SECRET

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POLITICAL SECTION I. CONFIDENTIAL.

Registration of candidates for June 9 elections as of May 21: Constitutional Union 55; UMMA 36; Natl Dems 13; Istiqlal 7; UPP 6; Independents 143. Included are Ministers Jamali, Al-Dallal, Al-Safi, Tabagchali, Mahmoud, all running as Independents. Registrations may be made up to May 24 and withdrawals up to June 4, which leaves time for log rolling. National Front (last WEEK) supporting all Istiqlal and Natl Dem candidates as well as 9 Independents, total of 26 to date. More Independents expected to seek Natl Front support, especially disgruntled members UMMA party, some of whom insulted at not being regular party candidates. Front retdly working hard in all urban centers as well as Karbala and Najaf in effort accumulate as many candidates as possible. In Baghdad speeches and mass meetings being organized by Front at which speakers parrot Front charter and additional commie-line points. Some observers say Front is attracting numbers of younger Iraqis, who are dissatisfied with old guard but had not adhered to Istiqlal or Natl Dems. Arab socialist resurrectionists published manifest announcing intention supporting Nationalist candidates and calling on people to participate in elections through which they will be awakened to importance of dismissing imperialists, defending democratic liberties, and refusing alliances and imperialist mil assistance.

Comment: This is first announcement existence ASR group in Iraq. An Arab resurrectionist group has been in existence for some time, but inactive politically, and is not affiliated with this ASR. Emb has been told manifest originated by students, many from other Arab countries, at instigation Ameel Aflaq of Syrian

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OCE/R
as rpt. Partisans of Peace issued statement explaining group cannot enter elections but calling on members to support candidates sharing their views. Peace Partisans are actually cooperating with Natl. Front. Transfer various Directors General has brought Al-Umari under fire for taking actions while temporarily Pri Min, which will carry over for years. Especially irate is former DG Posts and Telegraphs Abdul Baqu Abdulla, who says he heard of his transfer to be DG of Mld Lands in Min Fin only after Royal Iradae issued.

PSYCHOLOGICAL (CONFIDENTIAL). Considerable local interest shown Senate report on Communism in Near East. Five newspapers published summaries received through private news agencies. Only comment referred to statement concerning "increased awakening" in Near East and asked why US did not recognize it in its policy. USIS played down its summary of report believing it gave misleading impression of smallness, impotence of Communist activity in country where apathy toward Communism is danger. Report also failed emphasize important position Front organizations like Partisans of Peace, now playing active role in local election campaign.

(CONFIDENTIAL). Iraq govt has so far failed make formal announcement concerning presence US Mil Survey Team. Local newspapers have carried items from informal sources; journalists have expressed private resentment first news such teams from Paris radio. USIS, Emb. point out to Iraq officials desirability official recognition team's presence, but do not feel US can take unilateral action in release. Team has received little editorial attention.

(UNCLASSIFIED). Despite USIS release on subject, US Supreme Court decision concerning segregation has passed virtually unnoticed. Two newspapers published item; none commented in country where race question has never been serious.

AIR. UNCLASSIFIED. C-47 type craft was dispatched from Air Force base in Dhahran to Basra for the purpose of spraying. Anopheles mosquitos have been reported in that area and a total of 63
square miles will be sprayed at 2 week intervals. This is a continuation of the United States effort to assist in flood relief.

ARMY. SECRET. Survey Team has been extended every courtesy by Iraqi government and Iraqi army. Team visited installations and position in northern Iraq 18-20 May. Final meeting with Iraq officials and King May 22; departing 23 May. Iraqi Army's strategic concept and views toward Army and equipment appear to be reasonable.

NAVY. Negative.

SUBVERSIVE. SECRET. Following decision participate in elections by supporting Natil Dem and Istiqlal candidates, Communist Party is instructing membership to prepare for strikes and demonstrations in continuation with elections. Responsible govt officials aware of this danger.

ECONOMIC. SECTION II. UNCLASSIFIED. Public auction of frozen real property of denationalized Jews to meet govt and other legal debts and transfer of such unimproved city property for public improvements provided by new regulations effective May 6. It will retain proceeds after payment of debts pending settlement Jewish question.

Comment: Move obviously intended liquidate real property interests of denationalized Jews. Income tax exemptions increased and rates reduced retroactive beginning FY Apr 1, 1954. Tax exempt income increased 40% and maximum exemption 20%. Rates reduced on taxable income to 1,500. Comment. Another move to ease middle class living costs. Civil servants and white collar workers are principal beneficiaries. Locust threat southern Iraq successfully controlled but news swarms reported northern desert and north central area. FOA technician who accompanied survey team does not consider danger serious.

INFO: OIM, OPD, CSI, JCS, OSD, ARMY, NAVY, STATE, CIA, NSA

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