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USSR

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IOP SECRET

1. Embassy Moscow comments on Soviet proposal for German treaty:

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The US Embassy in Moscow believes that the Soviet proposal for a German peace treaty is designed simply to delay West German rearmament and integration with the West.

Seeing Soviet control over East Germany as essential to Russian objectives in Europe, the Embassy does not concur with the line of reasoning that the Soviet proposal might mean a willingness to relinquish this control.

FAR EAST

2. Situation of Chinese Nationalists in Burma reviewed:

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There are 9,000 to 10,000 Chinese Nationalist troops in northeastern Burma,

control. Although morale is currently "not too low," it is difficult to maintain. The Thai have not supplied new arms or ammunition, reinforcements from Formosa have been negligible, and there are no plans to cross the border into Yunnan.

NEAR EAST - AFRICA

3. British military mission to Israel planned:

The Foreign Ministers of Great Britain and Israel, during a conference on 11 March, agreed to initiate diplomatic discussions on a proposed British military mission to Israel.

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Israeli Foreign Minister Sharrett asked Foreign Secretary Eden for obsolete military equipment, specifically light artillery and trainer aircraft, either as a gift or on a long-term loan basis. Sharrett also proposed closer economic relations.

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<u>Comment</u>: Israel has been fearful lest possible Arab participation in the proposed Middle East Command might act to its disadvantage. It has, therefore, been showing increased interest in effecting closer ties with the West. Any British mission to Israel will, on the other hand, arouse Arab suspicions of Western motives.

4. Comment on arrest of two Egyptian Wafd leaders:

The arrest of former Egyptian Minister of Interior Serageddin and the former Wafd Minister of Social Affairs indicates that Prime Minister Hilali has now seriously embarked on his clean-up campaign. According to reliable information from Cairo, the arrests were made after a special cabinet meeting, and it is planned to exile both men to their home villages.

The action against Serageddin, the influential Secretary General of the Wafd, makes it almost certain that Hilali will now be strongly opposed overtly and covertly by the well-organized majority party. Hilali's ability to handle the Wafd depends not only on the temporary maintenance of martial law, but also ultimately on achieving a settlement with Britain which is acceptable to the people.

5. Greek Government's attempt to restore proportional electoral system blocked:

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Acting Prime Minister Venizelos' recent attempt to force a bill through Parliament which would restore the proportional electoral system has been temporarily defeated, acmbassador

coruing to the American Ambassador.





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Despite Venizelos' assertion to the contrary, the Ambassador is convinced that Venizelos, the Palace, and Constantine Rendis, a leader in Plastiras' EPEK Party, were intent on having the law passed quickly; and a fait accompli was avoided only because Prime Minister Plastiras heard of the move and the American Embassy published its strong objections.

<u>Comment</u>: The American Embassy in Athens has long felt that the proportional electoral system favored by Venizelos and many Greek politicians would bring back the welter of small parties which has effectively hindered recovery in Greece. Accordingly, the Ambassador has been urging the employment of the simple majority system, which would favor General Papagos in any future election.

6. Reopening of the Bulgarian-Turkish border suggested:

to the Bulgarian Government for the reopening of the Bulgarian-Turkish border.

received concerning the negotiations

The Turkish-Bulgarian border was ordered closed by Turkish authorities on 8 November as a result of difficulties arising from Bulgaria's refusal to readmit "gypsies" who had crossed into Turkey on the strength of forged visas. Although a reopening of the border is well within the realm of possibility, it seems doubtful that Bulgaria, with its labor shortage, will be willing to allow the emigration of able-bodied Turks to continue.

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WESTERN EUROPE

7. West German Protestant chief to remove neutralist leaders:

Martin Niemoeller and Gustav Heinemann, both leading neutralists, are about to be repudiated by other high officials in the West German Evangelical Church, according to a

reliable church source. The source states confidentially that Niemoeller will shortly be ousted from the church council, and that Heinemann's resignation as Evangelical Synod President is anticipated.

This action stems from the desire of Protestant circles to dissociate the church from the remilitarization issue which has been jeopardizing church unity, and to clarify the church's relationship to politics.

Bishop Dibelius, head of the Evangelical Church, does not believe that Niemoeller will support the establishment of a separate state church in East Germany.

Comment: This new development had been partly presaged by recent Protestant attacks on Heinemann in Parliament. It will have the effect of weakening the appeal of neutralism in West Germany.

8. De Gaulle reportedly willing to cooperate with other French parties:

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General De Gaulle's true position is not so uncompromising as indicated in his statements

to the press on 10 March.

members of his party to join a coalition government under a non-Gaullist

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leader like Rene Mayer or Paul Reynaud, provided constitutional changes within three months are promised. The only changes he will insist upon are the restoration of legislative power to the upper house of Parliament, authority for the Cabinet to dissolve the Assembly, and the right of the President and Cabinet to initiate legislation.

Comment: In view of De Gaulle's recent leniency toward RPF deputies who broke party discipline over the investiture of Premier Pinay, practical politicians among his lieutenants can be expected to push for additional compromise with political realities.

While a rightist coalition offers the best chance for political and economic stability in France, this solution is precluded for the time being by the fundamental opposition of many centrist deputies.



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