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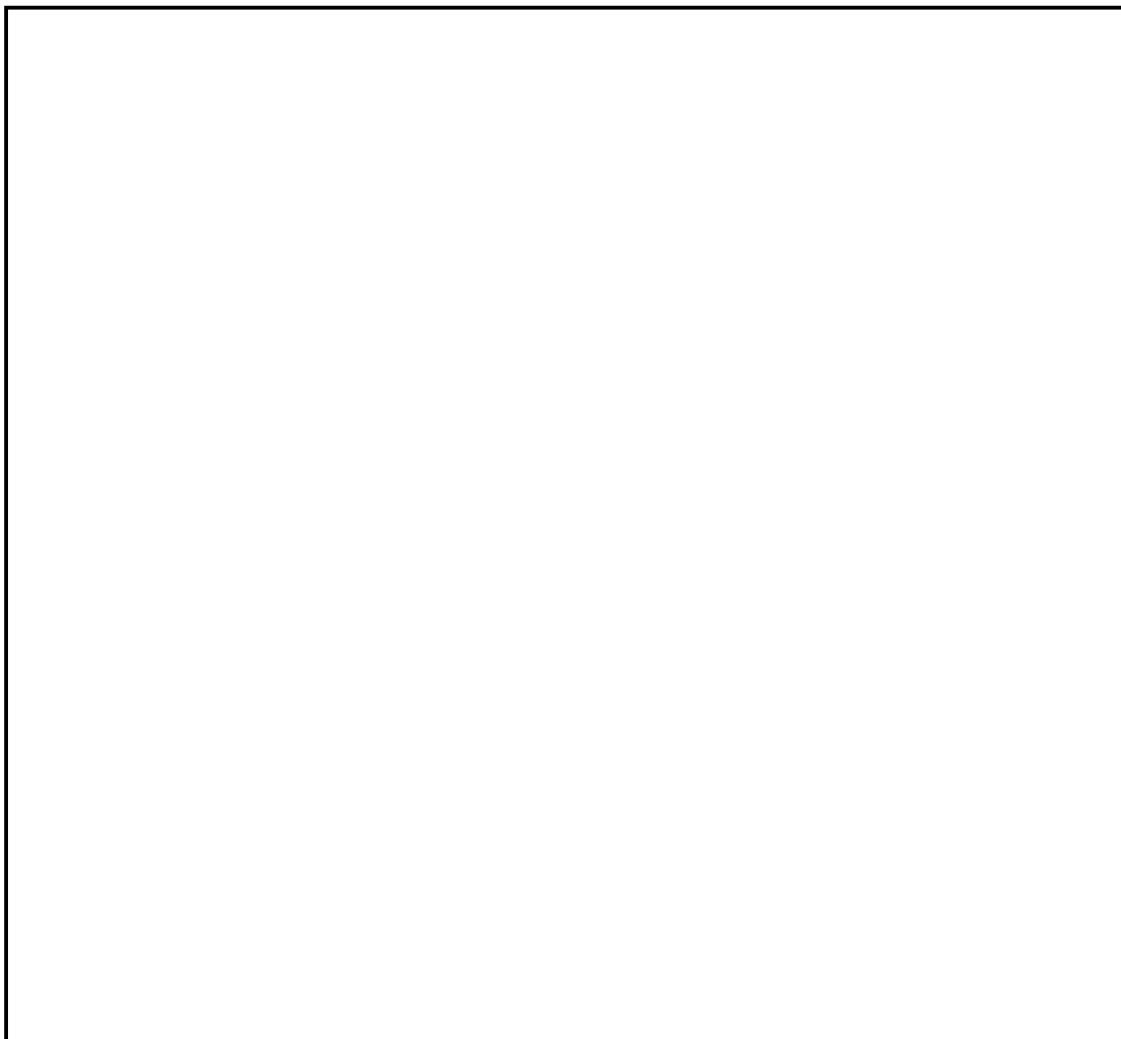
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SOUTHEAST ASIA

2. Thai premier makes further cabinet changes aimed at Phao:

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Premier Phibun is apparently determined to strip Police Director General Phao and his followers of their administrative posts within the government and their control of lucrative monopolies.

He is said to feel confident that these changes will not result in open conflict and bloodshed.

Phibun's actions over the week end included the ouster of Phao as deputy minister of finance, in which capacity he had left for the United States on 1 August to undertake informal aid discussions. It is not clear how this will affect his authority to conduct these talks. Last week the premier had assumed the Ministry of Interior, thus depriving Phao of the control he has exercised over that ministry as deputy.

The Phao faction apparently has been outmaneuvered by Phibun.

SOUTH ASIA

3. Comment on changes in Pakistani government:

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The resignation of Mohammad Ali as prime minister of Pakistan on 7 August, following his refusal to continue in office after his ouster as president of the Moslem League earlier the same day, poses an immediate problem to the government on the choice of Ali's successor.

Finance Minister Chaudri Mohammad Ali, who was elected president of the Moslem League, is the choice of Acting Governor General Mirza and the ruling clique. Despite this, however, Law Minister H. S. Suhrawardy, an experienced politician who has been seeking the premiership since he

joined the cabinet last October, may be given the opportunity to form a government. Suhrawardy would be a reluctant choice of Mirza and the ruling clique in the government but may become prime minister because the support of his Awami League is needed to form a new government.

For the present at least, regardless of who assumes the premiership, power in Pakistan may be expected to remain in the hands of Mirza and his group, who are strongly pro-American. Should Suhrawardy become prime minister, however, a conflict between him and the present ruling group would eventually develop.

EASTERN EUROPE

4. East Germans reported disappointed with outcome of Geneva conference:

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[redacted] [redacted] the populace is generally disappointed with the outcome of the Big Four conference at Geneva. A feeling is prevalent that because of its "trusting nature" the West was misled by the Soviet Union, and confidence in the United States has decreased. People generally believe that the Russians gained all their objectives without making any concessions and that a relaxation in tensions will help the USSR repair its economy, with the result that it will be less ready in the future to concede on the German question.

Earlier hopes that Chancellor Adenauer's visit to Moscow would work a "miracle" have now been replaced by resignation. Some people feel that prospects for reunification were dimmed at Geneva, and that therefore his visit to Moscow will be barren of results.

[Redacted]

There is also a tendency to accept the Communist allegation that the chancellor is an enemy of reunification.