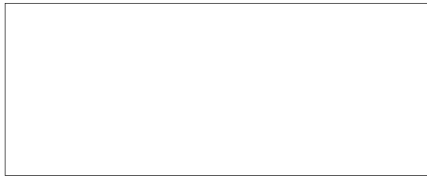


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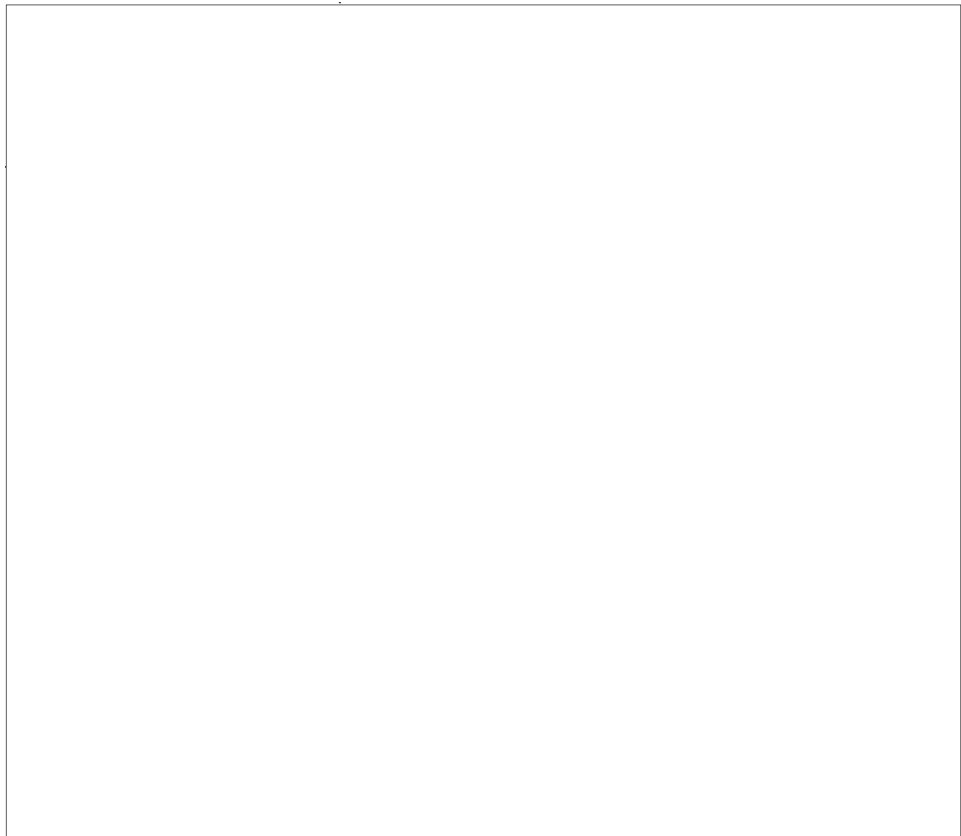


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1. THE SITUATION IN JORDAN

Comment on:

Jordan's leftist-dominated cabinet of Prime Minister Nabulsi appears to be winning its test of strength with King Hussain, in which the army's unwillingness to support the king may be decisive.

[redacted] the ultranationalist "free officers" and Chief of Staff Nuwar planned to tell the king that "the army would not stand against the people" in the event of government-inspired demonstrations which were certain to follow any resignation of the cabinet.

[redacted] in ensuing negotiations, the government intended to demand that the king permit a reorganization of the government, which would further weaken his position, and recognize the government's right to approve any proposed changes in the cabinet.

The cabinet, in what is probably a calculated gesture of defiance to Hussain, announced on 2 April that it would establish diplomatic relations with the Soviet Union.

[redacted]
Nuwar returned from Damascus on 1 April with an offer of Soviet aid "at low prices." [redacted]

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2. NASR EXPECTED TO ISSUE DECLARATION ON SUEZ

Reference:

[REDACTED] Egypt has rejected suggestions for changes in its proposed declaration on Suez, and Foreign Minister Fawzi has stated that following its publication, the declaration will not be subject to further negotiations "but would lend itself to elaboration in implementation." Ambassador Hare reports that Egypt now seems to have decided to "take the bit in its teeth" and take final action.

[REDACTED] Nasr told John McCloy, Hammarskjold's financial adviser, that the American proposals appeared to be made primarily "to make a case for Israel." He said he "just didn't want to talk about the six principles any more." They were subject to varying interpretations, were the product of negotiations with the British and French who were dealing in bad faith, and would be quickly seized on by Israel "to put Egypt on the spot." Nasr said he could not agree to the adherence of other states to the declaration because Israel would be the first "to take advantage." Foreign Minister Fawzi said also that "helpful advice on canal improvements was welcome" but Egypt could not be bound by "outside decisions."

With the release of the Egyptian declaration, Britain and France are likely to call an early Security Council meeting to discuss the Suez Canal issue.

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3. BRITAIN TO ANNOUNCE DRASTIC CHANGES IN DEFENSE PROGRAM

[REDACTED]

[REDACTED]

A British white paper on defense, prepared for issuance in two parts on 4 and 5 April, will announce increasing reliance on atomic weapons and the reduction of the armed forces by about half, with the aim of abolishing conscription between 1960 and 1962. The defense budget of about \$4 billion for the fiscal year ending 31 March 1958 will be \$220,000,000 below actual fiscal 1957 expenditures. The American embassy notes that the severity of the cuts is also apparent in the planned manpower reduction of 70,000 for fiscal 1958.

The embassy reports that in an effort to counter the possible disturbing effect of the white paper on Britain's allies, the North Atlantic Council is to be given an advance statement just before publication time.

[REDACTED]

ment The unusual procedure of postponing the "Statement on Defense" from mid-February to April, and then of issuing it in two sections, reflects the dilemma confronting the British government. The drastic measures indicated here suggest that internal political and economic pressures have won out over concern for relations with Britain's Western European allies.

It is possible that London has again underestimated the extent of the allied reaction. The new defense program is likely not only to reopen the problem of conscription periods for Continental NATO members, but to confirm the often-expressed fears that Britain's initial troop reduction is only the first step in total withdrawal from the Continent.

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4. USSR THREATENS GREECE WITH ATOMIC RETALIATION

Reference: :

[REDACTED]

Following hard on similar warnings to Norway, Denmark and Great Britain, Soviet ambassador Sergeev, acting on instructions from his government, warned Greek foreign minister Averoff on 2 April that if Greece were used as a base for atomic weapons, it would suffer devastating retaliation by the same means. Furthermore, if Greece were not so used, it would not be attacked by atomic weapons.

[REDACTED]

Averoff declared that threats had never been a successful instrument of diplomacy in dealing with Greece and that today NATO membership provided it with the strongest defensive support it ever had. Sergeev accused him of speaking irresponsibly and not understanding the annihilating effect of atomic warfare.

An official of the Soviet embassy in Athens reportedly said on 28 March that Moscow hopes to alarm the populations in Greece, Turkey, Iran and Japan, and thus make such bases political anathema. [REDACTED]

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5. KING SAUD SAYS AQABA GULF ISSUE "MATTER OF LIFE OR DEATH" FOR SAUDI ARABIA

[redacted] King Saud told US chargé Jenkins on 30 March that he considers the problem of Israel's freedom to use the Gulf of Aqaba "a matter of life or death to us and to our country." The king said Saudi

Arabia would defend its territorial waters "no matter how much it costs us." On the previous evening royal counselor Yasuf Yasin stated that "we would consider Israeli free passage of the gulf as a spear thrust into our vitals."

Comment

Despite King Saud's unyielding attitude, his troops stationed at the entrance to the gulf have again been ordered not to fire on the Israelis unless first fired on, whatever the provocation. Saudi Arabia has been trying to obtain longer-range artillery to put in position there. The present 25-pounder guns would not be effective against shipping passing through the normally used western channel of the straits. [redacted]

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**6. MOROCCO AND TUNISIA REPORTEDLY AGREE TO
RECOGNIZE INDEPENDENT ALGERIA**

Comment on:

The Moroccan and Tunisian governments reportedly have secretly agreed to recognize an independent Algerian government composed of leaders of the Algerian National Liberation Front (FLN) "at an appropriate time" before the next UN discussion of the Algerian question, which is expected in the fall. This decision, according to an Algerian Nationalist leader, was reached during Tunisian premier Bourghiba's visit to Rabat last week. The Libyan government is to be informed of this decision.

Presumably Morocco and Tunisia would recognize an Algerian government created within Algeria rather than the government-in-exile

the Algerian Army of Liberation, military arm of the FLN, has for some months exercised civil functions in various areas under its control.

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~~SECRET~~**7. STATE OF SIEGE DECLARED IN CHILE****Comment on:**

Serious rioting and looting has continued in Santiago despite President Ibanez' declaration of a state of siege and annulment of a widely resented bus fare increase. [REDACTED]

[REDACTED] the situation is extremely delicate and all observers consider the demonstrations similar to those that swept Ibanez from office in 1931. The protests, which sprang from economic hardships connected with inflation, are now directed against the US-backed stabilization plan.

Leaders of the Communist-dominated Single Center of Chilean Workers and individual Communists reportedly have been active in the disturbances, but Communist Party leaders have not openly participated because of fear of government repression. At least six persons reportedly had been killed and 158 wounded prior to the declaration of a state of siege.

The rise in the cost of living was held to 37 percent in 1956, as compared with over 80 percent in 1955, but real income for workers is declining, since the government has limited compensating wage increases to less than 31 percent.

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