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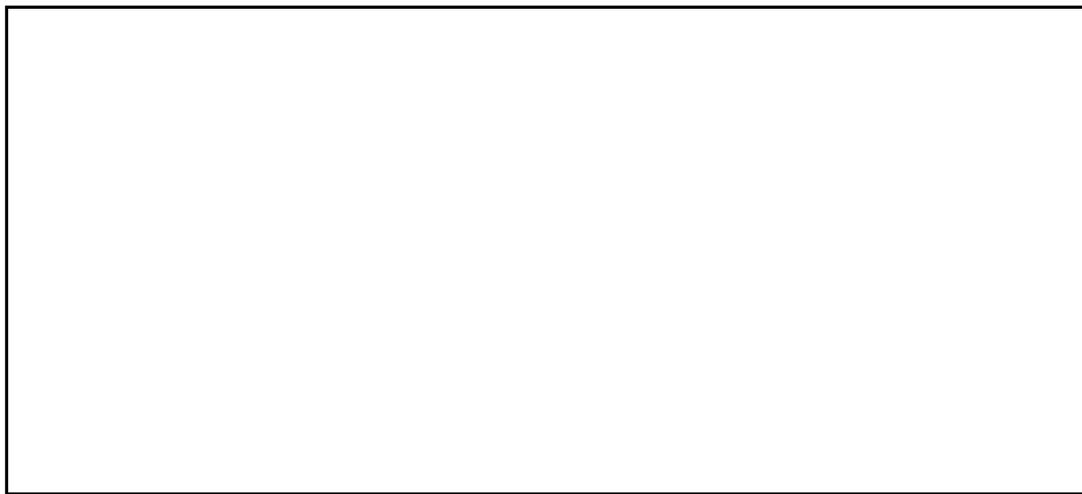
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1. SHEPILOV SEEKS CO-OPERATION OF US AT
25X1A LONDON CONFERENCE

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[REDACTED] In a conversation with Secretary Dulles in London on 15 August, Soviet foreign minister Shepilov stated that he was not attempting to split the Western Big Three, but that if differences did exist between the United States and the United Kingdom and France, the "US and USSR together might find a way out of this crisis," according to Ambassador Bohlen, who served as interpreter. Shepilov agreed on the necessity of avoiding an outbreak of hostilities in the Middle East.

Shepilov said that freedom of navigation of the canal was the primary problem for negotiation at the conference. He reiterated Egypt's right to nationalize the Suez Canal Company. He said that the Soviet task was not to "complicate the work of even a nonrepresentative conference" and that the conference "would be useful." Shepilov said the Soviet delegation would use its efforts to obtain fruitful discussion in a calm atmosphere and added that the United States also was in a position to take a calm, objective approach.

Comment

Shepilov's prompt request to meet with Secretary Dulles and his restrained approach suggest that he will attempt to maintain an air of reasonableness before the West while at the same time posing as a champion of Arab nationalism.

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5. PERUVIAN APRA LEADER CALLS FOR "INTER-AMERICANIZATION" OF PANAMA CANAL

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[redacted] Haya de la Torre, absentee leader of Peru's recently legalized leftist but non-Communist APRA party, reaffirmed support for the "inter-Americanization" of the Panama Canal in the party's newspaper on 14 August. Haya stated that canals such as Panama and Suez should be internationalized and that Egypt wants to do in Suez what the United States has already done in Panama.

On 15 August the APRA paper carried an interview with Carlos Zuniga, a Panamanian columnist, who stated Panama should nationalize the Panama Canal gradually. He said inter-Americanization was the only step now acceptable.

Comment

This is the first official reaffirmation of APRA's call for inter-Americanization of the canal since the Egyptian action on Suez. While the party's program has always called for a broadening of the Panama Canal's control, this has not been pushed by party leaders since the early 1930's.

APRA was founded in Mexico in 1924 as a revolutionary party for all Latin America. During its early period, the party's position on the Panama Canal was disseminated throughout the hemisphere and evoked some favorable reaction. APRA had particular appeal in Mexico, Argentina, and Chile, as well as Peru, but was established as a domestic political party only in Peru.

Zuniga is a member of the small pro-Communist group in Panama which advocates nationalization of the Panama Canal. [redacted]

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6. PUBLIC UNREST REPORTED IN KARACHI

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Mass unrest, which appears to be increasing daily in Karachi, is ostensibly centered on the Suez Canal issue but seems most likely to be the work of political opposition groups seeking to embarrass or bring down the Pakistani government.

The Pakistani press and public have been much more vociferous in support of Egypt's nationalization of the Suez Canal than has the government. On 14 August, hecklers whose actions did not appear to be spontaneous forced the Pakistani prime minister to cut short his Independence Day speech by goading him into a statement on Suez and drowning out his remarks on domestic matters. By 16 August, Karachi suffered an extensive shop-closing strike in support of Nasr, and mass demonstrations were scheduled for that same afternoon. Police and troops were alerted, and mass meetings banned.

The American army attaché in Karachi believes that if the police have to resort to force, a situation may develop which can be settled only by use of troops.

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