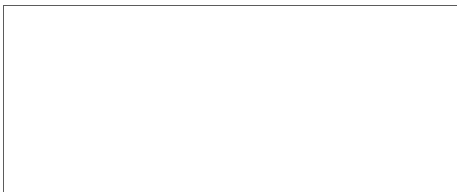


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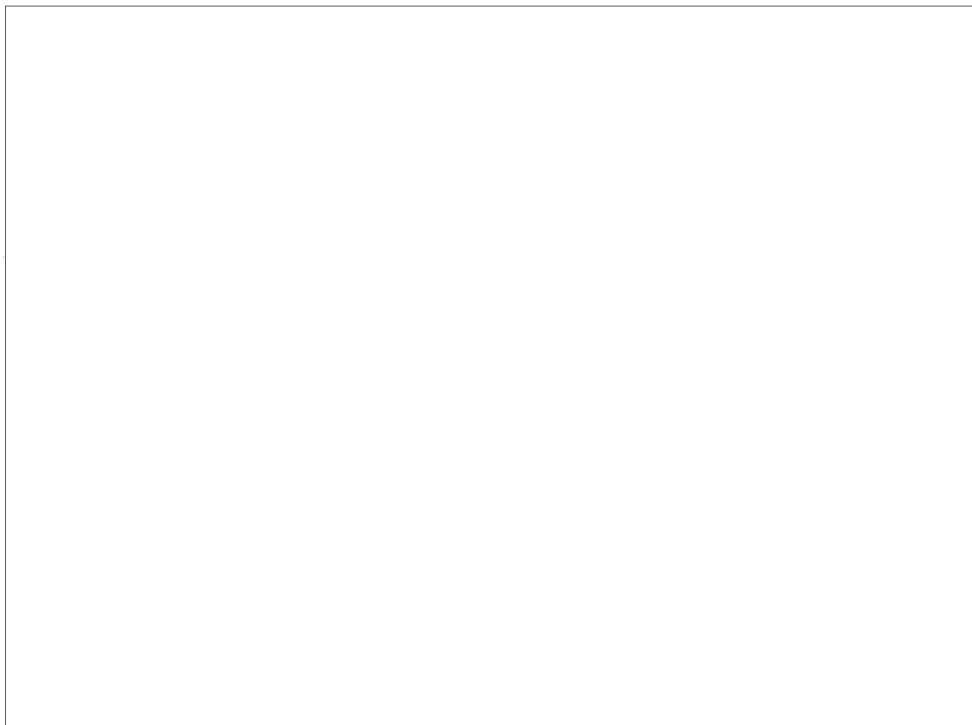
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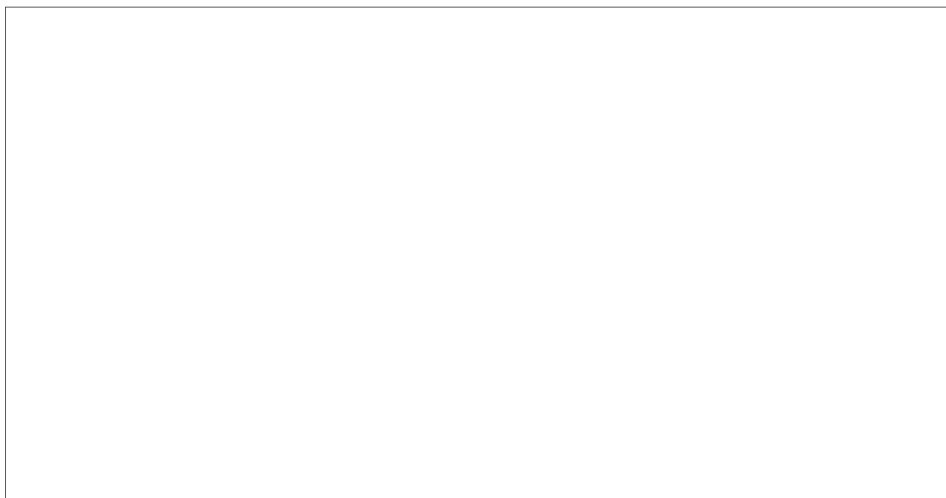
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1. NASR OPPOSED TO INDIAN AS WELL AS WESTERN PROPOSALS ON SUEZ



Comment

[redacted] the Egyptian regime has been dismayed to learn that no government at the conference supported the precise terms of the Egyptian position. Although the Indian plan as finally proposed was adjusted to meet some of Nasr's objections, it retained features which, [redacted] the Egyptian president could not accept. It thus appears that Nasr now is probably seeking a way to open negotiations which will not commit him to accept either the Western or the Indian plan even as a basis for discussion.

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2. EGYPT MAY OBTAIN SUEZ PILOTS FROM USSR

[REDACTED]

[REDACTED] An Egyptian newspaper [REDACTED] on 22 August offered Soviet pilots for the canal should British and French pilots resign.

[REDACTED] Cairo reportedly recognizes that the pilot shortage is its most serious immediate problem in operating the canal, and almost certainly would utilize Soviet personnel if other nationalities are not available.

[REDACTED]

[REDACTED] new pilots must have second-mate papers and eight to ten years' experience. The Suez Canal Company previously required captain's papers and ten years' experience.

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3. LARGE MILITARY MOVEMENT NOTED NEAR CAIRO

[REDACTED]

A large movement of armor began in the Cairo area on the afternoon of 23 August, according to the American military attaché in Egypt. This movement, which has so far involved mainly the transfer of over 100 tanks and self-propelled guns and other vehicles toward the pyramids defense area and to an encampment about 14 miles southwest of Cairo, followed several days of relative inactivity. The attaché reports that as of 24 August large numbers of troops were not yet in evidence but that the military activity in general had an air of urgency.

Comment

Redeployment of Egyptian armor at this time suggests that the Cairo regime is taking the possibility of military action against it more seriously than it has heretofore. There have been reports that the regime has become convinced that the United States is now prepared to accept British and French military action if necessary to achieve Western objectives in the Suez dispute. [REDACTED]

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4. BRITAIN CITES GROUNDS FOR REFUSING RESUMPTION OF TALKS WITH MAKARIOS



Britain's 26 August announcement that it had "irrefutable" proof of Archbishop Makarios' personal direction of Cypriot terrorism was intended to fortify its rejection of EOKA's demands that British representatives resume negotiations with Makarios by midnight of 27 August.

Colonial Secretary Lennox-Boyd stated that a captured diary of EOKA leader "Dighenis" showed Makarios had provided money for smuggling arms into Cyprus for the terrorists.



Should terrorism resume following the 27 August deadline, the British plan to proceed with seeking support for a constitution may be considerably delayed in favor of intensified efforts to widen the gap between the terrorists and the Cypriot population.

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5. LEADERS OF ITALIAN SOCIALIST PARTIES REPORTEDLY REACH UNDERSTANDING "ON ALL PROBLEMS"

[REDACTED]

According to the French Press Agency, Democratic Socialist leader Saragat met with Italian Socialist Party chief Nenni in Savoy, France, on 25 August. On his return to Rome on the same day, Saragat reportedly made the following statement to the independent newspaper, La Stampa: "The talks with Signor Nenni were extremely cordial and thorough. They ended with positive results. We examined the basic aspects of a foreign policy and a domestic policy with a social and democratic basis. We reached an understanding on all problems."

La Stampa reportedly added that Nenni had agreed that Italy's foreign policy must be carried out within the framework of solidarity of the Western democratic powers, and that a united Socialist party would never form a government with the Communists.

[REDACTED]

His refusal to make an open break with the Communists after the local elections in May, when both Socialist parties showed gains, caused the Democratic Socialists to break off negotiations toward reunification with Nenni's party. He subsequently is said to have stated [REDACTED] there was no need for announcing such a break, because the unity-of-action pact was an historical document which no longer existed.

[REDACTED]

Saragat had urged the Italian government to investigate possibilities of obtaining the support of Nenni Socialists

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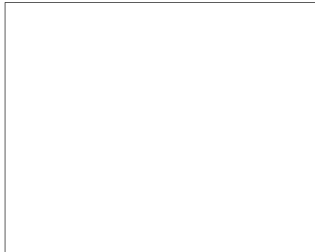
following the latter's gains in the 1953 national elections. He subsequently appeared to resume his attitude of skepticism toward Nenni's good faith but has been under pressure from elements in his party who urge reunification.

A reunification of the two Socialist parties would bring about a government crisis, since the Nenni Socialists and the Liberals refuse to participate in the same cabinet.

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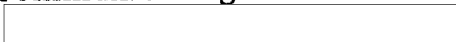
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6. POLISH GENERAL PURGED UNDER STALIN TO COMMAND SECURITY FORCES



General Waclaw Komar has been appointed commander of Poland's Internal Security Forces, the most important assignment the Polish regime has yet entrusted to anyone purged during the Stalinist era. Komar's restoration to a responsible position suggests that other former officials who have recently been rehabilitated, such as ex-party secretary general Gomulka and former deputy defense minister Marian Spychalski, may also be given positions of authority.

Komar now heads a 40,000-man corps responsible for quelling resistance and guarding important economic or strategic installations. He will, however, probably be subject to close supervision. His predecessor, Brigadier General Juliusz Huebner, is now undersecretary of state of the Ministry of Internal Affairs, which controls the security forces.

Komar, former head of army intelligence and later quartermaster general, is Jewish and was arrested late in 1952 during the anti-Zionist drive and charged with implication in a plot to overthrow the Communist regime. Komar was in prison until early this year. 

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7. GENERAL STRIKE IN ECUADOR REPORTEDLY PLANNED FOR 31 AUGUST

[REDACTED] Ecuadoran president-elect Ponce is seriously concerned by reports that a general strike is being planned for 31 August by anti-Conservative groups. [REDACTED]

[REDACTED]

Comment

Camilo Ponce's narrow victory in the 3 June presidential election--in which he received less than 30 percent of the popular vote--was followed by increasing plotting, an attempted military uprising on 6 August, and an attempt to prevent congressional certification of the election by a short-lived boycott of congress by two anti-Conservative parties. The small Ecuadoran Communist Party apparently has not made any significant contribution to recent political unrest.

Ponce's inauguration is scheduled for 1 September.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 26 August)

Nothing of significance to report.

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