	20 September 1956
	Copy No. 105
CURRENT	DOCUMENT NO. 36
INTELLIGENCE BULLETIN	NO CHANGE IN CLASS.  DECLASSIFIED CLASS. GHANGED TO: TS S C NEXT REVIEW DATE: AUTH: HR 70-2 DATE: REVIEWER:
OFFICE OF CUI	ELLIGENCE AGENCY

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	1,	ARAB STATES		RECONSIDERI	NG WISDOM OF
		EXTREME MEA	ASURES IN S	UPPORT OF E	GYPT
			The Aral	o states are car	efully reconsid-
			ering the	eir previous str	ong support for
			Egypt in	the Suez crisis	,
			11 . 1. 11		Arab leaders
					olicy of sabotage ve advocated in
					lous, since almost
					age to facilities
		would in the lon	g run hurt th	ne Arabs more	than the West. As
					Arab states are
		quietly drifting	away from the	he Egyptian cau	se.
•					even Egypt has
		decided that ext	ensive sabot	age of the Suez	Canal would be
		foolhardy, and			
		filled with ceme			al temporarily
		against hostile	naval forces	0	
			·		
	·C	omment	Arab pul	olic opinion, pla	ayed on by ex-
			-	and Egyptian a	-
		probably still c			
		Arab states to a	acquiesce in	sabotage of We	stern oil installa-
					on against Egypt, sdom of such ac-
		tion.	ile leaders o	oubts of the wi	oddin or buch ac-
		020220			
			However	, the meeting s	scheduled for 20
		-	~		oia and King Faisal
					Hussain of Jordan
		to seek help from possibly temporary			
		hopping cuibo	ary respensi	-P or -Physical r	

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## 2. KARAMANLIS CONSIDERING POSSIBILITY OF DIRECT RULE IN GREECE

Greek prime minister Karamahlis is faced with attrition of his party's majority in parliament and the certainty that the opposition will wage an all-out

campaign to overthrow his government if the Greek appeal to the UN on Cyprus fails. Apparently anticipating a UN defeat, he is reported to be contemplating the establishment of a dictatorship in Greece.

Karamanlis now controls 164 out of 300 seats in parliament, and there are signs that he is beginning to lose control of his party's deputies. A deputy particularly close to the prime minister recently withdrew his support and reportedly claims that others are ready to follow suit.

Karamanlis says he will not hesitate to use force to "control the situation." He asserts that dictatorship in Greece is inevitable in any case if the Cyprus problem is not solved, since the weak governments produced by future elections would ultimately lead to dictatorship.

Both the king and the Greek army reportedly will back Karamanlis in any course he selects, including the imposition of a personal dictatorship. With this support, the prime minister could probably succeed in establishing his absolute control.

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3. MAO TSE-TUNG OFFERS ECONOMIC AID TO EGYPT					
	Mao indicated that economic a Egypt could be refunded at Cairo's condred years."	•			
	The Chinese are not in a posi provide more than token econ Egypt but might hope for worthwhile pr Near East through such a move.	omic as-			
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## 4. PATHET LAO NEGOTIATORS ARRIVE IN VIENTIANE

	Pathet Lao representatives arrived in Vientiane on 18 September for meetings of mixed political and military commissions to negotiate the details of a settlement with the royal government. These
meetings are exp	ected to begin within the next few days.

#### Comment

In view of Pathet stalling on negotiations, a speedy settlement appears unlikely.

In any event, the chief government negotiator has been instructed to refer all matters of major disagreement to Prime Minister Souvanna Phouma. who will not return from France until about 1 October.

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# THE ARAB-ISRAELI SITUATION (Information as of 1700, 19 September)

An Israeli military spokesman charged on 18 September that two Israeli soldiers were wounded as a result of rifle and machine gun fire from the Jordanian border. (Press) AP Jerusalem, 18 Lept.					

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BIWEEKLY SUMMARY (6-19 September 1956)

#### THE TAIWAN STRAIT

Report of the IAC Current Intelligence Group for the Taiwan Strait Problem

area during the period.	significant compat ope	rations in the
2. At the Eighth C Party meeting in Peipir given to Taiwan, with s Communist position on of "peaceful liberation," munist after Mao Tse-t itate to use force against peaceful negotiations has gotiations have failed."	peakers merely restarthe issue. While emp 'Liu Shao-chi, the raturng, asserted that Pest Taiwan 'when all po	ited attention was ting the Chinese hasizing the theme nking Chinese Com- iping would not hes- essibilities for

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