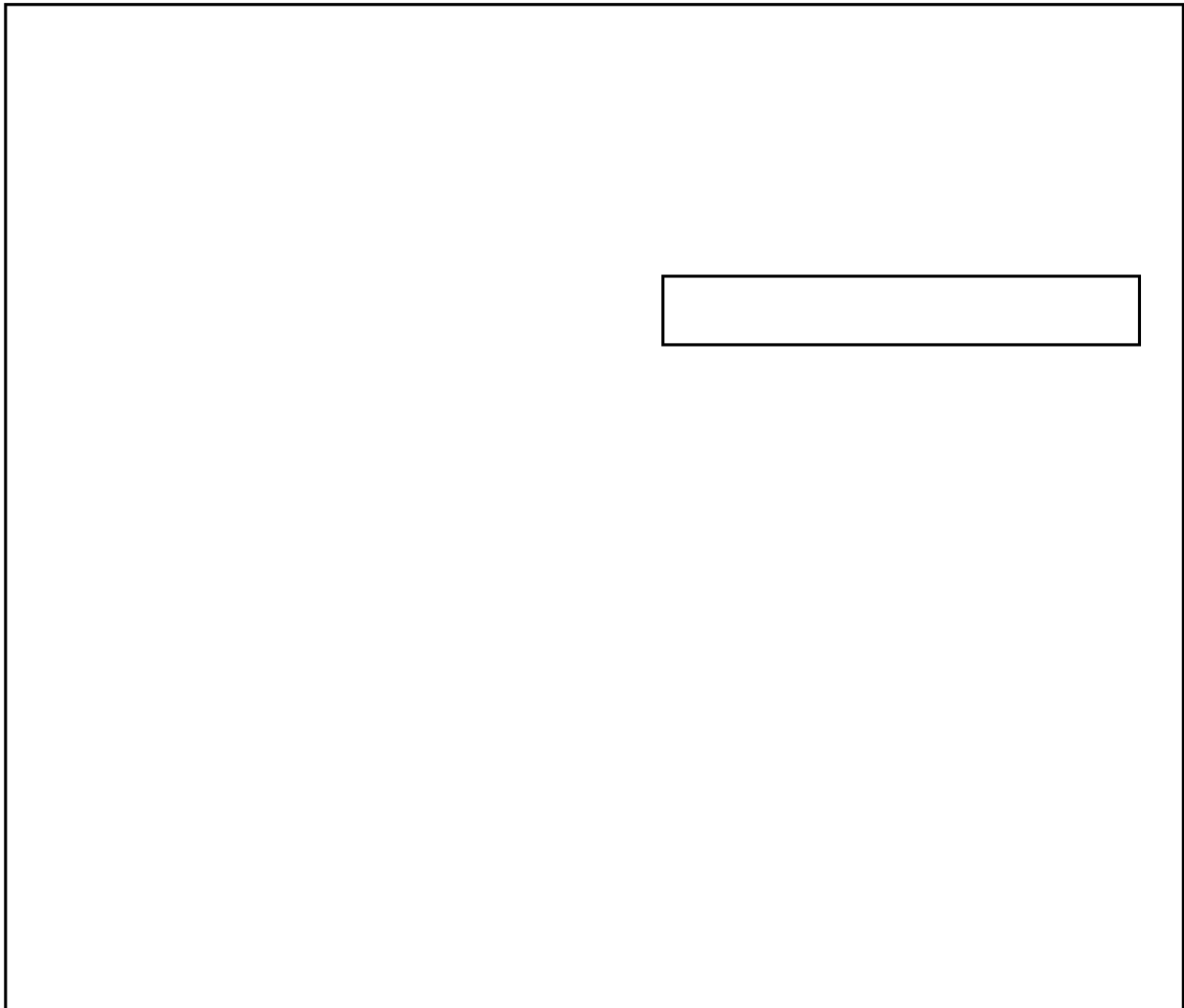
[REDACTED]

25X6

[REDACTED]

At the conference table Britain insists that in reference to the Suez and defense talks five points must be agreed on before action is taken on any single part of the problem. These are: 1) phased evacuation of the base; 2) provision for its joint maintenance; 3) provision for its air defense; 4) Egyptian acceptance of MEDO, and; 5) economic and military aid for Egypt from Britain -- and presumably also from the United States.

The British government insists that maintenance of the Suez base is essential to Western defense in the Middle East. It relies on American endorsement of its general principles and is anxious to secure complete American diplomatic support of the British position in negotiations. The Foreign Office has stated that it is willing to resume the suspended talks if Cairo indicates a more flexible attitude.



25X6

25X6

London's attitude is simply that the base is too important to give up or to let deteriorate. It is also clear that the

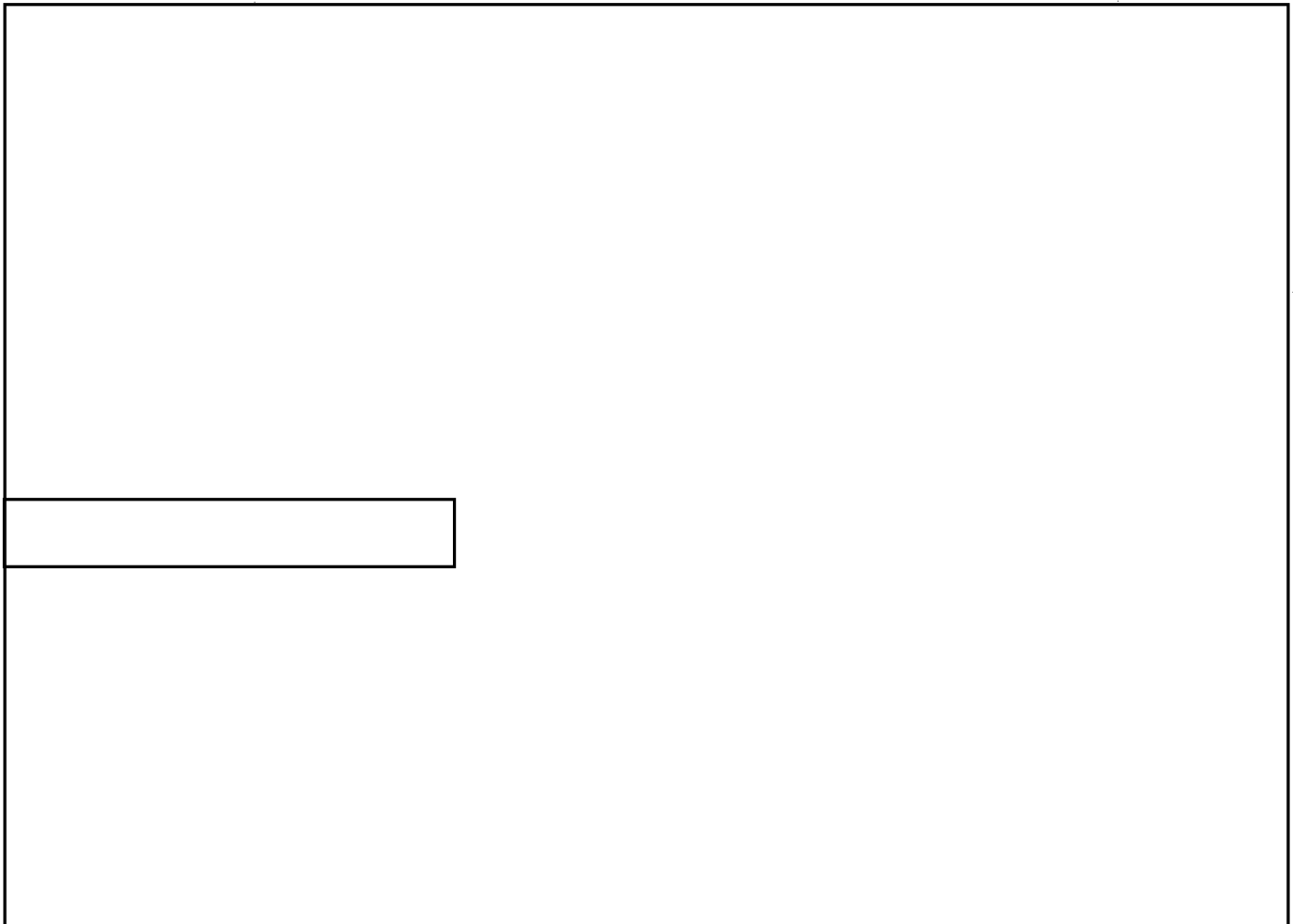
~~TOP SECRET~~  
SECURITY INFORMATION

British feel keenly the sharp decline of their prestige in the Middle East, and believe that it's time to call a halt. The Churchill government would also face determined opposition at home if it agreed to the Egyptian demands.

British determination to retain the Suez area as a base may in part also be strengthened by the widely-held strategic concept that, using Turkish military forces and UK troops and aircraft based on Suez, any Soviet drive into the Near East could be contained and neutralized.

Egyptian stubbornness in demanding full sovereignty over the Suez base may also have been encouraged by Soviet and Indian support.

25X6 □



25X6 □

- 5 -  
~~TOP SECRET~~

25X1

Approved For Release 2005/08/10 : CIA-RDP80R01443R000100190012-9

Approved For Release 2005/08/10 : CIA-RDP80R01443R000100190012-9

What can be expected under the current circumstances? It is unlikely that Nagib will accept anything less than public agreement to unconditional evacuation. If he did, his government's internal position would deteriorate sharply; he might, in fact, not be able to maintain himself. There is still the slim possibility that were London to agree to unconditional evacuation, Cairo, having exploited it publicly, might let the full implementation drag indefinitely. In other words, some British maintenance troops, particularly in mufti, might continue. Every passing day, however, makes Egyptian willingness to permit such a possibility less likely.

There is no reason to doubt, on the other hand, that without a compromise settlement along the lines London has set forth, Britain will remain in Egypt by force of arms. There is accordingly the grave possibility that as the Egyptian internal situation worsens in the coming weeks, the Nagib regime -- or any successor government -- will tacitly or overtly encourage guerrilla action against the British. Under such circumstances the situation could get completely out of hand, with antiforeign sentiment running amuck. British occupation of the delta would in turn arouse such violent Arab hatred that the West would no longer have any useful influence in the Arab world.