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By MNK NLDDE Date 3/16/17

THE WHITE HOUSE  
WASHINGTON

STAFF NOTES NO. 391

July 14, 1958

1. Appraisal of UAR -- Our Cairo and Damascus posts stress Syrian disappointments and Nasser's firm control. Egypt has taken over key political and military posts, while the Syrians, who had high hopes of political and intellectual leadership, have met with drastic changes, disillusionment and increasing disaffection among the intellectuals. Prolonged exclusion from true partnership or economic hardship could eventually cause an internal explosion in traditionally prosperous Syria; but so far Syrian opposition to Nasser or the Union has not developed, nor is it likely to as long as Nasser holds firm control and gives Syria's masses the impression of revolutionary Arab accomplishment against great power opposition. (S)

2. Multilateral Aid to Turkey. -- OEEC and International Monetary Fund experts are reported agreed on an estimate of the external assistance Turkey will require, including: \$100 million immediately to finance essential imports; a further \$100 million in long-term loans to complete current investment projects; \$65 million a year indefinitely (in addition to US aid) to finance the investment program at the minimum level acceptable to the Turks; and rescheduling of \$450 million in short and medium term debts. IMF officials are reportedly prepared to recommend assistance if the Turks accept 5 or 6 IMF suggestions for improving their current proposals. (C)

3. Laos Monetary Reform. -- We shall inform the Lao Government that the July 10 military budget support payment could not be effected because of the shortage of counterpart and that no future cash grants are to be authorized pending monetary reform; the limited amount of counterpart already available will be used on a priority basis for urgent requirements. (S)

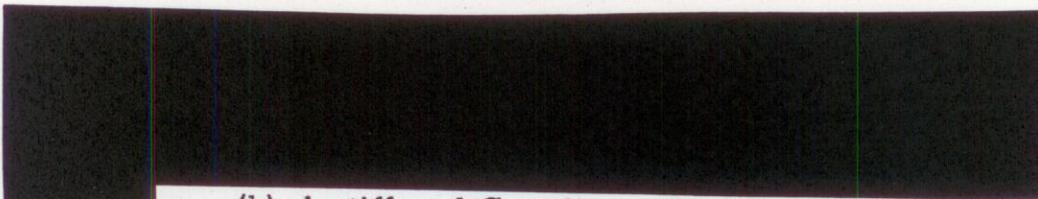
4. US-Canadian Defense. -- (a) The interim US-Canadian agreement

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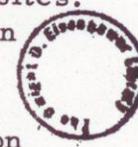
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... (b) A stiffened Canadian attitude on their participation in contracts for construction of SAC aerial refueling facilities continues to make for difficult relationships on mutual defense projects. We have agreed to handle through Canadian sources the four projects covered in the June 20 exchange of notes, but expect increased pressure in future negotiations. Also, to prevent loss of construction season time, we have not pressed our position on the question of the residual value of US-financed improvements for refueling facilities on Canadian sites. However we have reserved our right to raise this problem in the near future. (S)



5. World Peace Through Law. -- American Bar Association President Rhyne is planning to announce at an international meeting in Cologne on July 21 that the ABA would like to convene a Free World conference of leaders of the bar on World Peace Through Law in Washington, D. C., early in 1959. Mr. Rhyne is authorized to announce that ICA would finance both the general costs of such a conference and the expenses of individual participants. (Admin. Conf.)

6. Industrial Production. -- Dr. Saulnier reports that as expected (Staff Notes # 390) the Federal Reserve Board Index of Industrial Production rose two points -- but from a revised May figure of 128 to 130 for June. Thus, we now have two successive months -- May and June -- in which the Index has moved up two points. (Admin. Conf.)

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