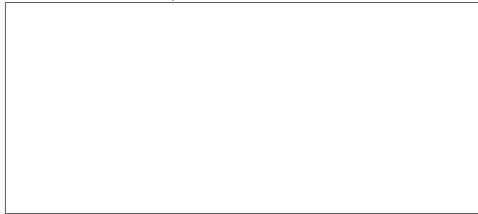


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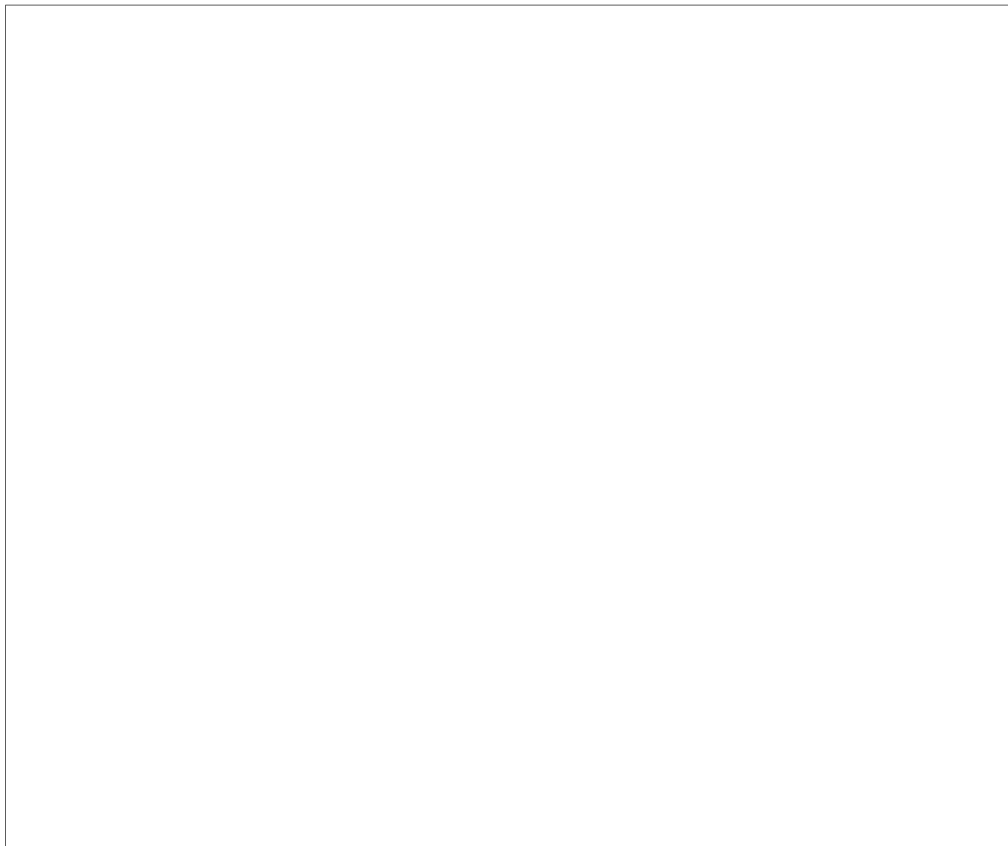


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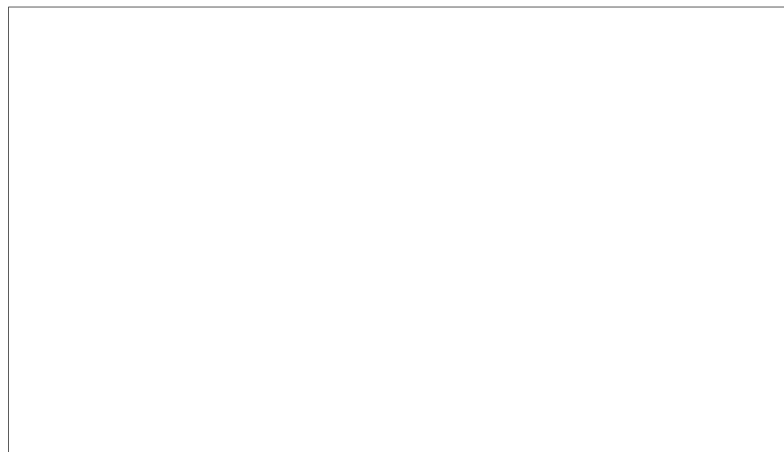
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1. BRITAIN AND FRANCE SEEN INTENT ON ISOLATING NASR THROUGH UN TACTICS

Comment on:

Britain and France, in seeking an alternative to the renewed use of force to achieve their objective of getting rid of Nasr, have hit upon the idea of progressively isolating Egypt in order to drive it into the arms of the USSR, according to Norwegian UN delegate Engen, who is also a member of Hammarskjold's advisory committee on Suez. He added that the French argued there was no use in seeking any agreement on the canal with Nasr since "his days are definitely numbered" and a better agreement could be negotiated with a subsequent regime.

The first step in the Anglo-French plan would be to provoke a Soviet veto in the Security Council on Egypt's behalf. The British have already privately advocated calling an urgent meeting of the Security Council. Presentation to the council of the French proposal on payments of tolls--which blocks 20 percent until Egypt agrees to a settlement along the lines of the six principles--would almost certainly provoke a Soviet veto.

An Egyptian UN delegate stated on 4 April that his government strongly desired to avoid referral of the Suez Canal issue to the UN in order to avert unwanted "help" from the USSR and others. He said that such help would only be embarrassing and designed to achieve purposes other than assistance to Egypt.

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2. NATO MEMBERS EXPRESS CONCERN OVER BRITISH DEFENSE PROGRAM

Reference: [REDACTED]

[REDACTED] At the special meeting of the North Atlantic Council (NAC) on 4 April for presentation of the British white paper on defense, the West German representative expressed the deepest concern. He observed that the reduction to some 400,000 men went further than the plan which London had previously given the NAC, and represented cuts below the safety level in case of emergency. He stated that it was unfortunate that the reductions had not been used to advantage in the disarmament negotiations with the USSR. He felt that ending conscription would have extremely dangerous psychological effects in other NATO countries.

The French representative gave this personal view that the unilateral nature of the British action undermined NATO procedures, and that the psychological impact of the reductions could jeopardize the overall NATO program. Belgium and Italy commented along the same lines.

The British representative pointed out that the paper represented Britain's world-wide defense effort and should not be viewed solely from the NATO aspect. He also stated that London's action did not prejudice the special NATO strategic review proposed by Chancellor Adenauer.

Pointing out that Britain has now decided to become a nuclear power, Adenauer on 5 April demanded tactical atomic weapons for West Germany. [REDACTED]

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~~TOP SECRET~~**3. MOSCOW MAY PLAN TO PUBLICIZE WEAPONS TESTS**

[redacted] The temporary closing of the Soviet Central Asian area to foreign travel in late March may be for military reasons, possibly in connection with atomic tests, according to the American embassy in Moscow. This impression is reinforced by a report [redacted] that foreign Communist correspondents have all left Moscow for Central Asia within the last few days.

[redacted] a demonstration of successful tests of missiles, possibly with atomic warheads, would be very useful to give substance to the USSR's current campaign to frighten countries in the Western alliance system away from accepting United States atomic units on their territory.

Comment

The temporary travel restrictions may have been imposed because of the imminence of the nuclear test conducted by the USSR near Semipalatinsk on 3 April. While preparations for further tests of this nature may be continuing, there is no evidence of the arrival of observers in the test area such as would be expected if a public demonstration were planned. If a Soviet ballistic missile test were to be opened to observation for publicity purposes, observers would probably be stationed at the Kapustin Yar rangehead. Existing impact areas have long been closed to travel. There is no present evidence of preparations for a joint nuclear warhead-guided missile test operation. Prior to previous tests of this nature, evidence of their imminence has been available.

If a demonstration of military weapons is planned for publicity purposes, as suggested by the Moscow embassy, it would be calculated to have a strong impact on popular opinion in Western Europe, where there is considerable official and popular concern about the effects of nuclear tests. Soviet broadcasts recently have insisted that the USSR is ahead of the United States in missile development. [redacted]

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4. USSR TO BEGIN NEW DELIVERIES OF HEAVY ARMS TO EGYPT

Comment on:

[REDACTED] The first major Soviet bloc arms shipments to Egypt since the November hostilities are to arrive by the end of April, [REDACTED]

[REDACTED] At least two shipments of tanks, and possibly three, all with spare parts and supplies, will be made.

The tanks will be delivered under a new arms contract with the Soviet Union, which was negotiated following Egypt's defeat in Sinai. Egypt at that time submitted to the USSR preliminary requirements calling for replacement of the approximately 100 tanks lost in Sinai, replacement and reinforcement of antiaircraft and field artillery units, establishment of an air force of up to 32 squadrons, additional electronic equipment, and naval vessels including submarines. Although the USSR reportedly believed that Egypt overestimated its military requirements, an Egyptian message from Moscow to Cairo on 19 January reported that the USSR had "approved all our requirements."

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5. FINNS UNMOVED BY SOVIET WARNINGS

Comment on:

The Finns generally regard the 26 March Izvestia warning against growing militarism in Finland as a periodic reminder that Moscow continues to keep a close watch on their activities, according to the American embassy in Helsinki. The Russians have on several recent occasions expressed dis-

trust of Finnish military leaders, and the Finnish defense minister was warned on 22 March against allowing Finland to "become a bridge against the USSR in the event of war." The Finns do not regard themselves as singled out for a special attack, since the Scandinavian countries have recently been subjected to criticism from Moscow too.

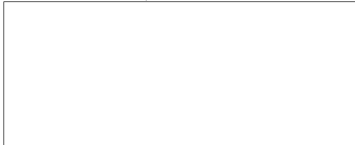
President Kekkonen has ordered a brigade of troops permanently stationed in Finnish Lapland to show Finland's determination to defend the area against both East and West. Finland will probably use the exchange of high-level delegations on the anniversary in early April of the 1948 Soviet-Finnish treaty of friendship and mutual assistance as an occasion for reaffirming its policy of strict neutrality.

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6. AMBASSADOR MACARTHUR COMMENTS ON KISHI GOVERNMENT

Reference:



Ambassador MacArthur, in assessing Japanese prime minister Kishi's actions in his first six weeks in office, has concluded that it is still uncertain whether his government will prove a reliable partner in achieving American policy objectives in Japan and the Far East. He believes that unless Kishi ceases behaving "like a candidate in a domestic popularity contest" and begins to exert strong leadership, the United States faces a gradual erosion of its political and security position in the Far East.

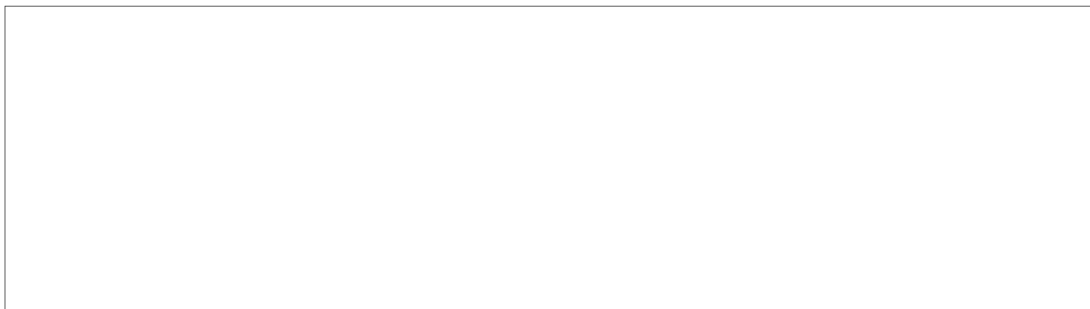
Kishi, in preparation for possible elections, is promoting tax cuts, social welfare programs, and a more "independent" foreign policy. He has not opposed popular sentiment on issues such as rearmament, nuclear tests and weapons, and internal security matters. MacArthur notes that his attitude on these issues has often not been helpful to American interests.

MacArthur believes Kishi's chances for a lengthy tenure in office are good. His vigor, cleverness, and political competence have helped him achieve some success in pulling the factions of the Liberal-Democratic Party together and overcoming the disadvantages of a "fascist" past and his lack of popularity. 

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7. DISSIDENT SOUTH SUMATRAN COMMANDER ARMS CIVILIAN SUPPORTERS



Comment

Col. Barlian, who leads the South Sumatran autonomy movement, presumably has armed members of various political and labor organizations which on 31 March issued a statement of loyalty to him following an abortive countercoup by pro-Djakarta officers.


Barlian may have taken this step not only to guard against any new Djakarta-inspired move to overthrow him, but also to offset any threat by Communist paramilitary units in the area. Armed civilian groups would also be useful to him in the event of Communist labor disturbances in the oil fields of South Sumatra, which constitute the major source of the area's revenues.

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8. PRIDI REPORTED HOPEFUL OF RETURNING TO THAILAND SOON

Comment on:

 Former premier Pridi hopes to be able to return to Thailand next month, according to his wife, who has just returned from four years in Communist

China. She told the Bangkok press on 4 April that her husband, now in Canton, was "disturbed" about economic conditions in Thailand, as well as "disunity" among the Thai people, and that he hoped Thailand would emulate the neutral policies of its neighbors. Madame Pridi also insisted that Communist China is engaged in "peaceful construction," rather than war preparations.

Pridi has been in exile since 1949. His return at this time would be intended to further Chinese Communist objectives. Left-wing elements fared badly in the recent Thai elections, but their lack of success may have stemmed largely from the absence of an effective nationally known leader such as Pridi.

There are indications that certain Thai officials may favor allowing Pridi to come home. While Premier Phibun and Defense Minister Sarit are reportedly still against such a move, there is a possibility they might accept Pridi's presence in the belief that he would be useful in dealing with the Chinese Communists. 

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**9. SAUDI ARABIAN LOAN EXPECTED TO BOLSTER
MOROCCAN GOVERNMENT**

Comment on:

This loan, together with the \$20,000,000 aid agreement concluded with the United States on 2 April, can be expected to bolster Rabat's position in financial negotiations with France. Paris has been withholding promised credits to Morocco in the hope of gaining military and economic concessions from the financially hard-pressed Moroccan government.

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10. RETURN OF CYPRIOT LEADERS FEARED BY GREEK GOVERNMENT

Comment on:

[REDACTED]

The imminent arrival in Greece of Archbishop Makarios and the question of whether EOKA chief George Grivas should return to Greece are causing concern and confusion within the Greek government. Prime Minister Karamanlis reportedly is "nervous" over the arrival of Makarios, who, he says, "is in

a position to overthrow the government in 12 hours." Karamanlis apparently hopes to win Makarios' approval of a moderate line on the Cyprus question. He fears, however, that the archbishop may publicly adopt an extreme position and, in co-operation with opposition leaders, arouse Greek public opinion against the government's moderate policy.

[REDACTED]

Government leaders are also fearful that Grivas may accept a British safe-conduct to leave Cyprus for Greece and then join forces with rightist opposition leader Markezinis. As the military hero of the Cyprus struggle, Grivas would probably add considerable popular appeal to Markezinis' Party of Progressives. [REDACTED]

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