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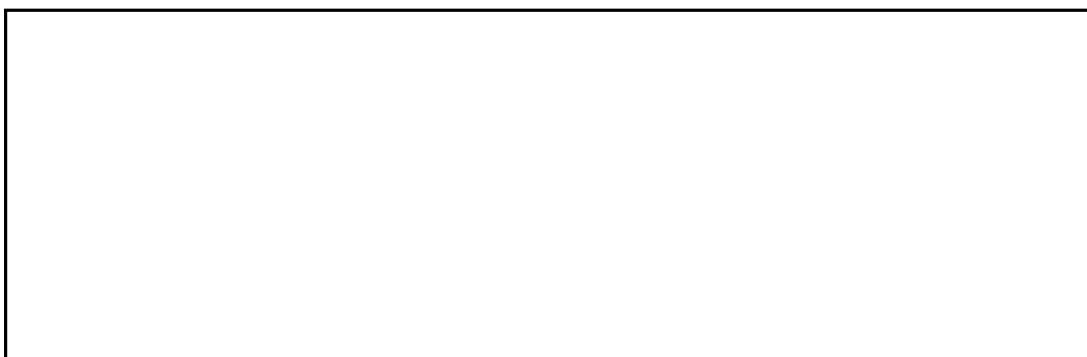
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CENTRAL INTELLIGENCE AGENCY

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State Dept., JCS reviews completed.

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SUMMARY

SOUTHEAST ASIA

25X1

2. Indonesian leaders admit elections will be delayed (page 3).

NEAR EAST - AFRICA

3. Britain calls for new look at Middle East defense planning (page 4).
4. Israel may resume work on Jordan water diversion project
(page 5).

LATE ITEM

5. Soviet ambassador Malik lauds President Eisenhower, condemns Churchill (page 5).

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25X1A

27 Feb 55 CURRENT INTELLIGENCE BULLETIN Page 2

Approved For Release 2002/10/21 : CIA-RDP79T00975A001900330001-4

25X1A

Approved For Release 2002/10/21 : CIA-RDP79T00975A001900330001-4

SOUTHEAST ASIA

25X1

25X1A 2. Indonesian leaders admit elections will be delayed:

[redacted] President Sukarno, Vice President Hatta and Prime Minister Ali have each admitted separately to the American ambassador that elections cannot be held in Indonesia by July or August of this year as had been hoped. Ali said "perhaps" elections could be held by or during October.

Hatta continues to believe that the anti-Communist Masjumi, the large Moslem party toward which he is sympathetic, will win the elections. He told the ambassador that

the National Party, which heads the cabinet, is now alarmed over growing Communist strength, and hopes to speed up election plans.

Comment: Heretofore the National Party has appeared to favor postponement of elections in the belief that delay would give it further time to strengthen its own organization. The Nationalists are apparently now aware that delay allows Communist strength to grow at the expense of the National Party as well as of the Masjumi.

The lack of strong direction in both the National Party and the cabinet indicates, however, that election plans will continue to move at a slow pace.

NEAR EAST - AFRICA

3. Britain calls for new look at Middle East defense planning:

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[Redacted]

Top British officials believe that the advent of new weapons, strategic air capabilities, and the ability to interdict supply routes with tactical atomic weapons provide a basis for new planning which for the first time makes Middle East defense problems "seem manageable." In conversation with Secretary Dulles in Bangkok, Eden said he had told Egyptian premier Nasr that defense of the Middle East ought to be based on the Caucasus rather than Suez.

Eden and Sir John Harding, chief of the Imperial General Staff, indicated satisfaction to Secretary Dulles with the progress thus far on specific aspects of the Middle East defense problem, but said that moving ahead on the over-all problem was difficult without an agreed general strategy. The British proposed bilateral talks with the United States aimed at reaching agreement on a defense strategy based on American and British capabilities. Other nations in the Middle East would be "tied in solidly" when possible.

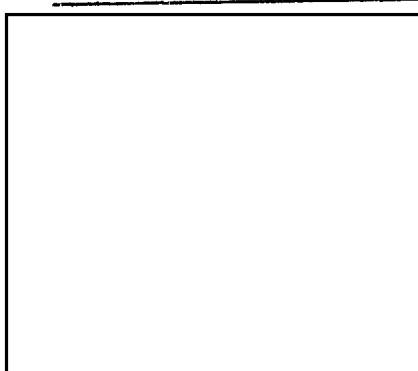
Comment: These remarks indicate that Britain is thinking in terms of a fresh approach to the whole problem of Middle East defense. Britain's emphasis on an atomic strategy evidently reflects the recent reshaping of the United Kingdom's entire defense strategy.

25X1A

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25X1A

4. Israel may resume work on Jordan water diversion project:



Prime Minister Sharett told Ambassador Johnston on 22 February that Israel would resume work on the Banat Yaakov canal project prior to the Israeli national elections in July. This project to divert water from the Jordan River would involve work in the demilitarized zone between Israel and Syria.

In anticipation of such Israeli action, UN Truce Supervisor General Burns told Ambassador Lawson in Tel Aviv that he would need the support of the United States, Britain, and France as signatories of the 1950 Tripartite Agreement for any strong stand against Israel. He observed that he had no army of his own to occupy the demilitarized zone.

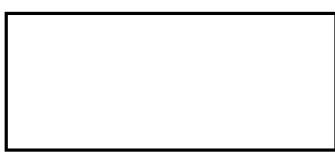
Comment: Resumption of work on the diversion project in contravention of an existing UN resolution would probably provoke armed retaliation by Syria. It would also further undermine the Johnston plan for development of the Jordan valley.

In October 1953 Israel complied with a UN request to suspend work in the demilitarized zone only after the United States temporarily withheld economic aid.

LATE ITEM

25X1A

5. Soviet ambassador Malik lauds President Eisenhower, condemns Churchill:



In a conversation with Ambassador Lodge on 25 February, Jacob Malik, Soviet ambassador to Britain, expressed thankfulness that General Eisenhower was

President and commented to the effect that it would be "very bad for the peace of the world if he stopped being President." Malik appeared to agree with Lodge's assertion that there were no insoluble problems dividing the United States and the USSR.

27 Feb 55

CURRENT INTELLIGENCE BULLETIN

Page 5

25X1A
Approved For Release 2002/10/21 : CIA-RDP79T00975A001900330001-4

25X1A

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The Soviet ambassador declared that the "root of all our troubles" is British prime minister Churchill, who "has done everything he could to keep the Soviet Union and the United States apart." Malik claimed that Churchill, before his trip to the United States in 1946 to deliver his speech at Fulton, Missouri, had told him he was making this speech in order to try to "drive the Soviet Union and the United States apart."

Malik said it was "inconsistent" to discuss disarmament at the same time the West is planning to rearm West Germany. He also complained that the USSR was blamed unjustly for considerable so-called international Communist activity which, he said, was not directed from Moscow.

Ambassador Lodge's evaluation of this conversation is that the Soviet leaders sincerely believe (1) that some accommodation with the United States is possible, (2) that the United States is unreasonable about German rearmament, and (3) that President Eisenhower wants peace.

Comment: Soviet spokesmen and propaganda have never attacked President Eisenhower personally, but have attacked Secretary of State Dulles and condemned American foreign policy on all counts.

Malik's charges against Churchill apparently were nothing more than a clumsy attempt to apply Molotov's dictum that the task of Soviet diplomacy is to exploit the "considerable contradictions between separate capitalist countries." In his foreign policy speech to the Supreme Soviet on 8 February, Molotov did not refer to President Eisenhower, but termed Churchill "one of the most outstanding ideologists of imperialism."

Soviet leaders have given many indications that they are willing to make minor adjustments in their policies which affect relations with the United States in order to lessen the danger of general war. They have never, however, indicated a willingness to make broad concessions on major East-West issues in an effort to reach a general accommodation with the United States.