

20 OCT 15
65125

~~TOP SECRET~~

C O N T E N T S

	Page
HIGHLIGHTS	1
 UNITED NATIONS	
GA Strengthened	2
Korean Rehabilitation	2
Ambon Affair	3
Palestine Debate	4
 EASTERN EUROPEAN PROBLEMS	
USSR-East Germany	5
Bulgarian Provocations	6
Balkan Drought	6
Discontent in Hungary	7
 INDOCHINA CRISIS	 8
 LOCAL DEVELOPMENTS	
Israeli Political Crisis	12
French-US Civil Air Impasse	13
 ARTICLE	
Yugoslavia and the West	14

F-13

Document No. 001

NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 25/1/78 By: 023

~~TOP SECRET~~

~~TOP SECRET~~

H I G H L I G H T S

In the continuing East-West struggle, the Western Powers succeeded in strengthening the United Nations as an instrument for preserving peace while the French position in Indochina continued to deteriorate rapidly.

The capability of the Soviet Union to prevent prompt and effective UN action to oppose future aggression will be materially weakened as a result of the overwhelming vote in the GA Political Committee for the US-initiated proposal to give the General Assembly a freer and stronger hand in dealing with the troubled areas of the world (see page 2).

Meanwhile, French military reverses in Indochina have produced a most critical situation (see page 5). There are no indications of French willingness to take the quick and drastic measures necessary to turn the tide against the Viet Minh rebels, particularly in the direction of political concessions which would enlist greater Vietnamese support for the anti-Communist effort. There is even some doubt that if the French do reverse their previous policy they can maintain their position in Indochina.

The steady improvement in Yugoslav relations with the West continues and has been accelerated by such developments as the Korean aggression and increased Yugoslav reliance on Western aid to overcome the acute economic crisis arising from the current drought (see page 14).

- 1 -

~~TOP SECRET~~

~~TOP SECRET~~

UNITED NATIONS

GA Strengthened Adoption of the US-initiated "United Action for Peace" resolution by the General Assembly Political Committee demonstrates the determination of the non-Soviet world to take steps which would prevent the USSR from undermining the UN as an effective instrument for preserving peace. Spurred on by UN success in dealing with Korea in the absence of the USSR, the General Assembly will almost certainly approve the US-backed resolution, thus culminating a trend of several years toward expanding the functions of the General Assembly in dealing with international trouble spots. The basic question has been whether the Charter vests the General Assembly with authority to recommend the use of force to repel aggression after failure of the SC to act. Admittedly only the SC has the legal power to order police measures; however, nations supporting the US proposal would probably regard themselves morally committed to honor a GA call for armed action against aggression. Furthermore, if a custom should develop whereby members of the UN recognized a moral obligation to comply with such GA recommendations, these might in time acquire the force of law. In opposing the resolution, Vishinsky was quick to recognize this danger when he alluded to the remarks by other delegates indicating "that a recommendation, morally speaking, is tantamount to an order."

Korean Rehabilitation In view of the improbability that an early solution of the political problems resulting from the Korean war will be reached, it is a matter of considerable importance that the General Assembly reach early and practicable decisions on Korean rehabilitation, which has been estimated to call for nearly \$1 billion during the next three years. The UN Economic and Social Council (ECOSOC),

- 2 -

~~TOP SECRET~~

T O P S E C R E T

charged with drafting a proposal for the GA, has been studying two different approaches to problem. An Australian proposal would make Korean rehabilitation essentially the responsibility of the proposed UN Commission for the Unification and Rehabilitation of Korea (UNCURK). The other proposal, prepared by the US in consultation with the UK, Canada, Brazil, and France, would establish a UN Korean Reconstruction Agency (UNKRA) under a UN Agent General. UNKRA would carry out programs determined by ECOSOC and the GA but would otherwise be largely independent and would work in close coordination with UNCURK. An outstanding feature of the proposal is its provision for use of the facilities and personnel of "existing international agencies," making possible participation by the ECA, whose knowledge and techniques should be of considerable assistance.

Prospects for prompt ECOSOC acceptance of the proposal, perhaps with incorporation of some Australian points, are good. Its later acceptance by the GA is almost certain. Meanwhile, a seven-member ECOSOC committee will report to the GA next week on probable Korean requirements. Although appointed to this committee by ECOSOC President Santa Cruz, the USSR has declined membership on the grounds that representatives from both North and South Korea should be allowed to participate in its work.

Ambon Affair Continued Indonesian refusal to accept the good offices of the UN Commission for Indonesia (UNCI) in the Ambon dispute diminishes prospects for avoiding consideration of the matter by the Security Council. If the case should come before the SC, the Soviet representative would certainly seize the opportunity to champion Asian sovereignty against "Dutch colonialism" and charge the US with using the UN to intervene in Indonesian internal affairs.

- 3 -

T O P S E C R E T

TOP SECRET

The stand of India, which has already taken the side of the Indonesians, would accentuate the East-West character of any SC discussions. Open discussion of the fulfillment of the Hague Round Table Agreements, moreover, would further exacerbate relations within the Netherlands-Indonesian Union and would complicate a settlement of the troublesome problem of Netherlands New Guinea. If consideration by the SC becomes unavoidable, the Western Powers will probably seek to hold discussion to an absolute minimum and reaffirm the authority of UNCI. The Commission, however, is not likely to exert much influence on the Republic of Indonesia, and the Indonesians will probably continue to hope that more active UN intervention can be forestalled by early conclusion of the military phase of the Ambon affair.

Palestine Debate Security Council consideration of the charges and counter-charges filed by Egypt, Israel, and Iraq (on Jordan's behalf) is unlikely to resolve the current Near East disputes or relieve tension in the area. At issue between Egypt and Israel are Israel's expulsion of Bedouin nomads into Egyptian territory and Israeli objections to Egyptian blockade practices at Suez. Jordan's complaint concerns alleged Israeli aggression into the disputed Yarmuk area, which, although within the old boundary of Transjordan, falls under Israeli control according to the general armistice agreement. Although SC discussion may clarify some of the points at issue, it may also add to the bitterness of the disputants. It is probable that the SC will merely refer the problems to the Mixed Armistice Commission for study and report.

- 4 -

TOP SECRET

T O P S E C R E T**EASTERN EUROPEAN PROBLEMS**

USSR-East Germany The USSR is unlikely to use the recent East German elections and the increasing "sovereignty" being granted to the German Democratic Republic (GDR) as a pretext for concluding in the near future either a unilateral peace treaty or treaty of mutual assistance with the East German state. The USSR may, however, parallel Western action by declaring a termination to the state of war with Germany. Furthermore, in an attempt to increase the prestige of the GDR, it may remove overt Soviet controls from the East German economy and permit the Soviet diplomatic mission to the GDR to carry on the duties of the Soviet Control Commission. As the USSR will retain its overt status as an occupying power, it is likely that the USSR will limit the role of the "sovereign" GDR to minor harassment of the Western Powers.

A unilateral peace treaty with the GDR would give the USSR no significant additional advantages, and would present the Kremlin with certain difficulties which it is under no compulsion to face at this time. A peace treaty would gain little support from the German people and would produce little propaganda advantage unless accompanied by the withdrawal of Soviet occupation forces. In view of present international tension, the Western decision to increase occupation forces in Germany, and the probability of limited West German rearmament, it is not likely that the USSR is contemplating even a reduction in its occupation forces. Moreover, a separate peace would openly violate the Potsdam Agreement and weaken considerably a basic Soviet propaganda contention that the division of Germany is the result of Western violations of the Potsdam Agreement. Finally, the USSR may not desire at this time to erect a legal barrier to future four-power consideration of the German problem.

- 5 -

T O P S E C R E T

T O P S E C R E T

With regard to a mutual assistance pact, the current preponderance of Soviet military strength makes such a pact unnecessary at this time. Moreover, the Kremlin probably wishes to avoid a formal military commitment because of its realization that the struggle for Germany will always entail a grave risk of global war.

Bulgarian Provocations The continuing and deliberate acts of provocation initiated by Bulgaria against Greece and Turkey, as well as Yugoslavia, not only demonstrate the Kremlin's policy of using its Satellites to create tension and unrest but also point up Soviet ability to pursue mutually contradictory tactics. Bulgaria has recently added to its routine propaganda attacks, diplomatic pressure, and minor border incidents, a demand that Turkey repatriate immediately 250,000 Bulgarians of Turkish ancestry and an attempt to seize a small piece of Greek territory along the border by changing the course of the Evros River. Aside from the advantages of inciting unrest, obstructing the Turkish and Greek economies, and creating a pretext for possible aggression, it is difficult to see what profit the USSR expects to gain from these provocative acts. They are patently inconsistent with the Soviet peace campaign and serve to lessen any effect it might have in Greece and Turkey. Moreover, by arousing Greek and Turkish nationalist feeling, these acts tend to increase Greek and Turkish popular resentment against the Communist movement.

Balkan Drought Drought conditions in extensive areas of Hungary, Bulgaria, and Rumania may seriously retard Communist economic plans for developing these countries, intensify peasant resentment against the regimes, and complicate the entire problem of implementing agricultural collectivization programs. Normally an exporter of foods, Hungary has experienced food shortages since April, and the

T O P S E C R E T

TOP SECRET

current drought offers little prospect of remedying the situation. The reduction in agricultural production will require tighter rationing, reduce Hungary's exports--thus restricting the ability to import items essential for the industrialization program, and further reduce the declining standard of living. Although less seriously affected at present, Bulgaria may suffer, as a result of drought conditions, food shortages next spring. The government has apparently forced the farmers to complete the fall sowing program by 10 October, despite the danger that continued drought conditions until freezing weather would materially lower seed germination in the spring and produce a serious bread grain shortage. Meanwhile, Bulgaria's food prospects may be further endangered by the speed with which collectivization is being pushed, particularly in areas being evacuated by the forced emigration of Bulgarians of Turkish ancestry. The principal problem is the shortage of trained personnel capable of managing the newly created collective farms. Rumania is also suffering drought conditions in the western and southern provinces, but fragmentary information indicates that the effects will not be as serious or as widespread as in Bulgaria or Hungary.

Discontent in Hungary Popular discontent in Hungary, partly caused by rising prices, has led the government and the Communist Party to institute additional measures to curb the expression of dissatisfaction among the people. Large numbers of people have been arrested, from all elements of the population, on charges appropriate to their particular backgrounds. Of special significance is the campaign against the Social Democrats and the leadership of the trade unions. The Social Democrats, hitherto accepted by the Communists as allies, are now accused of being opposed to the interests of the workers. Hundreds of Social Democrats from factory workers to Cabinet Ministers have been arrested. So far, the severe criticism of the trade unions has been accompanied only by purges among low-level officials.

- 7 -

TOP SECRET

TOP SECRET**INDOCHINA CRISIS**

French Military Position The recent Viet Minh military successes resulting in the abandonment of several French border posts in North Vietnam and the heavy personnel losses sustained in the course of these withdrawals have forced the French to re-examine the military strategy they have been following since the end of World War II. This strategy has been two-fold: to drive the Viet Minh from the Red River delta of North Vietnam and to maintain a series of fortified posts along the Sino-Vietnam frontier. This strategy involved tolerance of Viet Minh control over considerable areas of Vietnam, except for occasional French thrusts, and the concentration of French pacification operations in those areas in which the French had established either a fairly well-defined perimeter or a series of mutually supporting block-houses along the major lines of communications. Nonetheless, it was hoped that the maintenance of French posts on the Sino-Vietnam frontier would prevent or minimize large-scale Chinese Communist aid to the Viet Minh while, at the same time, the extension of French control over the rice-growing areas of North Vietnam would eventually starve the Viet Minh into submission.

Viet Minh Strategy Meanwhile, Viet Minh military strategy has attempted to ensure a maximum dispersion of French forces throughout Indochina while building up military strength for a future decisive engagement with French forces. This build-up has taken place chiefly within the upland areas bordering on China, where the Viet Minh has for many months been virtually immune to French counteraction. In implementation of this strategic aim and as the build-up takes effect, the tactics employed by the Viet Minh are now gradually shifting from guerrilla operations to positional warfare.

- 8 -

TOP SECRET

T O P S E C R E T

It has not been possible to determine the exact extent to which the increasing capabilities of the Viet Minh have been attributable to technical and material aid from Communist China. The assistance which the Viet Minh has derived from its physical and ideological proximity to Communist China, however, has probably been considerable. Moreover, the Viet Minh's policy of total mobilization of all human and material resources in areas under its control has certainly constituted an important factor in its growing strength.

Political Factors French policy in Indochina has been the product of attempts to appease Vietnamese nationalist aspirations while refusing to relinquish French claims to political control over Vietnam. The French have faced the problem of competing with a Communist-controlled organization, the Viet Minh, which has succeeded in persuading the vast majority of Vietnamese that the cause of nationalism is best served by the armed rebellion which the Viet Minh leads. In order to meet the combination of political and military threats posed by the Viet Minh, the French have had at their disposal two complementary methods of counteraction: (1) military repression of the Viet Minh; and (2) encouragement of a non-Communist Vietnamese government capable of contributing effectively to a combined program of : (a) undermining the Viet Minh's claim that it alone represents vigorous and unequivocal nationalist demands; and (b) military action under Vietnamese command in alliance with the French against the Viet Minh. Owing to the considerable influence which purely colonial objectives have had in the formulation of French policy, however, the program followed by the French has largely neglected political methods and placed almost exclusive reliance on French military force.

- 9 -

T O P S E C R E T

T O P S E C R E T

The delays, reservations, and ambiguities which have attended the progress of the French-sponsored Associated State of Vietnam toward its anomalous status of "independence within the French Union" have severely stunted its growth, disillusioned the great majority of Vietnamese who originally saw hope in that government, and prevented all but marginal utilization of the considerable non-Communist and anti-Communist sentiment which exists in Vietnam.

Present French Plans In meeting the current military crisis, there is no indication that the French are yet ready to make any fundamental changes in their approach to the military or political aspects of the Indochina problem. They continue to take an obstructive attitude at the four-month-old Pau Conference toward the transfer of fiscal autonomy to the Associated States. Unless Chinese Communist troops invade Indochina in force, the French are likely to persist in claiming that they alone must direct the war against the Viet Minh; the situation would have to deteriorate markedly before the French would alter their present program or appeal to the UN. They will, however, sharpen their appeals for faster deliveries and increased allocations for US arms, but without any increased willingness to permit greater US influence in the area.

Future Prospects Given the present framework of French-Vietnamese political relations, a French military campaign against the Viet Minh is almost certain to end in the defeat of French forces, even assuming a program of considerably increased military aid to the French. One major difficulty facing the French is how to achieve maximum utilization of available Indochinese natives in military operations. Another problem is the high morale among the Viet Minh forces. Both of these difficulties are to a large degree politically derived

- 10 -

T O P S E C R E T

T O P S E C R E T

because of French reluctance to permit the creation of native armed forces, and because of the rebels' conviction that they are following the only road to liberation. It is not possible to determine with certainty whether a re-orientation of French policy would serve to correct these weaknesses sufficiently to effect a reversal of the present trend of increasing Viet Minh strength. All that can be stated as a certainty is that the French have made no bold and determined effort to ~~make the maximum effective use of non-Communist nationalism in Vietnam.~~ If such an effort were made (whether under the auspices of the French themselves, the UN, or one or more third parties), it is at least conceivable that a vigorous, anti-Communist indigenous army could be raised and that serious dissension or uncertainty could be created between the Communists and non-Communists who are now fighting under the leadership of Viet Minh. The essential elements of such an effort would be a firm and credible guarantee of Vietnam's independence and the most rapid feasible implementation of a generous program aimed at achievement of this goal.

- 11 -

T O P S E C R E T

TOP SECRET

LOCAL DEVELOPMENTS

ISRAEL

Political Crisis Prime Minister Ben-Gurion has acted with characteristic boldness in Israel's first major political crisis. When the Orthodox Religious Bloc failed to go along with the rest of the coalition in accepting his proposed Cabinet shakeup, Ben-Gurion promptly resigned and subsequently went to the Knesset with a demand for new elections. Although the Knesset's refusal to accept Ben-Gurion's proposal that he head a pre-election minority "caretaker" government may result in his temporarily vacating the premiership for the first time since Israel's establishment in May 1948, his decision to seek new elections may pay off in the end. Despite a general deterioration of the economic situation and the emergence of considerable anti-government criticism over the austerity program, the spiraling prices, and the appearance of black markets, Ben-Gurion's party, MAPAI, still appears to have the backing of most of the people. MAPAM, Israel's second-ranking party, has probably lost some support within the last year because of the strongly pro-Soviet position it has adopted despite Israel's obvious economic dependence on the West. MAPAI may also pick up votes because of popular criticism of the Orthodox Religious Bloc for insisting on the use of strictly kosher meat (an expensive practice) and on separate religious schools. One unknown factor is the voting preference of the substantial number of immigrants who have entered Israel since the 1949 election. Ben-Gurion probably reasoned, however, that while new elections represent a gamble, it would be better to go to the polls now than to attempt the formation of another coalition government which almost certainly would have only a slim majority in the Knesset.

T O P S E C R E T

FRANCE

Civil Air Impasse US and French civil air officials have reached an impasse in recently concluded technical discussions, during which the French not only refused to permit the addition of PAA to existing TWA airline services through Paris but also proposed an arbitrary and unacceptable restriction on US-French North Atlantic traffic. The US has therefore decided to pursue the question at Cabinet level. The intransigent French attitude, which is reflected in a number of European and non-European countries operating international services in competition with US airlines, appears to be motivated by fear of increased US competition and by domestic political considerations. It does not seem likely, in the context of overall US-French relations, that the French will persist to the point of abrogating the present bilateral air agreement, but any US concession of principle to prevent this eventuality would establish a precedent which other countries might exploit to the disadvantage of US international airline operations.

T O P S E C R E T

~~TOP SECRET~~

YUGOSLAVIA AND THE WEST

Yugoslavia's official attitude toward the West has perceptibly improved during the past year, at least in its outward manifestations. With Yugoslavia facing a critical economic phase and possibly dangerous repercussions on the stability of the regime, Yugoslav leaders are obliged to make concrete decisions increasingly at variance with their world outlook as orthodox Communists. This evolution has produced some indications of disagreement within the top leadership of the Yugoslav Communist Party over the implications of Yugoslavia's position as the sole orthodox Communist state and indications of doubt and confusion among the rank and file of the Party in the face of the government's increasingly critical attitude toward the USSR and correspondingly less intransigent attitude toward the West. It is doubtful, however, whether these developments will lead to a serious split among top Yugoslav rulers.

The course of events during the last year has strongly favored the adoption by Yugoslavia of a policy of accommodation with the West. The Korean aggression, which came as a shock to Communists and non-Communists alike, appears to have accelerated Yugoslav disillusionment with the Kremlin and to have strengthened Yugoslav adherence to the UN. The developing economic crisis in Yugoslavia, rendered acute by this year's poor harvests, has made early Western support on some terms vital for maintaining the stability and independence of the Tito regime. These developments have been reflected in a noticeable improvement in Yugoslav relations with Austria, Italy, and Western Germany, and although Greek-Yugoslav relations are still at an impasse, there are signs that efforts at a rapprochement are likely to be renewed.

- 14 -

~~TOP SECRET~~

~~TOP SECRET~~

The evolution of internal policy in Yugoslavia has also favored the establishment of a long-term modus vivendi with the West. During the past year there was evolved a Yugoslav version of "democratic socialism" which in theory would permit far greater flexibility than Stalinism. The government now stresses the possibility of coexistence of independent socialist and capitalist states. The government, moreover, has recently invited leading European trade union and Socialist leaders to freely inspect the Yugoslav experiment, indicating that the government may be willing to permit, within limits, the freer intercourse that is an indispensable condition of understanding between nations.

- 15 -

~~TOP SECRET~~

~~TOP SECRET~~ Document No.

NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 25/1/78 By: 023

DISTRIBUTION

- 1. The President
- 2,3,4,5. Secretary of State
- 6,7,8. Secretary of Defense
- 9. Secretary of Army
- 10. Secretary of the Navy
- 11. Secretary of the Air Force
- 12. Special Assistant to the President, W.A. Harriman
- 13,14,15. Chairman, National Security Resources Board
- 16,17. Executive Secretary to the National Security Council
- 18. Assistant Secretary of the Navy for Air
- 19. Secretary, Joint Chiefs of Staff
- 20. Chairman, Joint Chiefs of Staff
- 21,22. Chief of Staff, US Army
- 23,24,25. Chief of Naval Operations
- 26,27,28. Chief of Staff, US Air Force
- 29. Assistant Chief of Staff, G-3, Operations, US Army
- 30. Deputy Chief of Staff (Operations), US Air Force
- 31. Deputy Chief of Naval Operations (Operations)
- 32. Director of Plans and Operations, US Air Force
- 33,34,35. Special Assistant, Intelligence, Department of State
- 36,37,38,39,40,41,
42,43,44,45. Assistant Chief of Staff, G-2, Intelligence, US Army
- 46,47,48,49,50,51,
52,53,54,55,56,
57,58,59,60. Director of Naval Intelligence
- 61,62,63,64,65,66,
67,68,69. Director of Intelligence, Headquarters, US Air Force
- 70. Director of Intelligence, Atomic Energy Commission
- 71. Executive Secretary, Military Liaison Committee,
Atomic Energy Commission
- 72,73,74,75,76,77,
78,79,80,81,82,
83,84,85. Chief, Acquisition and Distribution Div., OCD, State
- 86. Chief, Policy Planning Staff, Department of State
- 87. USAF Rep. on Joint Strategic Survey Committee
- 88. Director, Federal Bureau of Investigation
- 89,90. Administrator, Economic Cooperation Administration
- 91. Deputy Director for Intelligence, The Joint Staff
- 92. Secretary, Joint Intelligence Group, Joint Staff
- 93. Deputy Director, Joint Staff
- 94,95,96. Director, Armed Forces Security Agency
- 97. Ambassador At Large Philip C. Jessup
- 98. Secretary of the Air Force
- 99. Assistant Secretary of the Treasury

~~TOP SECRET~~