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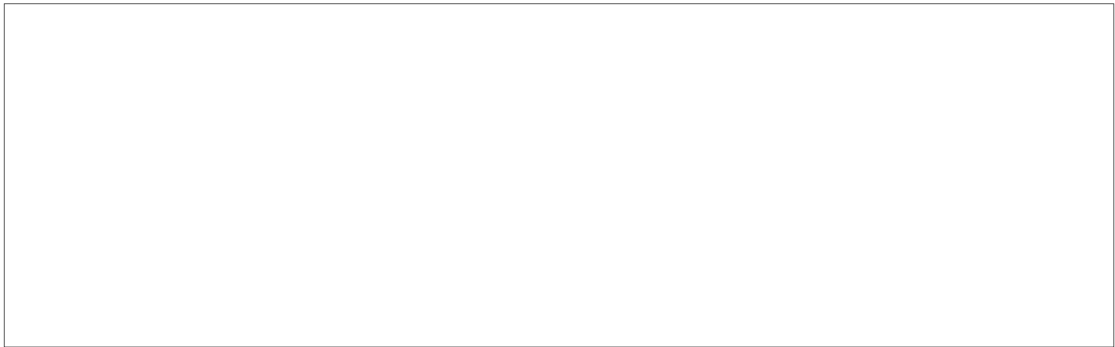
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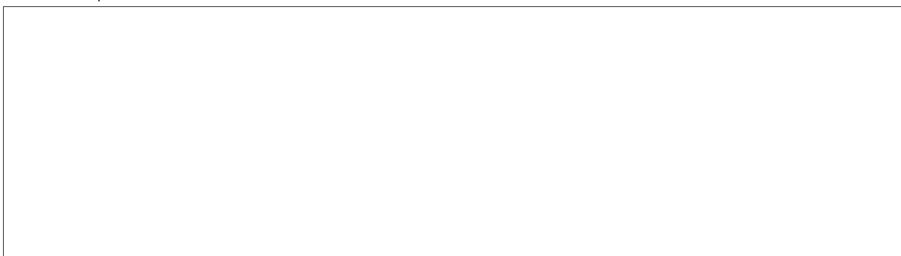


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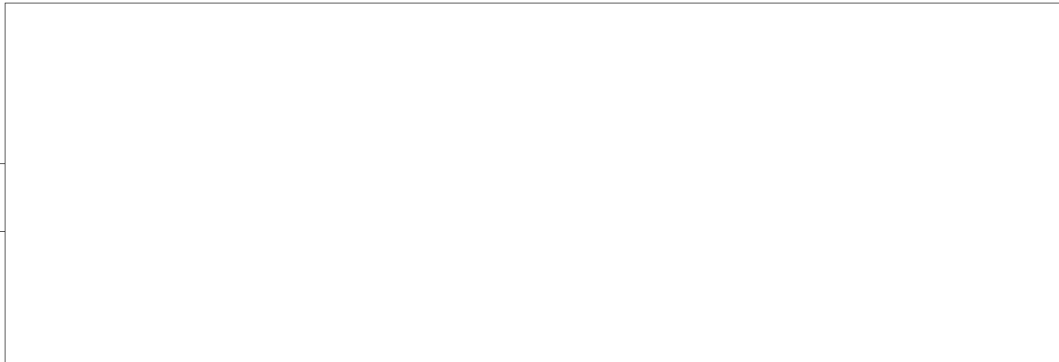
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1. USSR AGREES TO GIVE NUCLEAR AID TO EGYPT



[redacted] as-
sistance would not be tied to any price or condition, but
would be based on the commercial treaty in force between
the two countries.

Comment

The USSR undoubtedly intends to make additional offers of this type, especially to underdeveloped countries where it hopes to encourage neutralist and anti-Western sentiment and propagandize the USSR's advances in nuclear development. Soviet UN delegate Sobolev reminded Western delegates to the disarmament talks on 29 August that particular attention should be paid to aiding underdeveloped countries in the peaceful uses of atomic energy. (Concurred in by OSI)

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3. THAI PREMIER REDUCING PHAO'S CHANCE OF COMEBACK

[REDACTED] Premier Phibun's recent moves suggest that his objective is to reduce the role of the formerly powerful Police Director General Phao to that of a functionary rather than merely to redress the internal balance of power, according to the American embassy in Bangkok.

The embassy speculates that Phao might attempt to organize a coup to regain his position, but notes that his capability to carry one out is rapidly diminishing. A more likely course would be for Phao to try to beat Phibun at his own game by seeking to develop wide popular and parliamentary backing while working behind the scenes to regain his position.


Comment

At a press conference on 2 September, Phibun told reporters the question of Phao's removal from his police post had not been considered "at present," but he made it clear that the powers of the police chief had been drastically reduced.

A number of recent reports have claimed that Phao will be ousted as police director general in the near future. Phao's followers have reportedly been stunned by recent events and plan to advise their chief to avoid any drastic measures for the present.

[REDACTED] has reported that he saw General Phao arrive at the Bangkok airport on 4 September. [REDACTED]

4. SAAR OFFICIAL SEES UNSTABLE GOVERNMENT AFTER PLEBISCITE

 The chief of the Saar Bureau of Foreign Affairs told American officials on 31 August that he believes the vote either for or against the Saar Statute will be so close that orderly government in the future will be impossible. He sees no prospects for co-operation between Prime Minister Hoffmann's party, which favors the statute, and any of the pro-German parties after the plebiscite.

The Saarlanders, he thinks, are demonstrating in the plebiscite campaign a long-pent-up hatred for Saar minister of interior Hector, who is identified with a completely pro-French policy. Hoffmann's popularity is being undermined because of his long association with Hector.

Comment This is the first indication from a Saar official that the future of the Saar government may be at stake in the 23 October plebiscite on the Saar Statute. President of the Saar Plebiscite Commission Dehousse reportedly feels that many Saarlanders look on both Hoffmann and Hector as French quislings and questions whether any improvement in the Saar situation could result from Hector's removal from the government.

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5. COMMENT ON EGYPTIAN-ISRAELI SITUATION

Both Egypt and Israel now appear willing to maintain in practice the cease-fire to which each has agreed. Ambassador Byroade reported from Cairo on 4 September that Prime Minister Nasr still planned to go on vacation the next day, and that the prime minister had given the em-

bassy the "good news" that all Egyptian commandos were out of Israeli territory.

Israel's present attitude is illustrated by its unprecedented apology for the action of an Israeli patrol which entered Egyptian-held territory during the night of 4 September. Prime Minister Sharett also assured UN truce chief Burns on 4 September that Israeli forces had strict orders and that "no action whatsoever will be taken. . . which may exacerbate the situation." Officials in Tel Aviv were still reported to be apprehensive of Nasr's intentions, however, and Israeli army mobilization was continuing.

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