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13 February 1957




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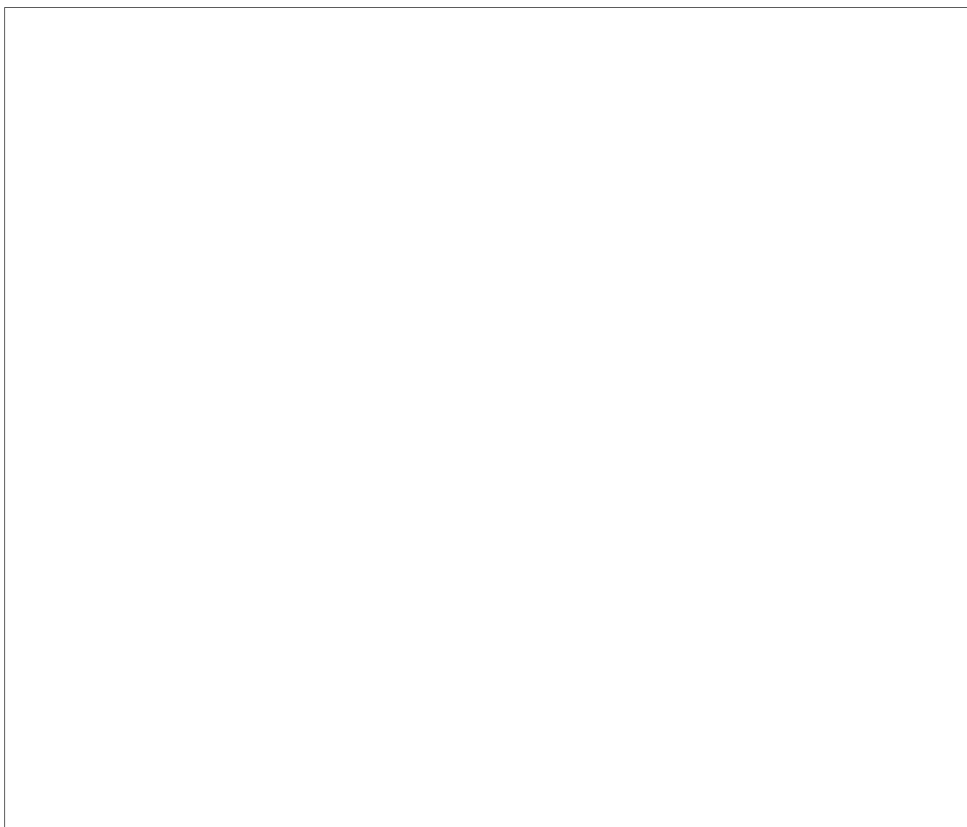
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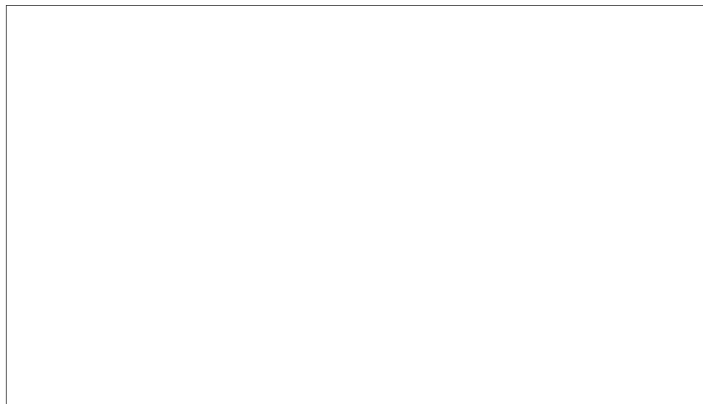
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1. MOSCOW PROPOSALS FOR JOINT ACTION IN MIDDLE EAST

Comment on:

The USSR's notes to the United States, Britain and France on 11 February are consistent with the main thrust of the USSR's Middle East policy during the past year, which has been aimed at preventing any unilateral intervention, either by the Western powers in concert or by the United States alone. Moscow probably believes these strictures against American policy and the proposal for multilateral action will be favorably received by some segments of public opinion in Britain and France.

The note to the United States stated that the situation in the Middle East has recently become "seriously exacerbated" owing to the intentions to use, in a unilateral manner and without United Nations agreement, "the armed forces of one of the great powers at its own discretion for intervention in the internal affairs of this region." The general principles of a policy of nonintervention, according to Moscow, could form the basis of a joint declaration which would guide the policies of the great powers and "exclude the possibility of dangerous unilateral actions." This declaration would be open to adherence by any government "interested in peace and security."

The general press reaction in the Arab states will probably be cautious until official government lines are established. Privately, however, Arab leaders are likely to be disturbed and suspicious, since the Soviet statements will suggest to them the possibility that the great powers may reach some agreements at the Arabs' expense.

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2. SHEPILOV REAFFIRMS SOVIET POLICY OF COEXISTENCE

Comment on:

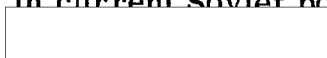


Foreign Minister Shepilov's 12 February foreign policy report to the Supreme Soviet reaffirmed the general lines of Soviet policy laid down at the 20th Party Congress a year ago. It provided further evidence that the Soviet leaders do not want to revert to a cold war situation in their relations with the West and that they hope eventually to overcome the setbacks to their prestige and coexistence line incurred by the suppression of the Hungarian uprising.

Shepilov stressed that the "policy of peaceful coexistence" remains the "cornerstone of Soviet foreign policy" and that this is not merely an expedient or a political maneuver "as our enemies are trying to depict it." He also reaffirmed the 20th Party Congress doctrine that in present conditions "war is not fatalistically inevitable," claiming that the events in Hungary and the Middle East confirmed the correctness of this thesis. The Soviet foreign minister promised that the USSR would continue to display "the greatest self-control, patience, and persistence" and that it "will not fall for any provocations."

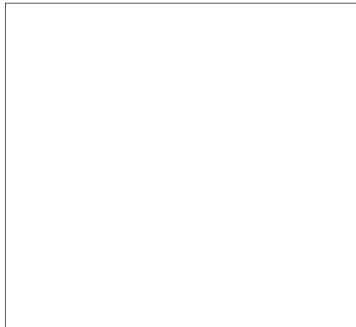
Shepilov drew a picture of a strong and united Socialist bloc standing firm and calm against the disruptive assaults of the imperialists. He said the most important factor in the strength of the Socialist camp is the friendship between "the brother nations"--the USSR and Communist China. Against this array of power and solidarity, said Shepilov, the "ruling circles" of the capitalist world have only one sensible course--"to finally give up all intentions of 'rolling back Communism' and to embark on the road of peaceful coexistence."

The Soviet government, according to Shepilov, believes it is "vitally necessary" to continue to seek solutions to two major problems--disarmament and collective security in Europe and Asia. However, he indicated no changes in current Soviet positions on any of the main East-West issues.

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3. **INDONESIAN GOVERNMENT PARTIES CALL FOR "TOTAL CABINET RESHUFFLE"**



Indonesia's five government parties have decided on a "total cabinet reshuffle," which they will discuss with President Sukarno on 14 February. The proposed reshuffle is expected to include the removal of Prime Minister Ali and may involve the reintroduction of the Masjumi party into the government. The moderate Masjumi resigned 9 January in protest against cabinet handling of the bloodless revolt in Sumatra.

The parties' decision for a "reshuffle" rather than a resignation may be an attempt to block Sukarno's efforts to set up an advisory council, under his own leadership, which would direct the government. Sukarno's plans reportedly call for the cabinet's resignation, the establishment of his council, and the formation of a new cabinet which would be under the domination of the council.

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4. EGYPTIAN FINANCE MINISTER REPORTEDLY SAYS EGYPT "NEAR DISASTER"

[redacted] Egyptian minister of finance Kaissouni told one of his subordinates in early February that Egypt's economic and political situation "is now close to disaster" and that some changes in the government are imminent, [redacted]

Kaissouni spoke of the almost complete lack of exports to the West, dependence on the Soviet bloc for imports which could be cut off at will, an "almost hopeless" exchange position, and the internal upheaval resulting from sequestration and "Egyptianization" laws.

On the political side, the finance minister said King Saud's acceptance of American proposals for the Middle East and the renewal of the Dhahran airfield agreement, plus the continuation of the Baghdad pact, had isolated Egypt from the other Arab states. He predicted that Jordan and even Syria would be forced to fall in line with Lebanese and Iraqi acceptance of the American proposals. [redacted]

Comment

Kaissouni's pessimism probably stems from his doubts that Egypt will be able to obtain American economic assistance. Other Egyptian officials reportedly have expressed the opinion that the American Middle East proposals were designed to isolate Egypt and that countries such as Egypt, Syria, and Yemen will not receive American assistance because they have purchased arms from the Soviet Union. This evidence of declining morale is restricted to the civilian element of the Nasr regime, however. The military officers who have the most influence on Nasr appear determined to continue the policies which have produced Egypt's present critical economic and political situation. [redacted]

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5. SYRIAN ARMY REPORTEDLY AUTHORIZES FIRING ON ISRAELI BOATS



The Syrian army reportedly has authorized its troops to fire on Israeli boats on Lake Tiberias (Lake of Galilee) intending to land on "Syrian" soil, the American army attaché in Damascus reports. He points out that such an order could provoke a serious incident.

Comment

A 10-meter strip on the Syrian side of the lake is Israeli territory under the Israeli-Syrian armistice agreement. Several shooting incidents reportedly have taken place in this area since 1 February.

The American embassy in Tel Aviv has suggested that these incidents indicate that Syrian troops have returned to forward positions near the lake which were destroyed in a major Israeli raid in December 1955.

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**6. PATHET LAO LEADER INDICATES WILLINGNESS TO
COMPROMISE WITH LAOTIAN CABINET**

Comment on:



Pathet Lao chief Souphannouvong indicated on 10 February that some agreement could be reached which would satisfy the Laotian government's demand for additional guarantees, according to Prime

Minister Souvanna Phouma's French adviser, who was present at a meeting between the two Laotian leaders. Souphannouvong's conciliatory statement suggests he will attempt to sell some new formula sufficiently vague to meet the form, but not the substance, of the government's demands.

The Laotian ambassador to the United States, now in Vientiane, is pessimistic about the situation and stated on 9 February that even well-informed Laotians appeared to prefer the risk of an easy settlement, rather than face a continued struggle with the Pathets.

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7. EGYPT PUSHING BROADCASTS TO BRITISH EAST AFRICA

Egypt instructed its representative on the UN Advisory Council for Somaliland in Mogadiscio on 6 February to report continuously news about Kenya, Uganda, and British activities there for use in

broadcasts to British East Africa. The representative was also asked whether there should be broadcasts in English or Swahili and whether he has any faster way to send the news than by diplomatic mail.

Comment These Cairo

broadcasts, aimed primarily at the 40,000 Arabs along the coast of Kenya and at the influential Arab population on Zanzibar, have seriously concerned the Kenya government since mid-1956. Their themes are generally antiwhite and anti-imperial.

The governments of British East Africa plan to counter the broadcasts by increasing the power of the radio station at Mombasa, which has an Arabic program, and by establishing an institute of Islamic studies in East Africa to develop local religious leaders free of Cairo's influence.

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