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15 December 1956



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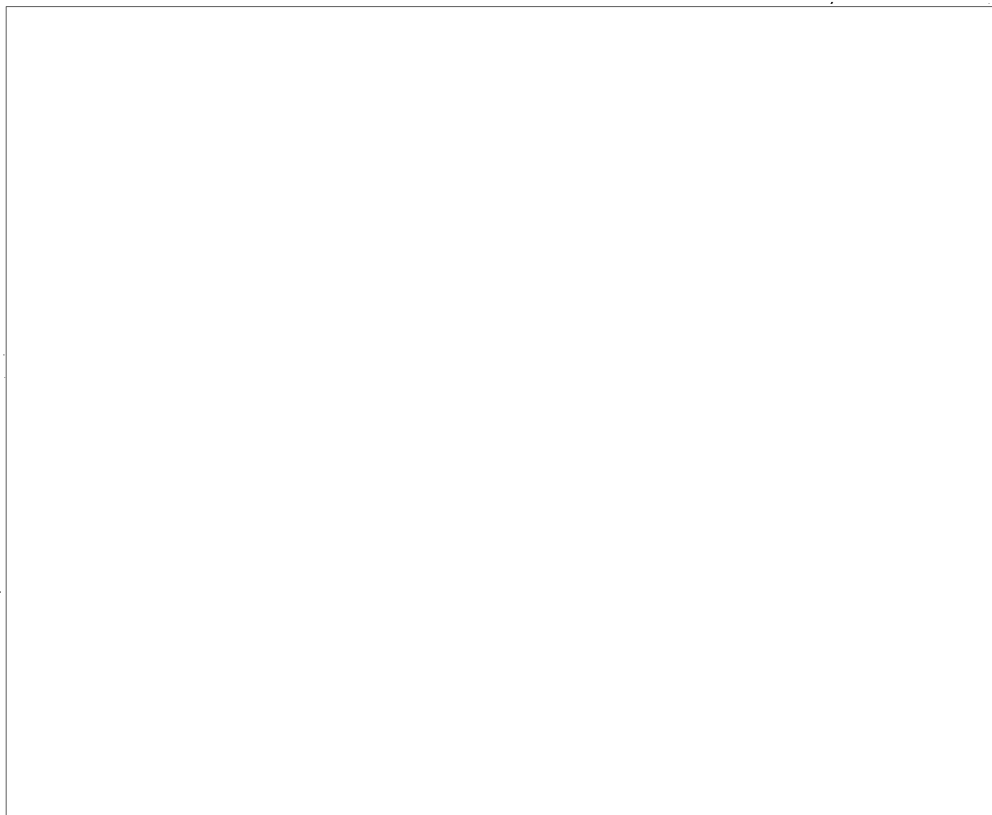
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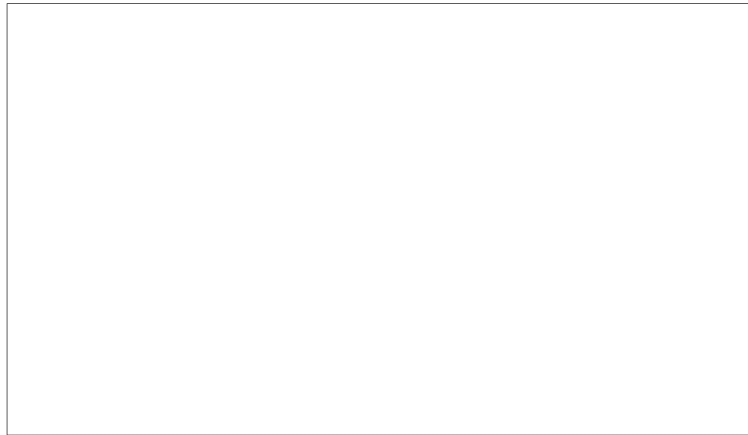
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**OFFICE OF CURRENT INTELLIGENCE  
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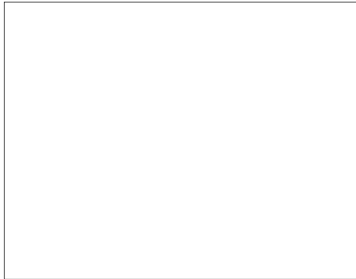
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1. **BRITISH MAY HALT SUEZ TROOP WITHDRAWAL OVER SALVAGE ISSUE**



A British Admiralty officer has said that Britain may halt withdrawal of its forces from Port Said as a result of the UN's refusal to accept Britain's terms for the use of its 40 salvage vessels and personnel. The officer remarked that Secretary General Hammarskjold apparently is siding with Nasr 100 percent.

The Admiralty is reportedly "stunned and bitterly disappointed," and believes that Lt. Gen. Wheeler's instructions for the use of only six of the British salvage vessels without British crews were in fact drafted before his departure from New York, and were never subject to negotiation. Government leader Butler stated in London on 12 December that "there can be no question of our ships being used without their crews." 

**Comment**

Refusal by Britain to withdraw its remaining troops from the Suez Canal zone would prevent the start of UN operations to clear the canal and give Egypt an opportunity to raise new equivocations on the issue and step up harassment of the British in Port Said.

Completion of the withdrawal of British and French forces is believed planned for 18 December. So far, an estimated 6,300 troops have departed for Cyprus and the United Kingdom, leaving approximately 7,000 in Egypt.

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## 2. USSR WARNS EGYPT TO STAND FIRM ON SUEZ SOLUTION

[redacted] Soviet deputy foreign minister Zorin is urging Egypt to be firm in the face of "new Western tactics" which he expects to be initiated after the NATO meetings in Paris, probably through the "broker-  
age of the United States!" [redacted]

[redacted] the withdrawal of foreign troops should come first and that Egypt should then seek a Suez solution which would be no more favorable to the "aggressors than what was agreed on before the aggression, if not even less."

### Comment

This restatement of Soviet support for Nasr may be counteracted to some extent by pressure from the neutralist nations. Tito said privately on 5 December that "Nasr should now be brought around to a better sense of his international duties and obligations" and that he planned to send him a "strong letter." He added that he was in touch with Nehru on the subject. Nehru will also probably be willing to urge Cairo to take a conciliatory attitude.

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### 3. ISHIBASHI TO BECOME JAPANESE PRIME MINISTER


Comment on:



The election of Tanzan Ishibashi as president of Japan's ruling Liberal-Democratic Party virtually assures his early approval by the Diet as prime minister. His narrow 258-251 victory over party secretary general Nobusuke Kishi suggests, however, that his government will be weakened by continued conservative factionalism.

Ishibashi stated on 30 November that Japan's major foreign policy question for 1957 would be normalization of relations with Peiping. He acknowledged that formal diplomatic relations might not be possible at this time but believes increased trade is the means by which this will ultimately be brought about and therefore favors a reduction of the China embargo.

Ishibashi has a realistic appreciation of the value to Japan of continued co-operation with the United States, but has called for more "equality" in US-Japan relationships and favors a revision of the US-Japan Security Treaty. He supports defensive rearmament for Japan.

Ishibashi reportedly bears some resentment toward the United States for his four-year "purge" during the American occupation. 

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#### 4. THE HUNGARIAN SITUATION

[REDACTED]

The general strike in Hungary apparently has ended in many areas, but tension continues and could lead to a renewal of the strike or to widespread fighting. Soviet military units and Hungarian police reportedly began moving into a number of Budapest industrial enterprises on 13 December in order to ensure plant safety and prevent worker demonstrations. At certain factories, workers' councils were dissolved. On the same date, the regime banned all mass gatherings in Budapest except those approved in advance by the police.

Although workers in transportation and most factories have apparently reported to their places of work, little production has been resumed. The regime, citing the possibility of future mass unemployment, has inaugurated a strong campaign to persuade coal miners to return to work.

The workers' resistance has not diminished, although the regime has arrested many of their leaders. The workers' demands to the regime are now emphasizing the cessation of the arrests and the release of labor leaders, rather than general political issues.

Fighting has taken place in a number of points throughout the country in the past few days. Although there have been numerous press reports of large concentrations of guerrillas in Miskolc, Pecs and the Lake Balaton region,

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## 5. LAOTIAN PREMIER WILLING TO RISK LOSS OF WESTERN AID

### Comment on:

Laotian premier Souvanna Phouma's reported statement that he is willing to risk loss of Western support in order to bring several Pathet Lao officials into his cabinet may have been prompted by expectations that any reduction in aid would be offset by the Communist bloc. He has probably been encouraged in this belief by Pathet Lao

negotiators who,

maintained pressure on him during November to adopt a policy of neutrality similar to that of Cambodia. The Pathets stressed that Cambodia is in the enviable position of receiving aid from both the Communist bloc and the West.

Souvanna moved close to such a position on 2 November when he signed an agreement with the Pathet Lao including a provision that Laos would accept from any country aid "given without strings." His finance minister reportedly has stated that Laos would have to depend on foreign aid from "all friendly countries, including China." Souvanna is reliably reported to have told members of his own party on 12 December that in formulating policy Laos should remember that its friendship with the United States might only be temporary, whereas it will have a common border with Communist China and the Viet Minh forever.

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## 6. EGYPT AND SYRIAN LEFTISTS STEP UP PRESSURE FOR NEW SYRIAN CABINET

### Comment on:

Syrian leftists, working closely with the Egyptian embassy in Damascus, are stepping up pressure for a cabinet change in Syria. The new device is a parliamentary "pledge" now being circulated for signature among the 142 deputies. The pledge calls for a "sound and harmonious" regime to defend Syria's independence, increase its military strength, repress "imperialist plots," and resist the "divisive" Baghdad pact. It is sponsored by leader of the Arab Socialist Resurrection Party Akram Hawrani, former prime minister Khalid al-Azm, a left-wing Nationalist Party politician, and other pro-Egyptian politicians. Syrian army strong man Colonel Sarraj presumably is among the supporters of this move. Some 50 to 60 deputies have reportedly signed. When the signatures of a majority of the deputies have been obtained, President Quwatli presumably will be presented with a "popular" demand for a new government. A pro-Western cabinet minister on 12 December predicted an early demise of the present Asali cabinet, saying that it is irreconcilably divided on several issues.

Egyptian officials in Damascus have informed the American embassy that the pledge is aimed at a "homogeneous attitude in the Syrian government," particularly as regards policy toward Iraq. They have admitted that it is designed to force the resignation of three pro-Iraqi ministers--two representatives of the Populist Party and one of the Nationalist Party. A Populist attempt to obtain Egyptian approval for an alternate proposal was rejected.

A new cabinet might retain Asali as prime minister and include Khalid al-Azm as foreign minister and Hawrani as minister of defense. The other proposed ministers are leftist and pro-Egyptian despite their party labels.