GENERAL

- 1. US opposes removing Hyderabad from SC agenda -- The Department of State has advised the US delegation to the UN meeting in Paris of its view that, despite the ending of hostilities in Hyderabad, it would be a mistake to drop the case from the Security Council agenda. The Department feels that to drop the case would encourage aggressive states to use force in inducing recalcitrant states to regotiate. The Department favors SC retention of the case until both parties report the outcome of their negotiations.
- 2. Satellite leaders reported to be meeting in USSR -- According to US missions in Bucharest, Budapest, Prague, and Sofia, reports of unknown reliability are current in eastern Europe of a meeting within the Soviet Union of leading Satellite Communists. Czechoslovak President Gottwald, Bulgarian Premier Dimitrov, Hungarian Vice Premier Rakosi, and Rumanian Foreign Minister Pauker are reportedly present in the USSR.

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EUROPE

3. FRANCE: Communist outbreak thought unlikely during UN session --US Ambassador Caffery has been informed that General Revers, Chief of Staff of the French Army, has had no information to indicate that the Communists mean to create disturbances during the UN meetings in Paris, and feels that the army "has the situation well in hand.'

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(CIA Comment: Although the critical labor unrest and unstable political situation in France could be rapidly exploited by the Communists to create disturbances during the UN General Assembly meetings, CIA does not believe that the Communists plan to disrupt the meetings. CIA believes, moreover, that the French security forces would be capable of swift suppression of any distur-Document No. 69 bances.)

State Department review completed

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NO CHANGE in Class.

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FAR EAST

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4. INDONESIA: Dutch believed to be increasing unrest—The US delegation of the UN Good Offices Committee reports its belief that recent provocative actions by Dutch officials in Indonesia strongly suggest that the Dutch are purposely aggravating the political situation within the Republic of Indonesia in order to make it harder for Premier Hatta's government to negotiate or even to survive. (The US delegation also reports that the Republican delegation has voted 7 to 1 in favor of the US draft agreement for settlement of the Dutch-Indonesian dispute.)

(CIA Comment: The Communist-led insurrection against the Republic in central Java, the development of which has been strengthened by the Dutch attitude, may now very likely be the excuse for Dutch military action against both the Republic and its Communist opponents.)