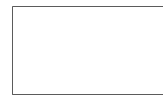


~~TOP SECRET~~

1223

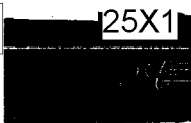
GENERAL

1. French views on Indochina--US Ambassador Bruce in Paris has been informed by French Foreign Minister Schuman that he regards Indochina as primarily a French responsibility and that he would like to get immediate US aid in considerable quantities. According to Bruce, Schuman believes that French evacuation of Indochina would: (a) lead to a massacre of French troops, French civilians, and natives; (b) cause grave political disturbances in France; (c) have a serious effect on the French Union, especially in Africa; and (d) create an impression of Western defeatism. Schuman asserted that France's ability to continue in Indochina would have to be considered in connection with the overall policy to be adopted by the US, UK, and France in regard to the Far East. Meanwhile, the Secretary General of the French Foreign Ministry has told Bruce that France intends to follow an "evolutionary process" with the Indochinese regimes, but doubts the wisdom of publicizing this intention.



25X1

2. Southeast Asia situation reviewed--US Ambassador Kirk in Moscow expresses the belief that "everything possible short of involvement of US fighting forces" should be done to stop the Communists before they control Indochina, Thailand, and Burma. The Ambassador, in support of his position, expresses the view that: (a) "drawing the line" at the Chinese border will have a vital psychological effect throughout Asia; and (b) preventing the Chinese Communists from extending their influence in Southeast Asia and from obtaining foodstuffs there will expose Sino-Soviet relations to a strain which both partners may be hoping to avoid. Kirk points out that Japan's economic development



25X1

- 1 -

State Dept. review completed

Document No. 45

NO CHANGE in Class.

RECLASSIFIED

Class. & Ext. To: TS S **(C)**

Auth: DDP/RS/77/1103

Date: 16 MAR 1978 By:

~~CONFIDENTIAL~~

25X1

T O P S E C R E T

is dependent upon markets in non-Communist Asia and comments that the acquisition of Southeast Asia by the Communists would increase the attraction to the Japanese of eventual alignment with the Communists.

EUROPE

3. **HUNGARY: Attack on US Legation**--US Legation Budapest suggests that the recent Hungarian accusation that the US maintains an oversized Legation staff for espionage purposes is designed to force the US to take the initiative in reducing its Legation staff. The Legation points out that refusing to dismiss its Hungarian employees would probably lead to their arrest, whereas dismissing them would leave them jobless and "branded" as enemies of the state.



25X1

- 2 -

CONFIDENTIAL
T O P S E C R E T