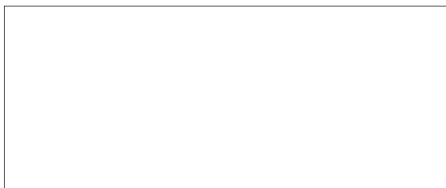


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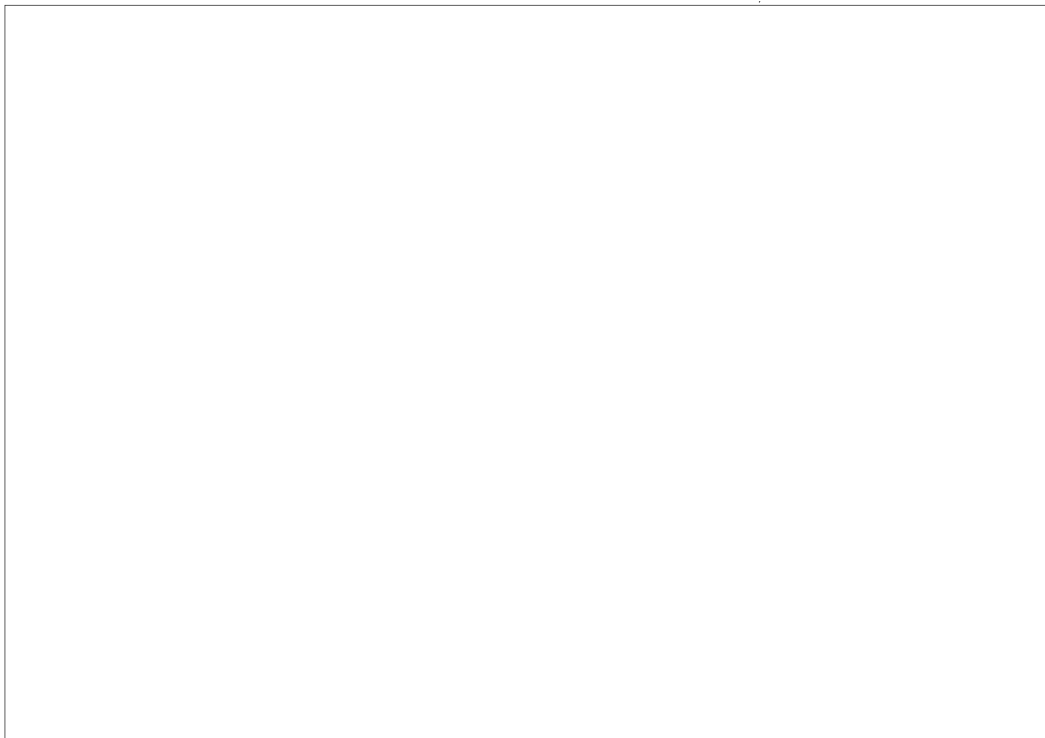


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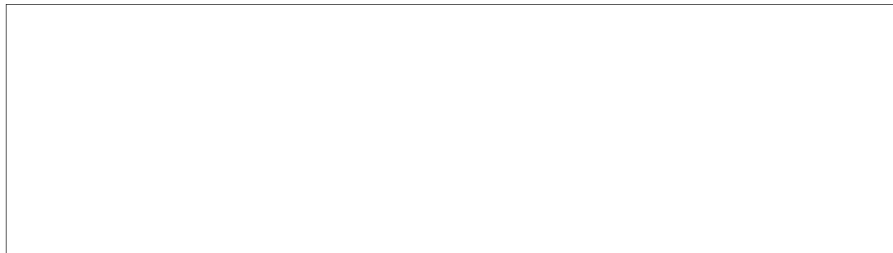
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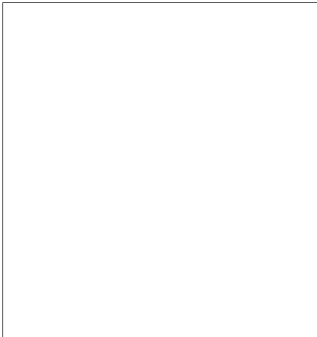
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THE ARAB-ISRAELI SITUATION

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1. BRITISH DISCOURAGED OVER MAKARIOS' REPLY ON CYPRUS FORMULA




Cypriot archbishop Makarios' conditional acceptance of Britain's formula committing it to the establishment of self-government on Cyprus is regarded by the British Foreign Office as "equivocal and definitely discouraging." The absence of Prime Minister Eden and

Foreign Secretary Lloyd and the pressure of other problems will delay a decision for several days. Makarios is seeking to bring the British into negotiating a constitution on his own terms.

Makarios in his reply stipulated that the British must give assurances concerning the constitutional principles on which self-government would be based before he can discourage the use of terrorism on the island. He insists on a legislature with an elected majority chosen on the basis of proportional representation, and the subordination of the executive to the legislative authority, except in matters of foreign affairs and defense, which will remain in British hands.

London probably cannot accept all of Makarios' conditions without risking a violent Turkish reaction, since Turkey insists that a Cypriot legislature must provide equal representation for the Greek community and the Turkish minority. If a legislature is organized, a resumption of agitation on Cyprus for union with Greece can be expected.

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2. KARACHI READY TO RULE BY DECREE

[redacted] Pakistani governor general Mirza will make his final decision regarding the imposition of martial law in East Pakistan within the next week. [redacted]

[redacted] he was prepared to take over the country if a break between East and West Pakistan threatened, and rule by decree.


[redacted] such a break was possible because of the new alliance of the United Front-- now in the central government--with the opposition Awami League on the issue of increased power for East Pakistan under the new constitution.

Comment

The United Front and the Awami League are probably aware of Mirza's readiness to act and may hesitate to force the constitutional issue.

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3. EURATOM PROJECT SEEN THREATENED IN FRANCE

 Ambassador Dillon believes that it may be very difficult to obtain final parliamentary approval in France for the proposed EURATOM project if all member countries must renounce the right to make atomic weapons. According to him, this concept was recently injected into the original EURATOM plan by Jean Monnet, and while it is wholeheartedly approved by Premier Mollet, it is already provoking strong criticism in ultranationalist circles.

Dillon estimates that the prospects are good that the French Assembly will soon approve a general resolution in favor of EURATOM, but cautions that this would not necessarily mean more than did the assembly's resolution approving EDC in 1952.

Comment Monnet's special emphasis on the peaceful purposes of EURATOM probably reflects his desire to strengthen Socialist support for the plan, particularly in West Germany. In endorsing the Monnet resolution, Premier Mollet probably hopes also to exploit it as evidence of France's desire for early progress toward disarmament. However, Mollet's further belief that he can use integration as a drawing card for more right-center support of his government would be seriously compromised by nationalist feeling whipped up over the ban on manufacture of nuclear arms.

The question of weapons manufacture would in any case have arisen in connection with the proposals that EURATOM have exclusive ownership and control over nuclear fuels. This problem will probably be discussed by the foreign ministers of the Coal-Steel Community when they meet on 18 February to discuss both EURATOM and the common market.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 5 February)

Israel is prepared militarily "for any contingency" but no decision has been made to engage in hostilities, [redacted] Israel is expected to proceed with the Jordan River water diversion project at Banat Yacov at some future time.

[redacted]

[redacted]

[redacted] the recent move of Egyptian armor to Sinai is related to Egyptian expectations that Israel "will do something," probably resume the Banat Yacov project in the near future. [redacted] receipt of the Soviet tanks and jet aircraft has given a tremendous boost to morale and confidence of the Egyptian troops and that some elements may be "chafing at the bit." [redacted]

[redacted] Nasr is not happy over the prospect of war with Israel and is hoping that Western action will prevent Israeli resumption of the Banat Yacov project. [redacted]

[redacted] Egypt will rapidly come to the aid of the Syrians in the event of hostilities. [redacted]

[redacted]

The Syrian ambassador [redacted]

[redacted] his belief (1) that Israel intends to resume the Banat Yacov project even if it means war; (2) that the US and Britain are agreeable to Israel's carrying out of the project and will avoid seriously opposing Israel either diplomatically or militarily; and (3) that Israel will retreat only if it is faced with the possibility of large-scale hostilities and the Arabs should announce their intention to fight and undertake immediate preparations.

[redacted]

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