

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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Attached are copies for 3 and 16 January 1957, containing a discussion of recent events in the Soviet bloc and Yugoslavia. These are forwarded to you for retention.

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3 January 1957

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I. Political

1. USSR

- a. The Plenary Session of the Central Committee of the Communist Party of the Soviet Union which had been postponed several times took place between 20 and 24 December 1956 and, according to the results made known, centered on economic questions. Pervuchin was made head of the economic commission in an effort to tighten the controls of the Soviet economy. This had become necessary because of admitted large-scale blunders in investments and planing which made the fulfillment of the plan largely impossible particularly for basic industries and because of the development in the Satellite countries in which the previous system of coordinated Five-Year plans had been shaken. A meeting of the Council for Mutual Economic Aid will probably also become necessary for the execution of a rearrangement. The sixth Five-Year Plan of the USSR will be submitted to the Supreme Soviet for examination and approval in January. The requests for economic aid put forward to the USSR by the Eastern Bloc countries and the underdeveloped countries as well as a growing demand of consumer goods in the USSR also require a substantial increase in production, particularly since the USSR is by no means in a position approximately to come up to all economic demands with which the country is faced. Although emphasis is still on heavy industries, the composition of the body of deputies of Pervuchin which includes Kosygin for light industries, Malyshev as chairman for the commission of new technics, Khrunichev for aircraft industry, Kucherenko as chairman for the commission for construction and Matekevich for agriculture is indicative for the importance given to the development of the consumer goods industries, the foodstuff production and housing which had always been neglected. Since the above named previous prime ministers left office and Saveniagin, who had been in charge of the employment of labor, died and Tevossian, the previous deputy prime minister for heavy industries, was made ambassador in Tokyo, Malenkov is the only previous deputy prime minister who is still in the Ministers Council. Although the meeting again planned measures for the decentralization of the medium and low-level economy, the very essence of the centralized administrative economy of the Soviet Union gives only very limited scope to such plans.
- b. The appointment of Pervuchin gave added weight to the "technocrats" in the Soviet leadership. No indication of further major reshuffles of personnel are presently available, and the differences in the Soviet leadership are still unsettled and for the time being covered up by a common concern about the consolidation of the Soviet orbit. Khrushchev's recent statements on Stalin indicated that he is trying to take the wind out of his opponent's sails. The fact that Foreign Minister Shepilov was relieved of his functions as secretary of the Central Committee came only as a measure of routine.
- c. Commenting on statements by Polish journalist Bobrinski in "Nowa Kultura" in a rather vigorous press campaign, "Pravda" stated that "national Communism" was incompatible with Marxism and Leninism and the employment of coexistence principles between Socialist states was to be turned down, since it would necessarily lead to complete disintegration of the Socialist camp. In answer to statements by Kardelj, "Pravda" also criticized the Yugoslav "road to Socialism"

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in theory and praxis. The Soviet restrictive tendencies which became apparent in these ideological discussions must not be interpreted, however, to the effect that the Soviet policy was changing back to its previous hard course toward the Satellite countries. The Soviet leadership is aware that it is presently impossible to resume the policies of the Stalin era. Their defense of the purely Leninist doctrine does not serve the purpose of reversing the development in the Satellite countries but rather of preventing an ideological extremism which eventually may result in events like those in Hungary.

- d. There are indications of a growing intellectual emancipation among Soviet university students. In conjunction with the events in Poland, there is also a noticeable unrest in the Baltic countries and the former Polish West Ukraine which is a matter of great concern to the Soviet leadership.

2. Satellites and Yugoslavia

- a. As a result of the passive resistance by the Hungarian population, the Kadar government which is still confronted with great difficulties with Soviet consent tried to establish contacts with representatives of non-Communist parties in order to establish a "Patriotic Front". If the claim to leadership of the Communist Party and the establishment of unity lists in forthcoming elections were guaranteed, the Soviets, according to a statement by Shepilov and Zukov in Warsaw, were even prepared to accept a National Communist solution in Hungary. There are quarters in Hungary which believe that a politician of the Nagy type could then be employed. The government is trying to win over the population by introducing social measures for the workers and farmers such as the reintroduction of unemployment insurance and support and the abolition of compulsory membership in Kholchooses and by taking realistic economic measures designed to revive the Hungarian economy. The planning committee which Kadar established consists of 25 members including representatives of the Central Workers Council and of non-Communist parties. The number of those accepting Kadar as a necessary evil is increasing. Government spokesmen stated that the internment camp with which the government tried to break the resistance of its most stubborn opponents will be dissolved at the earliest possible date. The Soviet forces became less apparent in order not to embarrass the Hungarian nationalism. The situation in Hungary gives the outward impression of a slowly progressing consolidation.
- b. Commenting on the present relations between Yugoslavia and Poland, a Yugoslav politician stated that the Poles were presently using Western arguments which could easily be refuted by the Soviets. He also stated that the Yugoslavs had not been in a position to establish a common platform for the interests of the two countries and Vukmanovic, the leader of the Yugoslav delegation had only been friendly received by the Poles in those questions which did not touch upon the relationship with the Soviet Union. The Yugoslav politician added that Gomulka still believed that Poland's future could only be secured in conjunction with Moscow and, in spite of certain points of agreement, did not want to tie up the fate of his country with that of Yugoslavia. The statement which Shepilov and Zukov made and in which they assured the present Polish regime of full support gave Gomulka a backing against anti-Soviets and Stalinists in and outside Poland. He was consequently not prepared to receive Ulbricht who thus was not a member of the GDR delegation sent to Warsaw. Gomulka also is placing certain hopes on Chou en-Lai who will shortly visit Warsaw.

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c. The Yugoslavs claim to represent true Communism in the ideological discussions with Soviet views and strive to find a convincing interpretation of Marxism and Leninism which could be realized without a bureaucracy misusing its powers. Kardelj was ordered to prepare a statement. The Yugoslavs hope that by reducing the bureaucracy, Pervuchin may to some extent confirm the Yugoslav view. They hope to reach a compromise with Moscow. Soon after the Congress of the Communist Party of Italy at which the isolation of the Yugoslav Communists became apparent, Tito took up a Chinese offer and ordered his ambassador in Peking to request the Chinese government's mediation between Moscow and Belgrade.

3. Soviet Zone of Germany

a. On 1 January 1957, a large government delegation left Pankow for the USSR to continue the talks which a GDR delegation had started in Moscow in mid-December 1956. [redacted] the main talks will begin in Moscow on 4 January 1957. The delegation which is headed by Grotewohl includes Ulbricht and all other deputy prime ministers. [redacted] the GDR government is seeking a new economic agreement which would substantially enlarge the aid promised by Moscow in July 1956, and also placed special emphasis on a hard-currency credit. Following the example of Poland, the GDR government will also try to conclude a contract on the presence of Soviet troops in the GDR by making reference to the following:

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- (1) German offices had not been consulted or informed recently when Soviet units were transferred.
- (2) The Pankow government received protests from the population and regional administration regarding acts of vandalism and requisitions by Soviet units. [redacted]

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[redacted] In one instance even a shooting developed between Soviet soldiers and NVA personnel).

- (3) The GDR government is urged by the Soviet Zone population with reference to Poland to obtain similar Soviet consent.

Although in preliminary talks Kuschkin turned down all such attempts, the GDR government will again try to obtain a contract on the Soviet forces in East Germany because of mounting political pressure in the Zone. An ADN directive issued on 18 December 1956 showed, however, that the Politburo has misgivings about the outcome of the talks, since it demanded that all reports on these talks must be submitted to the Politburo prior to publication. The directive stated that "if the Moscow talks failed to produce the desired results, all official statements would have to be edited most carefully".

b. The invitation of Huysmann, the President of the Chamber of Deputies of Belgium, which had been scheduled for late 1956 was postponed to the spring of 1957, since it was considered inappropriate that he should tour the zone in view of the bad morale of the population. No invitations will for the same reason be extended to other Western delegations. Existing conflicts will, however, be maintained by letter "in order not to disrupt them by the present situation in the GDR".

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c. The discussion on the rights and tasks on the planned workers committees has not yet been terminated. The Central Committee is against any further concessions in that question and definitely turned down the establishment of a central workers committee which had been demanded by large groups of the workers. [redacted] that these committees would anyway develop into a political factor which would have to be taken into account. Workers' committees will at present only tentatively be established in 20 enterprises. The whole problem is serious for the SED, especially since the elections of the chairmen of the Association of Mutual Farmers Aid (VdgB) held prior to Christmas as well as the elections for the plant labor union headquarters in November 1956 resulted in a defeat of most of the SED candidates. The manipulations which had previously been used to rag up elections for the SED apparently did not do under the present circumstances.

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d. The mood of the population declined further prior to Christmas, particularly because of changes of norms, the poor food situation and cutdowns of working hours resulting in a reduction of wages.

[redacted] the mood of the population was not one of increased resignation. Although their attitude became more guarded and restrained because of intensified informant activities, the mood of the workers was one of pronounced restiveness and in many enterprises almost bordered on mutiny. Brawls between workers and functionaries or factory police were an almost daily occurrence for example in the Schwarze Pumpe combine and insults such as "there is a rope for you" or "you are all back-listed" were shouted to functionaries making speeches at meetings in other enterprises. [redacted]

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[redacted] the NVA as well as the Association for Sports and Technics (GST) and the factory combat groups were unreliable for the regime and, in the event of an outbreak of riots against the regime, would side with the population.

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4. Red China

a. Chou en-Lai tried to increase Red China's prestige with the Asia tour he now completed. He specifically tried to strengthen Peking's influence on the group of the Bandung countries and contrived to adjust himself to the mentality of the non-committed countries in Asia. He tried to make these countries believe that Red China was a peace-loving nation and that Communism was no alien affair in Asia. He also employed the tactics previously employed in Bandung and only stressed those things which they had in common such as "anti-Colonialism". [redacted] he obtained only a small number of concrete agreements but was able to score the propaganda effects desired by Peking. In an effort to increase these effects, a large number of Red Chinese cultural and sports delegations will follow up his tour. The most important part of his trip were his visits in India. [redacted] Chou and Nehru discussed the following questions:

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- (1) Red China's relations with India. Nehru was interested in making it clear to the world public that the good relations between India and Red China were above any criticism. India also wanted to show Chou that a successful rehabilitation could be made by non-Communist means.

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- (2) The relations between Japan and the Bandung group. Chou and Nehru reached agreement that it was appropriate to loosen Japan's ties with the US in order to incorporate her into the group of the Bandung countries. Only such a solution could prevent that Japan became the center of a new bloc forming in Asia. Chou assured that Peking would make a number of economic concessions promoting a getting together of Japan with Red China, Korea and North Vietnam.
- (3) The relations with the United States. Chou assured that Red China was interested in a political and economic rapprochement with the US but did not endorse Nehru's demand for a softening up of the power blocs. Chou expected that influential American economic groups would advocate a rapprochement between Red China and the US in order to open the Chinese market to American industries.
- (4) The collaboration of the Afro-Asiatic countries. Chou stated that Red China did not want to bring her weaker neighbors under her will.
- (5) The relations of India and Red China with Pakistan. [redacted] 25X1
[redacted] Pakistan tried to get Chou's support for Pakistan's 25X1
claims in Kashmir.
- b. The last statement which the Chinese Politburo made in late December 1956 partially set the frame for Chou's impending talks in Moscow and again showed that Peking is supporting demands for a special road to Socialism only if these policies do not question the solidarity of the Eastern Bloc particularly in regard to foreign policy and economic and military aspects. [redacted] the 25X1
following questions will figure prominently in Chou's talks in Moscow:
- (1) The Soviet hegemony in the Eastern Bloc.
- (2) Red China's relations with the Satellite countries in Eastern Europe.
- (3) The Bandung problem. Coordinating the policies toward the Bandung countries is probably necessary because of Soviet participation in a second Bandung conference which Moscow is seeking.
- (4) Further Soviet economic aid for Red China. Chou is interested in preventing the Soviet economic offensive in the Afro-Asiatic area from impairing Red China's own needs.
- [redacted] Chou will clarify these questions and then 25X1
discuss ideological questions in Warsaw and negotiate a further improvement of trade relations between China and Poland.

II. Military

1. Hungary. There are no indications of a substantial change of the strength and location of the Soviet troops employed in Hungary.
2. The reorganization of the Hungarian Armed Forces, including those elements of the border guard troops which remained in existence as such, is making further headway. There are indications that the cadre personnel was again registered and a new year class will be drafted. Orders on

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Christmas and New Year leaves and on the execution of annual inventory measures were issued. The term "comrade" which had been dropped during the rebellion again reappeared.

3. Arms and ammunition no longer needed or in need of repair are to be turned in to a central depot "with the help of the Soviet forces".

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16 January 1957

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I. Political1. USSR

- a. (1) Kuznetsov's reaction to the disarmament proposal which the United States presented to the United Nations on 14 January 1957 contained nothing new but only reiterated Bulganin's disarmament proposal of 17 November 1956, demanding the withdrawal of all forces from foreign territories and thus aiming at the abandonment of all American over-seas bases and the dissolution of NATO.

[redacted] it is scarcely to be expected that the Soviets should in return seriously consider the withdrawal of their troops from the Satellites, the dissolution of the Warsaw Pact and thus possibly a release of the Satellite countries from the Soviet orbit. The fact that they came out with their disarmament proposal must at the present time primarily be considered a political maneuver which is to underline toward the neutralist countries the basic peaceful intentions of the Soviet Union. This is particularly important for Moscow as it must seek to set off the psychological set-back in world opinion which resulted from the Soviet intervention in Hungary.

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- (2) Regarding the disarmament proposals, it may specifically be noted that the figures mentioned in conjunction with the military strength mean peace strength and thus leave open the strength after mobilization. In spite of the reduction of peace-time strength, the Soviet army will in the long run still have a considerable advantage over the mobilization strength of the Western forces. The American disarmament proposals for the first time demanded a control of all intercontinental missiles including earth satellites and future space stations and thus tried to obtain a control of the new bearers of nuclear and particularly thermo-nuclear weapons made possible by the further development in the technical field. These demands may embarrass the Soviets who made great strides in the development of such weapons.

- b. Chou en-Lai's visit was particularly welcome to the Soviet Union as it may strengthen the Soviet position in the present phase of a forced foreign-policy restraint which resulted from the crisis in the Satellite countries. Since Red China is also greatly interested in consolidating the Socialist camp, coordinating the Soviet and the Chinese policies, met with no major difficulties. (See paragraph 4, Red China.)

c.

[redacted] there is little likelihood that the modified 6th Five-Year Plan should already be presented for passing at this session of the Supreme Soviet. Preparing the plan modifications will still take months.

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[redacted] It was repeatedly announced that Bulganin would resign as Prime Minister and that Voroshilov would also resign and be replaced by Bulganin. It appears rather improbable that Khrushchev should soon be appointed Prime Minister [redacted] tended to indicate a solution according to which Khrushchev remains First

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Secretary of the Central Committee while Malenkov would become Prime Minister. This would diminish Khrushchev's influence and would contribute to preserve the equilibrium in the collective leadership.

[redacted] Zaslav would possibly become Khrushchev's successor as First Secretary of the Party.

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- d. The communique on Chou en-Lai's meeting with Kadar in Moscow on 10 January 1957 implied that efforts are being made to prepare a new form of an association of all communist parties. A series of articles carried by Soviet and Soviet-zone newspapers as well as statements made by prominent policy-makers of the Eastern Bloc also point toward a rebirth of some sort of "Cominform". Peking also considered an improved coordination of Communist Parties desirable, and [redacted] stated that Chou en-Lai suggested in Moscow that a large East Bloc conference be held in Prague in early February 1957 to settle existing differences of opinion. [redacted] the formation of a new Communist blanket organization could be initiated at that conference. [redacted] such a blanket organization would possibly not have the form of the previous cominform but rather would be based on bilateral agreements concluded between individual Communist Parties and the Communist Party of the Soviet Union.

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2. Satellites and Yugoslavia

- a. During his visit in Poland, Chou en-Lai, the Prime Minister of China, [redacted] stated that the "unity of the Socialist Camp" had to be restored primarily because the Americans were going to solve important international questions and might endanger the entire Eastern Bloc. Chou en-Lai, [redacted] was frankly told by Gomulka that the situation in Poland which developed after the Polish October revolution could not be reversed and that any attempt in that direction would only result in a bloody civil war. Gomulka, Cyrankiewicz and Chou en-Lai agreed that Poland could maintain her position only if she had the full backing of Moscow. Chou en-Lai offered his good offices as mediator between Poland and the Soviet Union if necessary. The political situation in Poland is still strained. [redacted] the candidates nominated for the election on 20 January 1957 greatly dissatisfied the population and that disturbances could thus develop. [redacted] the 18 Catholic candidates who had been nominated without Cardinal Wyszynski's consent were unpopular. An election boycott would possibly occur in those areas in which Communist candidates had been nominated. The United Polish Workers' Party (Communist Party) also seemed to disintegrate and numerous local organizations [redacted] were disbanded because they failed to receive membership dues. [redacted] Party Secretary Ochab who was made Minister of Agriculture would have to check on the lawfulness of all applications for the dissolution of collective farms. He is expected to follow a much harder course in agriculture after the elections. [redacted] the election manifesto which had jointly been prepared by the Farmers' Party and the Communists was received with distrust by the rural electorate and that farmers wanted candidates to make written statements that they stood up for the abolition of the ~~kolkhozy~~ system.

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- b. The government statement which was published in Hungary on 6 January 1957 [redacted] was received with indifference by the population who was in a mood of resignation. [redacted] the previous determination to fight had given way to an

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almost complete apathy which was even increased by reports on unfavorable living conditions for Hungarian refugees in Western countries. [redacted]

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[redacted] the number of opportunists was increasing. [redacted] the talks between Soviets, Chinese and Hungarians which took place on 10 January 1957 in Moscow had been initiated by Chou en-Lai after he had received pessimistic reports on the situation in Hungary from Menon, the Indian Ambassador in Moscow. Kadar's restrictive decrees on the activities of the Workers' Councils and the enlarged powers he gave to special courts immediately after his return from Moscow show that it had been decided in Moscow to follow a hard course in Hungary at present. [redacted] the new Socialist Workers Party could only slowly be set up under strong pressure. The arrangement that membership in the new party would protect against unemployment was to serve as an incentive for joining the party particularly because of the large volume of unemployment which is to be feared.

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c. Following up liberalization efforts by the Rumanian leadership [redacted]

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[redacted] Rumania [redacted] observed a policy of restraint at the Budapest conference in early January, while the Czechs blamed Kadar for his leniency toward oppositional elements in Hungary. [redacted]

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[redacted] the relations between Budapest and Bucharest were presently better than those existing between Budapest and Prague. Along with the concessions mentioned above, a number of measures designed to improve the living standards of the population as well as wages were also decided upon by the Central Committee of the Rumanian Workers' Party and [redacted] represented more than a mere propaganda move.

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d. Tito's attempt to persuade Chou en-Lai to visit Yugoslavia as well as his efforts to establish a joint front with Poland have failed so far. [redacted] the Yugoslav leadership now believes that the only way out consists in stressing the common course of all Communist Parties in order to avoid a definite breach with Moscow. [redacted] Tito's visit to the United States remained doubtful as long as the tensions between Moscow and Washington resulting from the Eisenhower doctrine persisted, unless Moscow showed that it had no objections to this visit.

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3. Soviet Zone of Germany

a. [redacted] the GDR delegation directed East Berlin from Moscow to emphasize only the political ties between the GDR and the Soviet Union in newspaper comments on the communique and not to stress the economic aid either in editorials or headlines, shows that the announced Soviet economic aid did not fully come up to the expectations and wishes of Pankow.

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b. In answer to a request from East Berlin, the GDR delegation in Moscow stated that the text of the troop pact had not yet been completed and that some items would still have to be formulated. It was added, however, that the troop pact would soon be published.

c. A directive given to the press on 8 January 1957, established the propaganda line on reunification and the election contest in West Germany, stating that the SPD-thesis according to which a collective security system would make possible the reunification of Germany must not be accepted, since such a system would make reunification easier but by no means possible. This question should only be discussed if the political, social and military conditions in the

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Federal Republic had been changed. The fight would have to be conducted against Adenauer, and since it was of an extreme importance that the SPD would come out victorious, that party must not be exposed in the election campaigns. All SPD demands compatible with SED goals such as the abolition of universal military training should be emphasized while those demands incompatible with SED goals should be ignored.

- d. [redacted] a mood of depression prevailed at the session of the executive committee of the Eastern CDU which took place in late December 1956. All district chairmen complained of new dictatorial SED tendencies. Overriding Ruschke, Goetting frankly stated that the political course would become sharper in 1957 and they would have to see to it that they would survive. One of the party members attending the session stated in private that the Eastern CDU had almost no party life and was a mere organization of functionaries. He said that 90 percent of the membership were old men who adored Adenauer and could not be utilized for political purposes. The talking of a collective party leadership was complete nonsense, since Goetting who was controlled by the SED exercised all powers and Ruschke was a mere figure head.

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4. Red China

- [redacted] the following questions were discussed
- b- Chou en-lai and the Soviet leaders in Moscow.

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- a. Commenting on the international situation, Chou voiced concern about the intensified activities of the American foreign-policy and demanded that efforts be made to prevent the development of new crises in the Eastern Bloc to make it impossible for the Western powers to exploit the temporary weakness of the Communist camp. [redacted] agreement was reached to conduct a basically defensive foreign policy during the next months in order to produce a relaxation. This policy was evidently prompted by a desire to overcome the psychological set-back which resulted in world opinion from the Hungarian crisis and to impress again the West and the Afro-Asiatic nations with Moscow's and Peking's alleged readiness for understanding.

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- b. During the discussion of the rehabilitation of the unity of the Communist world camp and pertinent ideological doctrines, it became apparent that Peking was greatly interested in restoring freedom of action for the Eastern Bloc as soon as possible. The talks were based on the Soviet statement on the relations between the Soviet Union and the Satellites dated 30 October 1956 and the Red Chinese announcement "On the Historical Experiences of the Dictatorship of the Proletariat", dated 29 December 1956. Peking considered the Soviet statement as a possible contribution to the rehabilitation of the unity of the Communist camp. Chou also confirmed again that Peking approved of Moscow's intervention in Hungary. No complete agreement was reached, however, in judging the political development in Poland, Hungary and Yugoslavia and their courses. The talks are scheduled to be continued in Moscow after Chou obtained on-the-spot information in Poland and Hungary. He was not ready expressly to disapprove of "National Communist tendencies" but confirmed the leading role of the Soviets in the Eastern Bloc. The discussion of ideological questions showed that Peking claims to have a say in the establishment of ideological doctrines for the Communist world camp.

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- e. The discussion of Far East policies chiefly concerned Red China's plans in regard to the questions in Korea and Formosa. Peking's stand on Formosa remained unchanged. Chou stated, however, that all problems in Asia will be solved without force. This political view is based on the actual power situation in the Formosa Straits as well as the reflection that Red China's reputation among the Bandung group could be impaired by violent actions.

II. Military

Hungary (Hungarian Army)

a. Personnel

Along with the slowly progressing rehabilitation of the Hungarian Armed Forces, efforts are being made to purge unreliable elements and thus create an officers corps true to the government line. Large portions and probably even the majority of the previous officers corps of the Hungarian Army follow the new regime in a mood of resignation, since they are aware that any rebellious act would be nonsense if no chances of success are available. Applications for reenlistment are consequently only partly caused by actual loyalty and partly by opportunism. Reenlistment is made contingent upon a loyalty statement which condemns counter-revolutionary forces, the brutal white terrorism, capitalist restoration efforts and subversive activities by capitalist groups and completely indorses the "Revolutionary Workers and Farmers Government" established on 4 November 1956 and recognizes the necessity of "requesting the help of the friendly Soviet Army for the quelling of the counter-revolutionary forces because of the danger of a counter-revolution with which the Hungarian people and the Hungarian fatherland is threatened". Those who undersign acknowledge with their signature that they will strictly obey all orders given by the revolutionary workers and farmers government as well as all military orders.

b. Training

Training plans had to be submitted for approval not later than mid-January 1957. Recruits who were scheduled to be drafted in the fall of 1956 will not be drafted, however. A reduction of the term of service is also under consideration.

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