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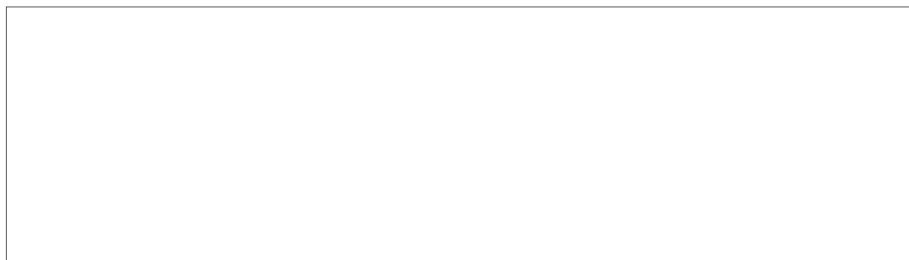
# CURRENT INTELLIGENCE BULLETIN

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**OFFICE OF CURRENT INTELLIGENCE**  
CENTRAL INTELLIGENCE AGENCY

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## 1. SOVIET BLOC REACTION TO PRESIDENT EISENHOWER'S REPLY TO BULGANIN

The Soviet press and radio have not yet published President Eisenhower's reply to Premier Bulganin's proposal and there has been no authoritative official or editorial reaction. Ambassador Bohlen has suggested that the Soviet leaders are withholding publication of the President's reply until its effect can be offset by another message from Bulganin. He also reported that Moscow has made a special effort to jam VOA broadcasts of the President's reply not only in Russian but in other languages.

The Moscow press and radio have begun, however, to prepare the Russian people for publication of the President's reply. Moscow radio has commented that American "unwillingness to accept the proposal has caused profound disillusionment among the supporters of peace and relaxation of international tension."

Most Satellite media have taken note of the President's rejection of the treaty. A Czech broadcast on 29 January said, "Bulganin has now put the American President's sincerity to the test. . . . Eisenhower failed in this test." In his 30 January speech, Chou En-lai stated, "It is regrettable that the United States authorities have quickly rejected the Soviet proposal" and insisted that it "definitely cannot be pushed aside by an offhand rejection." [redacted]

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## 2. SOVIET MINISTER OF INTERNAL AFFAIRS REPLACED

[Redacted]

The appointment of N. P. Dudorov to replace Colonel General S. N. Kruglov as Soviet minister of internal affairs (MVD) brings all police functions, secret and regular, under the immediate direction of men politically loyal to Khrushchev and will probably strengthen Khrushchev's control of the party's central committee.

In addition to its responsibility for overt police functions, the Ministry of Internal Affairs is concerned with the supply of labor to major construction projects. Dudorov, apparently a construction specialist, rose to prominence in the Moscow city party organization and became a deputy mayor of Moscow at a time when Khrushchev was the Moscow Oblast party boss. When Khrushchev reorganized the party central committee's apparatus early last year, he picked Dudorov to head the newly created construction department under the party's secretariat. Dudorov will probably also replace Kruglov on the central committee to be elected this month at the 20th Party Congress. [Redacted]

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### 3. SOVIET MILITARY AND ECONOMIC "AID" PROGRAMS MERGED

[Redacted] the Soviet organization responsible for foreign trade in military items, the Engineering Directorate, had been subordinated to the Chief Directorate for Economic Relations (GUES). Prior to April 1955, GUES was formed as a unit within the Foreign Trade Ministry to co-ordinate Moscow's military and economic "aid" programs. It was subsequently removed from this ministry and given a semiautonomous status directly under the Soviet Council of Ministers.

These transfers centralize authority over the planning and execution of all Soviet foreign assistance programs in a single agency under the direct command of the Soviet leaders. This action indicates that the USSR's widely publicized foreign assistance program for non-Communist, underdeveloped areas is intended to be a long-term program. (Prepared jointly with ORR)

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#### 4. PROSPECTIVE HATOYAMA SUCCESSOR STATES VIEWS ON COMMUNIST CHINA

[Redacted]

Secretary General Kishi of the Liberal-Democratic Party, who is expected to succeed to the premiership later this year, told Ambassador Allison on 31 January that Japan desires to increase trade with Communist China but that no top conservative leaders are pressing for recognition of the Peiping regime. He said he considered it most important for Japan to continue its alignment with American policy toward the Chinese Communists.

Most Japanese conservative leaders have indicated awareness that Japan's best interests are dependent on the friendship of the United States. They also realize that moves for relations with Peiping are not feasible at this time. They believe, however, that Japan must deal with Communist China in order to achieve economic independence and a more independent foreign policy.

Along with many other influential Japanese, Kishi hopes a relaxation of international tension will lead the United States to adopt policies which will permit normal Japanese relations with the Peiping regime.

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## 5. PRINCE SIHANOUK OF CAMBODIA DEPARTING SHORTLY FOR VISIT TO PEIPING

Prince Sihanouk of Cambodia is leaving for a visit to Peiping on 13 February, according to the Indian chargé in Phnom Penh.

The American embassy comments that the trip must not be viewed as any veering toward Communism on Sihanouk's part and doubts that recognition of the Peiping regime will result from the trip.

### Comment

In view of Sihanouk's unpredictable nature, it would not be surprising for him to agree to establish diplomatic relations with Communist China while visiting Peiping.

Sihanouk in effect requested an invitation during a press interview in Tokyo last December.

The Peiping visit will help him in his efforts to establish a reputation as a neutral. Despite these efforts, he has repeatedly acknowledged Cambodia's dependence on American aid for its defense.

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## 6. SOUTH AFRICA DEMANDS CLOSING OF SOVIET CONSULATE GENERAL

[Redacted]

The South African government's demand of 1 February that the Soviet consulate general in Pretoria be closed by 1 March is in keeping with that government's strong anti-Communist policy. There is little Soviet commercial activity in South Africa and local authorities considered the consulate a center of Communist intrigue. The consulate in Pretoria has been the only official Soviet representation in Africa south of Ethiopia.

South African foreign minister Louw had indicated last November that some such action might be taken against the consulate after it violated local laws by serving liquor to Africans at an official reception. In the demand for closing of the consulate, Louw charged that propaganda broadcasts from Moscow were inciting racial discord and stated that the consulate had cultivated contacts with subversive elements. The closing of the consulate is not expected to have an appreciable effect on Communist influence in the area. While this influence is not a major problem, Communist doctrines are spread by Africans and other non-Europeans returning from trips to the Sino-Soviet bloc countries.

South African officials have shown increasing concern over the Soviet threat to Africa, particularly in view of the Soviet-Liberian discussions over diplomatic representation last month. They have stepped up efforts to interest African colonial powers in a continental defense pact to guard against the growing Soviet threat through Egypt and the Sudan.

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## 7. USSR INTENSIFIES OVERTURES TO WEST EUROPEAN SOCIALISTS

[Redacted]

Western European representatives to the Bureau of the Socialist International, meeting in London on 30 January, have reported intensified Soviet approaches to Socialist parties. Invitations to visit the USSR have been accepted by the French Socialists, rejected by the Norwegians, and are still to be considered by the Austrian, Danish, and Dutch parties. This Soviet initiative is to be discussed at a meeting of the Council of the Socialist International in Zurich in March.

The US embassy in London believes that Khrushchev and Bulganin may invite the British Labor Party to send a delegation to the Soviet Union next spring, during or even before the Soviet leaders' visit to the United Kingdom.

According to Fritz Heine, West German Socialist (SPD) representative at the Bureau meeting, Soviet ambassador Zorin in Bonn has hinted that he would like to meet SPD leader Ollenhauer in the near future. Heine believes the Soviet leaders may invite Ollenhauer and the party executive to visit Moscow.

### Comment

These overtures to Western European Socialists are part of a continuing Soviet effort to overcome Socialist opposition and distrust toward local Communist proposals for "popular fronts" and electoral alliances and to encourage Socialist support of Soviet foreign policy positions on such issues as disarmament, European security, and German unity.

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**THE ARAB-ISRAELI SITUATION**  
**(Information as of 1700, 1 February)**

Press reports from Cairo state that the Egyptian army is holding maneuvers in east Sinai with new arms. The Egyptian foreign liaison officer refused to confirm this, claiming that as of 31 January no maneuvers were taking place.

Egyptian prime minister Nasr stated [redacted] he believed Syria would take military action if Israel again tried to divert Jordan River water at Banat Yacov, and that Egypt has decided to support Syria militarily,

[redacted] Nasr said, however, that he would insist that Syria give both the US and the UN an opportunity to persuade Israel to stop such "provocative and illegal action."

"Syria, in an aide-memoire [redacted]

[redacted] stated that it continued to hold to its position stated in its complaint to the UN Security Council of 16 October 1953 that an Israeli attempt to resume work to divert the Jordan River would be a new breach of the general armistice agreement, a violation of the Security Council decision, and a provocation threatening the peace and security of the area.

Critics of the Nasr regime are coming to believe that the Israeli problem should be dealt with by force,

[redacted] These critics believe that if Egypt has in fact received Soviet arms to the extent publicized, the Egyptian army should strike before the West can provide Israel with weapons. [redacted] Nasr is well aware of this attitude and, although he is sincerely opposed to war with Israel,

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he admits that present conditions may force him into some sort of limited war.

UN secretary general Hammarskjold believes that a settlement of the Arab-Israeli problem might now be possible and that the next few months offer a better opportunity than might arise in the future. Hammarskjold thinks Nasr wants peace now but he is not so certain that in the long run the Egyptians will continue to seek a settlement. On the other hand, he believes there is danger from Israel in the immediate future.

Hammarskjold, [redacted] has been thinking of requesting "quadrilateral intervention" in working toward an Arab-Israeli settlement. He is presumably thinking of Soviet participation in the deliberations of the tripartite powers, the US, Britain, and France.