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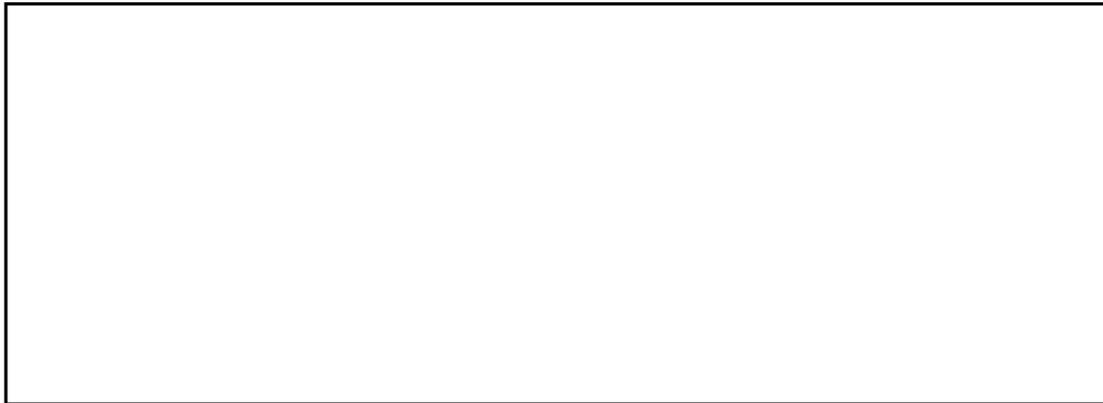
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CONTENTS



25X1
~ 4. **PAKISTAN PRESSES FOR SUPPORT ON KASHMIR ISSUE**
IN UN 

25X1A

25X1A

~ 5. **SITUATION IN INDONESIA** 

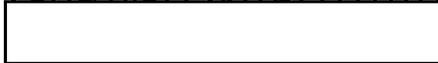


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~ 7. **HUNGARIAN DEFIANCE CONTINUES** 

~ 8. **RUMANIAN COMMUNIST PARTY CALLS FOR REVISION**
OF ECONOMIC PLANS IN FAVOR OF CONSUMER 
(page 10).

25X1



25X1

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Next 2 Page(s) In Document Exempt

Approved For Release 2002/10/21 : CIA-RDP79T00975A002900210001-6

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25X1 [redacted] 4. PAKISTAN PRESSES FOR SUPPORT ON KASHMIR
ISSUE IN UN

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[redacted]

Pakistan's Prime Minister Suhrawardy and Foreign Minister Noon told the American ambassador on 2 January that any retrogression in US support of a plebiscite in Kashmir when the issue comes before the UN Security Council this month will be considered "an outright betrayal of the Pakistani government" resulting from Nehru's visit to the United States.

The two officials said that Pakistan intends to ask the Security Council to introduce UN troops into the disputed state and to proceed with the plebiscite agreed to in 1948. They admitted, however, that they would be satisfied with the dispatch of a nonmilitary UN group to Kashmir, provided such a group would implement the plebiscite agreement and not merely engage in a new "fact-finding" mission.

Comment

Pakistan's primary objective in the UN discussions is to obtain a reaffirmation of the principle of a plebiscite. Karachi has rested its case throughout the eight-year-old dispute on its willingness to comply with the UN plebiscite proposal which Nehru publicly rejected a year ago.

Suhrawardy recently countered strong internal criticism of Pakistan's pro-Western foreign policy in the Middle East by emphasizing the advantages gained through association with the West. Without Western support on the Kashmir issue, he will find it increasingly difficult to justify this policy and maintain his position.

4 Jan 57

Current Intelligence Bulletin

Page 6

5. SITUATION IN INDONESIA

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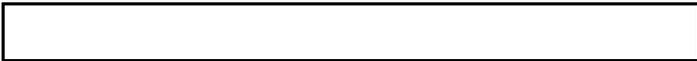
The Indonesian government has apparently decided for the present to rely on negotiation and compromise in its efforts to solve the problems of Sumatran disaffection. President Sukarno has taken advantage of Colonel Simbolon's recent declaration of allegiance to the president by instructing him to come to Djakarta to make a "personal report."

In addition, the army chief of staff, General Nasution, plans to use his personal prestige among the Sumatrans by going to Sumatra to confer with territorial and regimental commanders and has instructed all Sumatran officers to avoid bloodshed "as much as possible and as long as possible."

Parliamentary fact-finding missions are also being sent to each of the three Sumatran provinces. The National Party, which heads the cabinet and which is generally unpopular in Sumatra, is not represented on any of these delegations, although the Communist Party has delegates on two. The local reception accorded these parliamentary missions may indicate to Sukarno how far he can go in accepting Communist support for his policies.



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7. HUNGARIAN DEFIANCE CONTINUES

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Two months after the Soviet reintervention in Hungary on 4 November, the Hungarian people remain openly hostile to the Kadar regime. The American legation in Budapest reports that an anti-government protest occurred on 2 January when a large crowd of shoppers defied Budapest police. Hungarian writers--who spearheaded opposition to the regime before the revolution--are continuing open defiance. Even the supposedly controlled party press has charged that the "presence of the Soviet army violates the national pride of the Hungarian people."

Factory workers' councils and certain provincial revolutionary councils are resisting government decrees and refusing to fire idled employees in industrial plants. By the regime's own admission, on 3 January, coal output at the leading Hungarian mine at Tatabanya has declined, "as if somebody had ordered the miners to stop."

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8. RUMANIAN COMMUNIST PARTY CALLS FOR REVISION OF ECONOMIC PLANS IN FAVOR OF CONSUMER

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The 30 December communiqué of the Rumanian Workers Party central committee calls for a major overhaul of the economy in order to increase agricultural and consumer goods output, according to the American legation in Bucharest. Expansion of heavy industry, particularly basic raw materials and fuels, will continue, but at a slower pace than before.

Wages of most industrial workers are to be increased by about 15 percent. Compulsory delivery quotas for most agricultural commodities are to be abolished. Peasants are to be allowed considerable freedom in selling their produce either on the private market, to co-operatives or to the state.

The legation comments that the communiqué's emphasis on the need to improve living standards is an attempt by the regime to curry favor with the population, and "if actually put into practice, the communiqué throws out a large part" of Rumania's Five-Year Plan.

Comment

The extent of changes in the economic plans required by this communiqué cannot yet be determined.

Similar announcements of economic changes in the other Satellites may be forthcoming. In response to events in Hungary and Poland, the USSR is now carrying out a tougher political line toward the Satellites and reasserting strong direction over the Satellite Communist parties. It probably hopes that re-emphasis on a soft economic line within the Satellites, coupled with accelerated Soviet economic aid, will counterbalance any adverse effects of its new political line.