

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

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STAFF MEMORANDUM NO. 2-56

SUBJECT: Princeton Consultants Meetings of 21-22 December 1955

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I. SOVIET FOREIGN POLICY

In connection with NIE 11-13/1-55, "Review of Soviet Foreign Policy in the Light of the Geneva Foreign Ministers' Conference," the consultants wondered whether a tacit understanding not to resort to nuclear warfare had been reached at the Summit conference. While there was no agreement as to what had actually transpired at the Summit, the consensus was that world opinion, and particularly neutralist opinion, now considered the US to have renounced the use of nuclear weapons unless the USSR resorted to them first.

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MOSELY felt that it had been the aim of Soviet policy to develop political deterrents to the use of nuclear weapons by the US. The lessening of tension had come about because people think there has been de facto outlawry of nuclear warfare. The Russians got the idea from Secretary Dulles' speech on "massive retaliation" that the US would resort to atomic weapons if Moscow undertook any new aggression. The Summit conference relieved the Soviet leaders considerably. The European public now feels more secure than at any time since 1945. Furthermore, the Soviets are increasingly able to separate Europe, where the American position is strong, from Asia, where it is weak. The Soviets now have more room to maneuver in Asia; American use of atomic weapons there would provoke a highly unfavorable reaction in the UN. MOSELY doubted that the public would distinguish between the tactical and the strategic use of atomic weapons. HOOVER and LANGER generally concurred with MOSELY's view.

LINCOLN, on the other hand, felt that long before Geneva US policy had aimed at avoiding nuclear warfare. The Summit conference represented a major gain for US policy in that US leaders were able to dispel the misconceptions created abroad by McCarthy and by the statement on "massive retaliation." This gain was achieved primarily through the personality of the President. No specific statements were made; the President sought rather to establish a climate of opinion.

With regard to Berlin, MOSELY thought Soviet policy was to produce a series of small annoyances which would force the West Germans to negotiate with the GDR. This Soviet policy would succeed in the next six to twelve months; the only unresolved question was whether the East Germans would be willing to accept West German recognition in piecemeal fashion. There was general agreement that the Soviets no longer wished to force the West to withdraw from Berlin, but rather that the USSR planned to use Berlin as a lever for undermining Western influence on the Bonn republic. MOSELY went on to say that, in his view, the West tended to overestimate the durability of Bonn in the face of pressure from the East.

STRAYER thought that NIE 11-13/1-55 overestimated Soviet cleverness in dealing with the German problem. The estimate was wrong in suggesting that the Soviets did not lose anything by taking an intransigent line on the matter of reunification. The USSR could have gained much by offering to negotiate on the German issue. LANGER and LINCOLN disagreed, feeling that the reunification of Germany is no more in the interest of the USSR than it is in the interest of France.

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There was no clear agreement on whether the Soviet stand at the second Geneva conference heralded a reversion to Stalinist tactics. HOOVER thought this possibility could not be ruled out, especially if the Russians thought that the West was precluded by world opinion from resort to nuclear weapons. STRAYER suggested that perhaps Moscow feared the Summit conference had raised too many expectations among the population of the Bloc. MOSELY argued that the basic change in Soviet policy took place in 1951 and was consequent upon Western rearmament. The Russians had always mixed conciliatory and aggressive moves. From 1951 the proportion had been 60-40 in favor of conciliation. They will continue the present policy until they develop the ICBM. If they developed this missile first they might attempt to knock out the continental US by surprise after which they would be able to occupy Western Europe without meeting any resistance. In the meantime the Soviets "will not oblige us" by reverting to the tactics of the Stalinist period. LENCOLN doubted that one side would develop the ICBM far enough ahead of the other to bring about a decisive alteration of the present stalemate.

In response to specific questions on the Satellites, MOSELY and LANGER took the view that Soviet leaders had now undertaken to enlarge the sense of initiative and responsibility within the Satellite Communist parties. There was to be less ordering and more discussion. The greatest strength came from driving with a loose rein. In foreign affairs, the greater the appearance of independence, the more useful the Satellites would be to the USSR.

II. MIDDLE EAST

LANGER opened the discussion with general observations based on his recent trip to the Middle East. The principal impression he gained was that of a greater ferment than he had anticipated, but in the sense of activity and growth rather than in terms of preparation for war. Economic activity in the Arab world appeared to be as remarkable as that in Israel and, despite many mistakes, seemed fundamentally sound. A middle class is arising with a consequent increase in discontent and idealism, and this may result in many old regimes being swept away.

Although we sometimes think anti-US opinion is rampant in the area, there is much good will and gratitude toward the US which is not reflected in the press, which is controlled, or by the riots, which are organized. If the Arab-Israeli question could be solved, LANGER thought

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our position would be very strong. But Israel is doing everything possible to establish control and vested interests right up to the armistice lines. Meanwhile, the Arabs seem to realize they cannot wipe out Israel and that the most they can hope for is to approximate the UN partition line, which means Israeli evacuation of some settled areas. At the same time growing Arab strength raises for the Israelis the problem of preventive war.

LINCOLN suggested that the Israeli general staff may already feel it is too late. Although they could trounce the Arabs now, the latter might not stay beaten. YOUNG added that only the long-run consequences have prevented the Israelis from going ahead. They could take all of Palestine but they realized that Arab hatred would grow and that Israel would not achieve long-run security.

YOUNG doubted that the Arabs would intentionally start a war in the near future, but they might be maneuvered into it. It was also essential to consider the inter-Arab struggle. Jordan was in a key geographical position and Egypt and Syria would hesitate to move unless they were sure of Jordan's attitude. Arab leaders learned the necessity of military co-ordination during the 1948 Palestine war. LANGER believed the Israelis were more likely to settle on the present boundaries than the Arabs, but HOOVER said the Arabs think that no settlement on the present borders would stick and that guarantees would be needed.

SMITH concluded that in the view of the Consultants an Arab-Israeli war appeared not to be inevitable. STRAYER preferred to say that the chances were less than even but that unforeseen circumstances might cause one. At the same time, although no permanent settlement would be achieved, there might be a short-run accommodation. YOUNG suggested the Arabs might hope that, in time, their numbers could overcome the Israelis. Meanwhile, the Arabs will play off the Soviets against us and thus perhaps get a better settlement with the Israelis than might otherwise be possible.

The discussion then shifted to the Baghdad Pact. In this connection YOUNG thought the Middle East paper (NIE 30-4-55, "The Outlook for US Interests in the Middle East") failed to give enough attention to the problem of US-UK coordination. The Baghdad Pact was not a real pact until the UK joined. The consultants all agreed that Buraimi also demonstrated the need for better US-UK coordination in the Middle East. REITZEL and YOUNG argued that the UK was in a position to commit our power and that a showdown was necessary to make clear which partner was making the decisions. The Soviets soon might force us to make basic policy decisions in the area. LINCOLN suggested that the Kremlin general staff might favor bringing Middle Eastern matters into the UN.

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With respect to the implications of the Baghdad Pact, LANGER deplored our apparent affliction with "pactitis." STRAYER, LINCOLN, and YOUNG agreed that we had no choice but to back the pact now that we had it. STRAYER added that the true value of the "Northern Tier" was not military but rather that it gave us an excuse for building local forces capable of maintaining regimes we favored.

In discussing Soviet reaction to the "Northern Tier," MOSLEY said that Soviet policy had shifted from pressing immediate neighbors to overleaping them. The Soviet propaganda line had changed now that countries like Egypt had achieved political independence. Soviet propaganda, he said, contrasted the political independence of these countries with their continuing economic dependence on the West. Although facilitated by Summit declarations of non-aggressiveness, the Soviet policy of direct intervention in the Middle East would have come anyway. However, the specific Soviet action in the Egyptian arms deal was triggered more by Egyptian bitterness over the Baghdad Pact, which the Soviets sought to turn to their advantage, than by the Soviets' own reaction to the "Northern Tier." For the next few years we may expect the Soviets to support almost any type of regime provided it causes trouble for the West. By giving Egypt more bargaining power the Soviets seek to make Cairo more independent of the West.

LANGER agreed with MOSLEY that a change in Soviet policy in the Middle East was inevitable but he thought that India and Burma actually had a higher priority with the Soviets than did the Middle East. If Soviet diplomacy muddied the water sufficiently in the Middle East, the West would be preoccupied there, particularly over oil interests, and the USSR would be free to advance her interests in India and Burma. If India went over to the Bloc all would be lost for us in Asia. STRAYER emphasized that the Middle East is one area where a local war might not directly involve the East-West conflict but could really distract us while the Communists made gains in Asia. REITZEL added that the Soviets have now put the Arab-Israel conflict in a new frame of reference and MOSLEY pointed out how an Arab-Israeli war would help the Soviets. Such a conflict might pull Iraq out of the "Northern Tier," force the US and UK into anti-Arab positions, and prompt some Arab countries to cancel oil concessions.

LANGER observed that the Middle East paper seemed to ignore the Arab League, although the Arabs tended to unite on issues like Buraimi and the League might become an object of Soviet support. YOUNG, however, noted various factors tending to retard the development of Arab unity, including the British support of Persian Gulf sheikdoms, which is resented by many Arabs who believe the oil revenues should not enrich a few sheiks but should be used much more widely for the economic development of the

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area. LANGER agreed with YONG that the sheikdoms were an anomaly and concurred in his view that the Saudi Arabian regime was becoming more unstable.

III. INDIA

MILLIKAN thought that the draft India paper (NIF 51-56, "India Over the Next Five Years") failed to convey enough sense of the Indians being at the "crossroads." With respect to the new Five Year Plan, there was a fundamental dispute between the "physical" planners, who wished to set goals and then find the funds, and the "financial" planners who preferred to ascertain the amount of money available and then fix goals. Perhaps the goals actually set would be too high to be realistic. Nevertheless, the Five Year Plan had become so politically important that the government would probably have to find funds at home, which might require controls on the economy, as well as from abroad. Although the plan is aimed at a 5 percent increase in GNP, less than that degree of growth might give the needed "sense of progress." Provided land reform and other activities giving this "sense of movement" proceed, the government is unlikely to be overthrown from below. Meanwhile, the new plan, though still not precisely formulated, has sharpened Indians' awareness of the limitations on their ability to achieve their goals.

LANGER observed that so many Indians feel the need for progress and see so little hope of achieving it through private means that they tend to look to the Soviets who achieved much when faced with a somewhat similar situation. If the Indians are unable to achieve the rate of growth required, controls inconsistent with democracy may be adopted. STRAYER suggested that this trend was not necessarily inevitable and that some small growth might satisfy the masses while the debate on method continues at the top. But MILLIKAN believed the danger lay not so much in a political choice between totalitarian methods and a slow rate of growth as in an ostensibly technical choice which would have the effect of shifting the government in a totalitarian direction. MOULLY inquired whether the mass of Indians would think progress was being made if it were concentrated in small sectors of the economy or in limited geographic areas. MILLIKAN replied that the government was aware of this problem and attempted to spread the gains. Even though greater attention had been devoted to certain politically significant areas, there were probably no large geographic areas where nothing had been done. In any case, the psychic advances thus far had been more important than economic gains. In two or three years, moreover, the economy might be strong enough to withstand the shock of a bad crop year. Yet inadequate absorption of the unemployed may pose a dangerous problem and the "intellectual" unemployed may become the chief source of political trouble.

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One ameliorating factor in the political situation, however, is the fact that the Congress Party through the Gandhi movement has generally been able to maintain its influence fairly well at the grass roots level.

The discussion then moved on to a consideration of the probable effect of Nehru's disappearance from the scene. WILKINSON earlier had suggested that the paper had considered this question too lightly. Because Nehru really holds the party together by his personality, there would be a deterioration in the degree of consensus within the Party and a consequent fractionating of the organization. Development of pressures would be facilitated because there are many potential leaders and a considerable breadth of competence in India, unlike such countries as Indonesia. Although the person named prime minister would probably be on the conservative side for the first two or three years after Nehru's departure, it would be difficult to predict what would happen after that.

With respect to fragmentation of the Congress Party, WILKINSON wondered whether it might not result in Communist advances. WILKINSON discounted the likelihood of significant Communist gains, noting that the Communist Party in India was more of a hard core organization with less protest votes and fellow travelers than in a country such as Italy. Moreover, he thought the political machine of the Congress Party would have sufficient momentum so that it would probably not break up immediately. Fragmentation thus would be more gradual.

According to WILKINSON the paper also should contain more on the Indian view of Communist China. Until recently India knew little of China and could romanticize the character of Mao's regime. But as they learned more about Communist China, the Indians acquired a dislike for the methods used by Chinese Communists in pursuit of their aims. However, they probably will continue generally to sympathize with aspects of Communist China's foreign policy, such as its desire to enter the UN.

Both HOOVER and WILKINSON agreed that the paper's statement that India's "basic sympathies" lay with the West needed elaboration. WILKINSON noted that there was a strong strain of "voluntarism" in Indian character. Although agreeing that Indians are basically sympathetic to Western ideas and culture, he felt the Indians feared being "swallowed up by love" and pushed out of their neutral position. Another conflict in the Indian "soul" stems from the legacy of "anti-colonialism." Having had no experience with the Soviet type of colonialism they hearken back in their thinking to English colonialism.

In MOSLEY's opinion NIE 51-56 assumed the existence of a static condition in Southeast Asia and ignored the question of India's reaction to large territorial gains by the Communists in this area. LINCOLN and WILKINSON thought India would move if there were an attack on Burma.

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LANGER approved SMITH's suggestion that India would remain neutralist unless Burma were invaded. In that case India might take Western aid but it would not necessarily give up neutralism in a larger sense.

LITNCOCK believed that the paper did not adequately consider what India would give in return for Western aid. MULLIKAN, on the other hand, emphasized that we could not buy India away from neutralism. We had to remember that India could exert a political influence much greater than that suggested by her military resources.

With respect to the matter of foreign aid, MULLIKAN believed the estimate should indicate the strong Indian preference for "internationalization" of assistance. On the policy level, he believed the US should propose an internationalization of aid, analogous to the Marshall Plan, which would include the Soviets. It would be to our advantage in any event to build the Indians up, and the suggestion for international aid would be difficult for the Soviets either to accept or reject. HOOVER agreed that internationalization of aid would be better than competing with Russian grants.

IV. CHINA

The discussion then shifted to China, with particular emphasis on the political effects of a relaxation of CHINCOB controls. MULLIKAN thought much depended on how it was done; US loss of "face" could be serious if the impression were left that the US had relaxed trade controls under pressure; the reaction might be different if the US turned necessity into virtue and proposed to relax controls in the interests of expanding world trade. HOOVER questioned whether it was still worth attempting to keep controls on any but the most obvious type of strategic goods. MULLIKAN suggested there might be an intermediate stage between total abolition and complete retention of controls. Stiff controls could still be maintained on trade with the US itself so that US markets at least would not be open to China. The effect which US relaxation of controls would have on "wave of the future" thinking in Asia would probably depend on the country, with some SEATO countries regarding it as a retreat by the US whereas India and Burma might feel otherwise.

With regard to the problem of Sino-Soviet relations, MOSTLY felt that the degree of Chinese initiative depended on basic Chinese power. The Soviets probably have been trying to decrease Chinese freedom of action in Southeast Asia. Perhaps this has caused the Chinese to "chomp at the bit" but the Soviets probably argue that it is more important to strengthen the Communist position with the neutrals first. STRAYER thought Soviet control was limited so that if the Chinese decided to attack Formosa on their own the Soviets might be faced with

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a fait accompli. MOSELY, however, argued that the Soviets have a controlling influence over Chicom military equipment and the rate of industrial expansion. But HOOVER thought a Chicom attack on Formosa would really bind the Soviets, since they could in no case drop their Chinese allies.

LINCOLN suggested that the Formosa situation gives the Soviets some leverage on the Chicoms as it limits the latter's freedom of action. For this reason the Kremlin may prefer to maintain the status quo with respect to Formosa. But LANGER thought the Chinese tail could wag the dog; the Soviets must concede the Chicoms first voice in Asian affairs and can only affect the rate of their expansion. It would be an enormous blow to the Soviets if the Chicoms were to go their own way. The Soviets also do not want an attack on Formosa for fear of repercussions elsewhere. But STRAYER pointed out that it was still to the Soviet advantage to keep the Formosa issue alive, since it was a legitimate political question in Asia. RITZEL questioned this advantage, however, if it meant that the Chinese tail could wag the Soviet dog. LANGER added that the Soviets undoubtedly were delighted to have Communism advance in Asia and that most progress would have to be made through Communist China. At the same time the Soviets want the line drawn before things get too hot, not wanting to risk war or possibly even break up the relaxation of tension.

V. ITALY

On the question of an "opening to the left," LANGER thought this raised the problem of what Nenni wanted and what he would do next. MLIJKAJ suggested other questions involved were factional splits within the Christian Democratic Party and the increased fluidity of all parties, with growing restlessness among Socialists and trade unionists who were seeking a non-Communist rallying point. STRAYER took the view that the overriding problem was what happened to the Christian Democratic Party.

Split-offs from the Christian Democratic Party and Nenni Socialists could represent favorable developments, but according to MLIJKAJ this would depend on how many Christian Democrats go to the extreme right and how many Nenni Socialists to the extreme left. Then there would always be the problem of whether any of the alleged disputes between the Communists and the Nenni Socialists were real or Communist plants. STRAYER interjected that in fine Italian tradition we might very well end up with a whole group of splinter parties, once the process got started.

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LANGER alluded to the depressing maneuvering of party leaders and noted that he had found Nenni regarded as a Communist in Italy. He believed that from now on we must expect more "popular front" talk, with Nenni first attempting to bring in "moderate" Communists and then less moderate ones.

In MILLIKAN's view, Nenni's policy of upholding his "unity of action" pact with the Communists was significant, as was his party's stand on the Vanoni Plan. HOOVER agreed that some Christian Democratic leaders were interested in this plan, but right wing Christian Democrats would not implement the program. Therefore left wing Christian Democrats who wished to push the Vanoni Plan and a reform program needed leftist support and believed an "opening to the left" was necessary. In this over-all context, MILLIKAN regarded it as somewhat anomalous that the political situation in Italy should be deteriorating while the economic situation was steadily improving.

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