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7 August 1956



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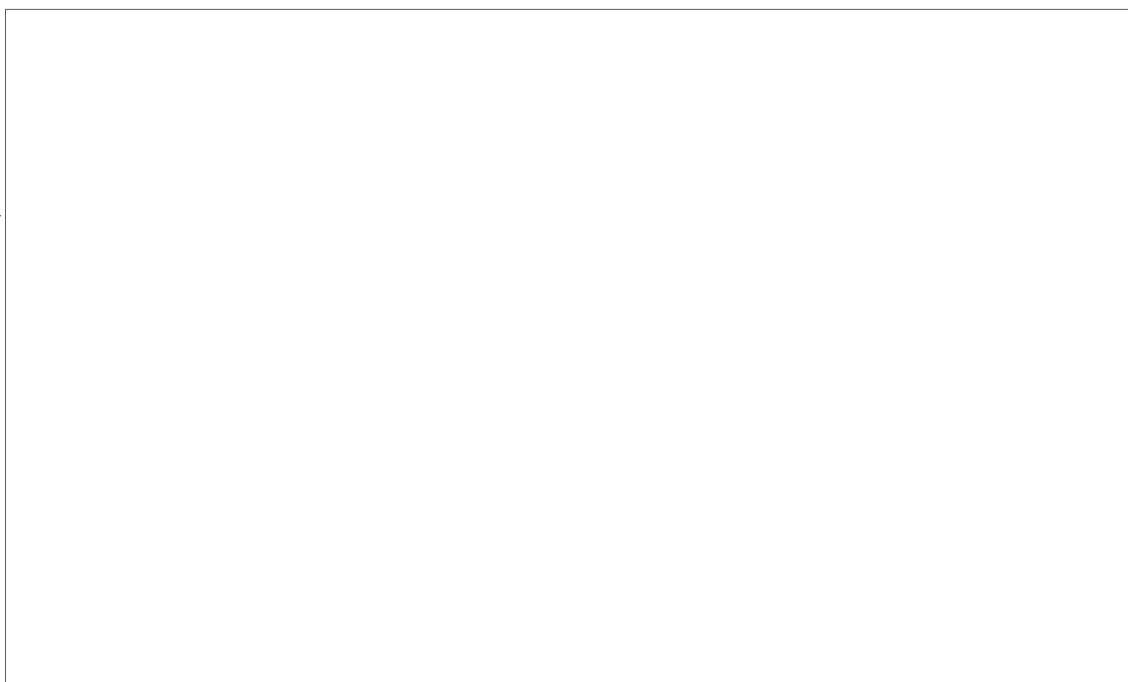
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**1. EGYPT PREPARING REPLY TO WESTERN INVITATION
TO SUEZ CONFERENCE**

[] Observers in Cairo feel, however, that Nasr will not reject the invitation categorically but may indicate that Egypt can attend only after a change of venue from London, adjustment of the agenda, and the addition of some Arab and other states friendly to Egypt. Some thought is also being given to submitting the dispute to the UN. A high Egyptian official believes the British and French intend to make Egypt's attendance at the conference impossible and then establish an international control scheme by force. []

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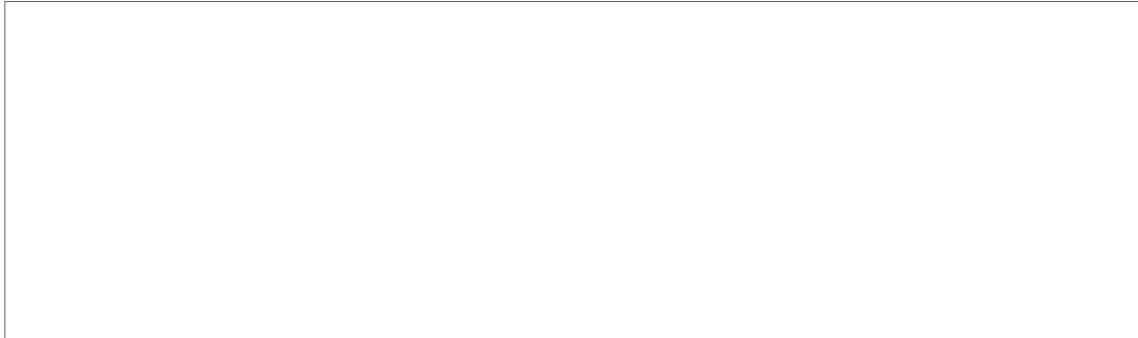
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2. SPAIN TO SUPPORT EGYPT ON SUEZ



Comment

The Spanish position is consistent with Franco's efforts to strengthen Spanish ties with the Arab world and Spain's intention to act as a bridge between that area and the West.

The controlled Spanish press generally supported Nasr on nationalization of the Suez Canal, but expressed some concern about advantages that would accrue to the USSR.

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3. TITO STATES VIEWS ON SOVIET AFFAIRS

[REDACTED]

Yugoslav president Tito, in his recent talks with the Greek king and queen at Corfu, said that the anti-Stalin campaign was a political necessity for the Soviet

leaders, despite the risk of confusing foreign parties. The campaign has been generally accepted by the Soviet populace, but faces veiled opposition in the presidium and government ministries, and the campaign must now be "stabilized" at home.

Tito said he felt he had been successful in convincing the Soviet leaders to work through governments in power in other states, rather than through minority Communist parties. He believes the USSR's future actions in this respect will be a test of whether it has given up Stalinist imperialism.

Tito said that the USSR would very soon withdraw its large military forces in Hungary and Rumania, which it had maintained mainly as a threat to Yugoslavia.

He said that he does not now need many new arms and that though the USSR is willing to meet any Yugoslav request, he prefers US assistance to prove his independence from Moscow. He estimated that in 15 years the USSR would be more powerful and richer than the United States. He expressed a desire to visit the United States and to address the UN.

[REDACTED]

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4. BRITAIN TO WITHDRAW SOME NATO-COMMITTED FORCES FOR MIDDLE EAST



In view of the situation in the Middle East, Britain plans to withdraw "certain individuals and units" from its NATO-committed forces in Britain and Germany. In a statement to a restricted session of the North Atlantic Council on 3 August, Britain's NATO representative said that as many as possible of the forces required would be taken from Britain so that only absolutely essential units need come from Germany. He also said Britain intends to restore its NATO position to the extent required by the forthcoming reappraisal of defense requirements, as soon as circumstances in the Middle East permit.

Comment

The qualified statement on restoring the withdrawn units leaves the door open for a permanent reduction of British forces in Germany.

The units to be withdrawn may be used to fill the gaps in Britain's Strategic Reserve, consisting of the First and Third Infantry Divisions, which is considerably under authorized strength.

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5. LAOTIAN GOVERNMENT-PATHET LAO NEGOTIATIONS

Representatives of the Laotian government and the Pathet Lao, meeting in Vientiane, issued a joint communiqué on 5 August endorsing a policy of "peace, neutrality and peaceful coexistence" for Laos. Both sides have agreed to a cease-fire, and the working out of political and military details for the restoration of Vientiane's authority in Phong Saly and Sam Neua Provinces, as well as for the reintegration of the Pathet Lao forces into the national community, has now been handed to working committees.

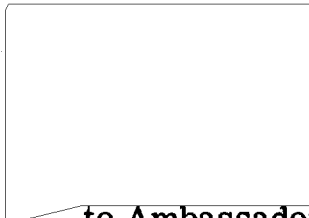
Premier Souvanna Phouma, heading the government delegation, has revealed a plan to increase by approximately 50 percent the present membership of the assembly through supplementary elections in which the Pathets would be allowed to participate. As to a coalition government, Souvanna has stated that the Pathet Lao could enter the cabinet only by "duly established processes." Another government delegation member, however, does not exclude the possibility that one post may be offered to the Pathets, possibly to Souphanouvong.

It is the general opinion of Western observers in Vientiane that the present negotiations will result in an early settlement advantageous to the Communists. Souvanna's consistently conciliatory attitude toward the Pathet Lao supports this view.

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**6. INDONESIA PRIME MINISTER REPORTED
LOSING INFLUENCE**



Prime Minister Ali Sastroamidjojo appears to be losing prestige while Foreign Minister Abdulgani's influence is increasing with the National Party and with President Sukarno, according

to Ambassador Cumming in Djakarta.



Comment

Ali's decline has accompanied Indonesia's swing toward moderation. The premier's anti-Americanism and his policy of tolerance toward Communism stand out in contrast to Sukarno's recent expressions of enthusiasm for the United States and the action of the National Party in electing its leaders from the moderate wing at the party congress in July.

The strongly nationalistic and anticolonial Abdulgani is generally friendly toward the United States.

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**7. ARRESTS IN CONNECTION WITH PLOT TO OVERTHROW
VENEZUELAN GOVERNMENT REPORTED**

Comment on:

[redacted]

The Venezuelan security police have arrested approximately 60 persons in connection with a plot to overthrow the government of President Perez Jimenez.

The plot is engineered by the outlawed Democratic Action party, [redacted]

[redacted] The movement is said to be supported by the formerly Communist-controlled labor unions in the oil fields east of Caracas, by disaffected military elements, and by certain industrialists. Chief of Staff Fernandez has also been suspected in connection with the plot.

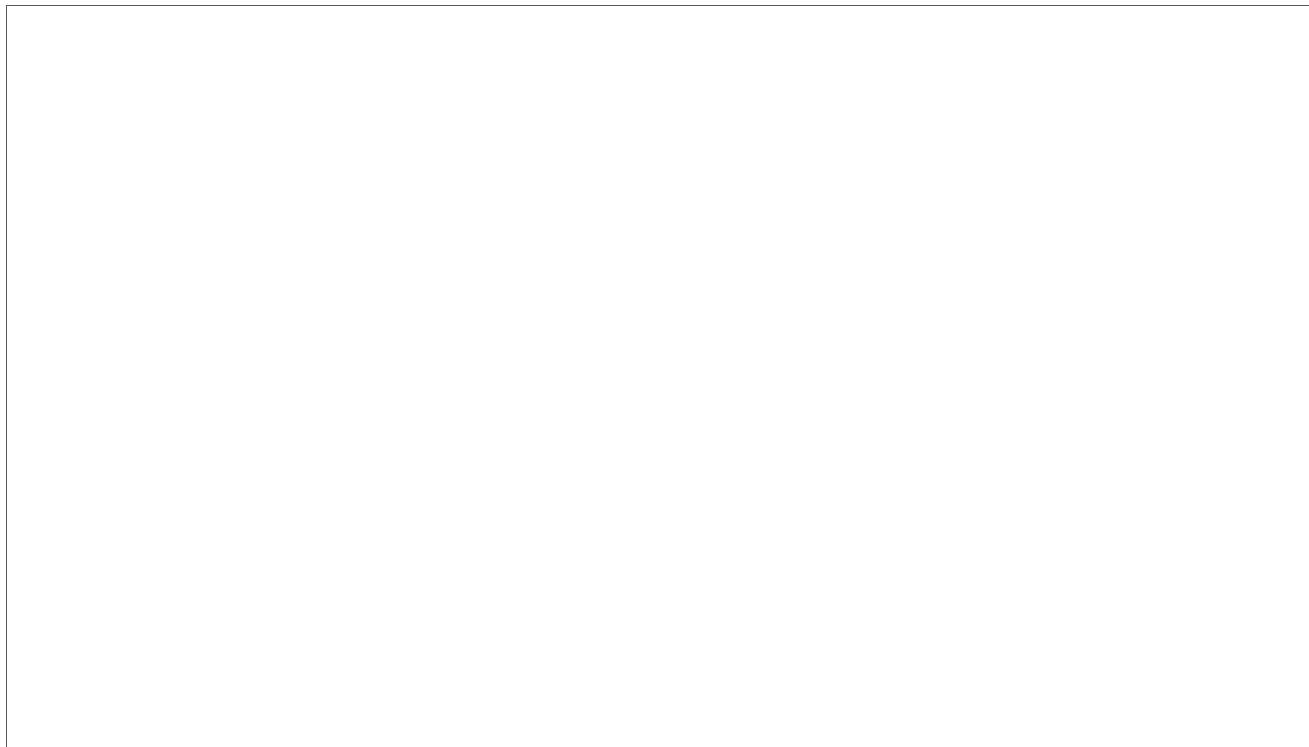
[redacted]

Discontent in Venezuelan military circles and friction between the army and the security police have been reported since early 1956. [redacted]

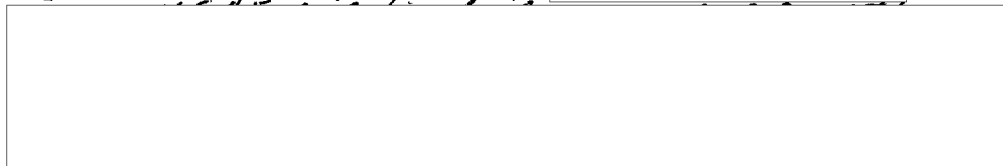
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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 6 August)



Seven Vampire jet aircraft with Syrian markings landed at Helwan airfield south of Cairo recently after refueling at Athens. [redacted] these are probably some of the reconditioned surplus vampires which Syria is reported to have purchased recently from Italy. [redacted]



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