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CENTRAL INTELLIGENCE AGENCY**

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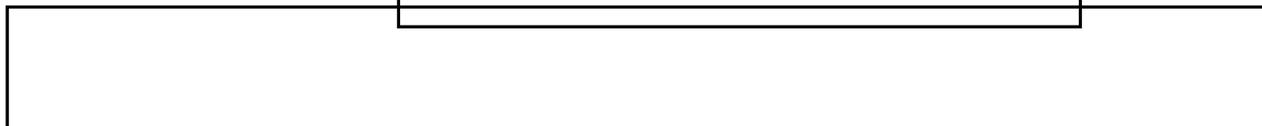
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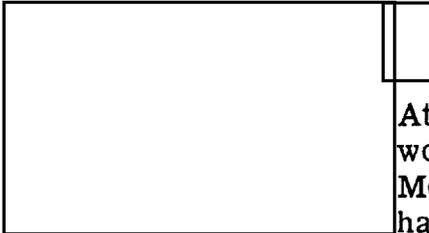


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1. SOVIET DIPLOMATS GATHER IN MOSCOW

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At least ten Soviet ambassadors to free world nations have returned quietly to Moscow since 14 July, and eight more have not yet been reported back at their posts since the June central committee plenum. These 18 ambassadors may have been joined in Moscow by still others. The Soviet military attaché in Turkey reportedly said his ambassador was returning for "talks with Khrushchev." The assembly follows closely recent gatherings of satellite and foreign Communist leaders who evidently went to Moscow for briefings on the implications of the June shake-up of the party presidium.

The ambassadors will probably receive high-level briefings on foreign policy as well as a detailed explanation of the purge, particularly as it affects the Ministry of Foreign Affairs in the light of that ministry's direction by Molotov and Shepilov. The talks may be in preparation for new moves by Khrushchev to implement foreign policy more boldly and effectively, but changes are not likely to be as drastic as those following Malenkov's fall. A similar gathering of Soviet ambassadors occurred in January 1955 immediately before the ousting of Malenkov.

It may be speculated that the return of the ambassadors is for one of three purposes:

a. They may receive a foreign policy briefing stressing the continued validity of Khrushchev's 20th party congress policy but outlining modifications or new emphases.

b. They may be presented with a major Soviet foreign policy initiative involving a marked departure from present Soviet policy but still remaining within the general assumptions of the 20th party congress. Such an initiative might involve proposals for collective security in Europe or Asia, some form of neutral zone around the Sino-Soviet bloc, or new attempts to establish multilateral high-level government contacts.

c. They may be briefed on what happened in the presidium shake-up and how the fall of the two former foreign ministers will affect the ministry itself. This could involve some personnel shifts in the ministry and the diplomatic corps.

The list of ambassadors known to have returned suggests that one main field of concern may cover the underdeveloped areas and nations on the periphery of the bloc. The gathering appears to include neither the Soviet envoys to the traditionally "imperialist" powers--Britain, France, Belgium and the Netherlands--nor ambassadors to the Western Hemisphere with the exception of Ambassador to the United States Zaroubin. Apparently none of the USSR's ambassadors to Eastern European countries are in Moscow. The majority of those who have returned are accredited to Asian and European nations bordering on the Sino-Soviet bloc.

The meeting may involve policies whose formulation had not been completed by the end of the central committee meeting in late June. Soviet Ambassador to Iran N. M. Pegov, who was in the USSR during the June plenum and had subsequently returned to his post, is making another trip to Moscow. The same may apply to Ambassador to Communist China P. F. Yudin.

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2. [redacted] URGES TOP-LEVEL
EAST-WEST TALKS

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[redacted] the Soviet government would like a meeting "on the highest

level" with the United States, not only because Khrushchev needs international prestige but mainly because the USSR believes a high-level meeting would provide the best chance for settling outstanding problems. He also expressed the view that chances are good at present for a visit by Marshal Zhukov to the United States which would provide opportunities for serious negotiations.

[redacted] suggested that disarmament and the withdrawal of Soviet and American troops from such countries as Germany and Poland would be suitable topics for discussion. He said troop withdrawals from any East European country would depend on what agreement could be reached on Germany. He added that guarantees to keep Germany from becoming the greatest European power in NATO were a prerequisite to free elections in Germany, but then expressed serious doubts about allowing anti-Communist parties to develop in East Germany. [redacted]

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Comment

Since the Moscow shake-up, there have been increasing indications of Soviet interest in high-level meetings--particularly bilateral ones--with Western leaders. Moscow seems interested in such meetings more to promote its campaign for "relaxing international tensions" than to reach agreement on major East-West problems. The USSR may feel that a high-level meeting would provide a better forum to exploit its disarmament proposals than the UN subcommittee. It may be willing to discuss European security and the Middle East, but there has been no change in its insistence that the unification problem must be settled by the Germans themselves.

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3. BRITISH REACTIONS TO OMAN DISPUTE

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[Redacted] Concern over Anglo-American relations is probably responsible for the heavy play given the Oman dispute in the British press and for what the US embassy describes as "a sense of uneasiness which has penetrated all sections of the government's parliamentary majority and is shared by sections of

the Labor opposition." While parliamentary and public opinion has not yet become emotionally aroused over the present dispute, Conservative members of Parliament have been "defensive and apprehensive" since Suez regarding British oil interests in the Persian Gulf area. The embassy comments that the party would probably "split wide open" if repercussions of the rebellion forced Britain to abandon its hegemony there.

Government supporters profess little worry about growing Arab nationalism as a real political force but, according to the embassy, "they do fear and resent the prospects of Arab nationalism backed by American oil interests." According to a Foreign Office official, latent suspicion of ARAMCO accounts for the large volume of press coverage on the dispute. Despite some baiting of the government by the Labor Party's foreign affairs spokesman, Aneurin Bevan, Labor has been generally cautious in its parliamentary approach, apparently fearing to adopt an attitude which the British public might consider unpatriotic.

Since there is a general belief in parliamentary circles that use of the Royal Air Force is not a desirable means of settling this type of dispute, London opinion probably welcomes the announcement from Sharja on 26 July that air strikes have been suspended. At a lunch conversation with Foreign Secretary Lloyd on 25 July, Ambassador Whitney received the impression that Lloyd is "very much disturbed lest the limited action in which Britain is involved in Oman become a serious matter." Lloyd expressed dismay at even the thought of committing British troops.

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5. NASR'S ALEXANDRIA SPEECH

Comment on:



Nasr's "People's Day" speech in Alexandria on 26 July, like his address to the National Assembly on 22 July, contained no surprise announcements and concentrated largely on a review of the past year. Nasr took the occasion to recast the history of the war to the advantage of Egypt's armed forces and adolescent street fighters.

On foreign affairs Nasr adhered to the regime's established propaganda line that the Soviet "ultimatum" stopped the Sinai war, while the commendable American stand during the hostilities has changed and become that of the imperialists, and that the imperialists, particularly the United States, are trying to buy some Arabs away from Arab unity, and subverting Arab newspapers, forging documents and continuing clandestine radio attacks on the Egyptian regime.

Nasr concluded with a plea for the continued unity of the people, expressing his personal disapproval of both "rightist" and "leftist" tendencies in Egypt, and exhorted the people to proceed with the revolution along the "path of domestic construction" behind the "shield" of Arab nationalism.

The tone and content of both speeches suggest that Nasr hopes to concentrate on domestic problems in the immediate future. His remarks about relations with the Arab states do not indicate, however, any intention to abandon his efforts to subvert those Arab governments which have not joined him in "positive neutrality."



6. NATIONAL LEFTIST FRONT FORMED IN PAKISTAN

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Prime Minister Suhrawardy's pro-American foreign policy will face stronger and more effective opposition within Pakistan as the result of the formation on 25-26 July of a national political party uniting pro-Communist elements in both East and West Pakistan.

A convention in Dacca of major leftist groups, bitter opponents of Pakistan's participation in the Baghdad and SEATO pacts, launched the new leftist front organization, known as the National Awami Party, with the aim of "freeing the country from imperialism" and establishing "democracy" through the autonomy of both provinces. The conference was organized by the influential pro-Communist Maulana Bhashani, who resigned this week from Suhrawardy's East Pakistan Awami League. It reportedly received substantial financial support from Soviet, Chinese Communist and Indian sources.

The new party will probably attract considerable mass support and pose a threat to Pakistan's present leadership in the elections promised for next March.



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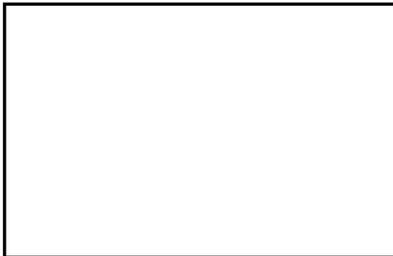


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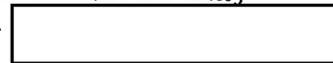
8. NEW CAMBODIAN GOVERNMENT FORMED



Sim Var, anti-Communist president of Cambodia's upper legislative body, was invested as premier on 26 July, ending a government crisis which be-

gan with Crown Prince Sihanouk's resignation on 21 June. Sim Var's sudden designation apparently was made on the initiative of King Suramarit, who has become increasingly apprehensive over the administrative paralysis resulting from the political irresponsibility of his son and fears that the current drift will be advantageous to antimonarchical forces. Since the 1955 general elections, eight governments headed either by Sihanouk or by one of his hand-picked subordinates have failed to provide the country with effective administration and have progressively alienated competent leaders, who refuse to serve in the government without appropriate authority.

Sim Var, while considered loyal to Sihanouk, is independent-minded and is one of the few Cambodian leaders who have consistently warned against excessive friendliness with the Communist bloc. He may provide a period of effective government, especially with the prospect that Sihanouk may make an extended tour abroad for his health.



9. ARGENTINE CONSTITUENT ASSEMBLY ELECTIONS
ON 28 JULY

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The election on 28 July of a 205-member constituent assembly in Argentina will result in a test of strength among more than 30 political parties, most of which

have been formed since Peron was ousted in September 1955. The outcome may determine whether or not the Aramburu regime will feel able to continue its timetable for establishment of constitutional government. It may be under considerable pressure to take a strong stand if the followers of Intransigent Radical chief Frondizi should win a majority. Frondizi has been campaigning on a strongly nationalistic line. He has announced that he opposes constitutional reform, will seek to adjourn the constituent assembly, and will call for direct national elections for a president and legislature. President Aramburu, however, has been insisting that the constituent assembly must reform the 1853 constitution, followed by general elections next February and the induction of the new president in May.

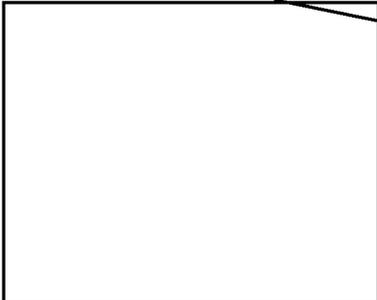
Heavy campaigning continues among the more than 10,000,000 registered voters, especially in the Federal District and Buenos Aires Province which will elect a total of 77 members. Every effort is being made to woo the followers of ex-dictator Peron, who numbered almost 2,500,000 late in 1953. Peronista leaders, however, are urging blank ballots in defiance of the regime. The small but well-organized Communist Party, which has support in labor and student organizations, reportedly is expected to win a few seats, but not enough to be effective.

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10. TENSION MOUNTING ON EVE OF PHILIPPINE NOMINATING CONVENTION

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Comment on:



Manila is the scene of intense, last-minute political maneuvering as the ruling Nacionalista Party prepares to convene on 27 July to pick its candidates for November's presidential election. The uncertainty as to the outcome of the convention is indicated by the fact that many provinces have sent two delegations to Manila--one to vote for President Garcia, the other uninstructed. Some party circles expect violence before the convention is over.

Garcia seems to have the inside track, but strong rival bids by Senators Puyat, Rodriguez, or Laurel may emerge on the convention floor. Should Garcia fail to obtain the nomination, some observers believe he will seek election as an independent, thus splitting the party and perhaps spoiling its chances in November.

A bitter battle over the selection of a vice-presidential nominee appears almost certain. Garcia has been under strong pressure to accept House Speaker Jose Laurel, Jr., and has indicated that he sees no alternative. Recent reports, however, indicate that anti-Laurel party leaders are maneuvering to promote the vice-presidential candidacy of Senator Gil Puyat or a senator from the Liberal stronghold of northern Luzon.

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