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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

26 October 1954

STAFF MEMORANDUM NO. 76-54

SUBJECT: Report on O/NE Consultants' Meeting at Princeton, N. J.,
on 7-8 October 1954

INTRODUCTION

1. Participating under the chairmanship of ABBOT E. SMITH were: HAMILTON FISH ARMSTRONG, [redacted] CALVIN H. HOOVER, WILLIAM L. LANGER, COL. G. A. LINCOLN, PHILIP MOSELY, [redacted] JOSEPH R. STRAYER, AND T. CUYLER YOUNG. O/NE staff members JAMES GRAHAM and DONALD HENDERSON attended the meetings on both days; EDWARD C. HITCHCOCK and JOHN HEIRES attended on the first day; CHESTER L. COOPER, COL. JOHN CANNON, and ROBERT L. HEWITT on the second day.

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2. Both sessions on 7 October were devoted to Western Europe. Various Far Eastern matters were taken up during the morning of 8 October, and Iran and Afghanistan were discussed during the afternoon. Three briefing memoranda which had been previously forwarded to the consultants served as discussion guides.

3. Before the substantive discussion began the Chairman briefly reviewed the work accomplished and problems encountered by O/NE since the last consultants' meeting in June, noting that most of the estimates produced since then had been made available to them. LANGER replied that he had read these estimates and considered them of high standard. He added that in his broad experience of government analyses and estimates he has not run into anything superior to the intellectual quality of the NIE product. HOOVER concurred in these comments.

DISCUSSION

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WESTERN EUROPE

4. The Chairman began with the suggestion that the consultants discuss the outcome of the London Conference in terms of its implications

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for West German policy, the reactions of the USSR, and especially the problem of Mendes-France. He pointed out that gossip, rumor, and reporting all combine to produce an aura of suspicion concerning Mendes' relations with Molotov and with the French Communists.

A. Mendes-France and the USSR

5. LANGER said that it is always impossible to be certain about an individual, but that the Memorandum to the Director concerning Mendes' character and intentions looked like a good job. He recalled that when Bismark first took over as Chancellor he was alleged to be the tool of Napoleon III. Similarly, he thought a lot of the rumors about Mendes-France were on the order of gossip. This was a natural development following Mendes' "board-clearing" decisions, some of which are not felt to be in the interest of the US. LANGER suggested that Mendes' decisions have been favorable to France and may turn out to be favorable to the US. In this connection, LANGER thought that perhaps EDC wasn't so good after all, at least at this late date, and if so, Mendes' action in killing it once and for all was an act of statesmanship.

6. STRAYER stated the test of Mendes' position would come in his follow-up action on the London agreements: any protracted stalling in reaching agreements on technical issues would be cause for serious concern. HOOVER agreed with this judgment and pointed out that if Mendes-France pushed the London agreements to a conclusion, this would be the strongest evidence that he is not dealing with Molotov.

7. None of the consultants thought that the Geneva accord necessarily indicated collaboration between Molotov and Mendes-France. HOOVER expressed the view that the French did not get a good deal at Geneva from the Communists. MOSELY felt that the Communists closed out the war because it was in their interest to do so quite apart from any effort to make "arrangements" with Mendes-France. LANGER observed that in any event it is possible the USSR prefers an "independent" leader in France.

8. With regard to future French relations with the USSR, LANGER thought we should certainly not ignore the facts of past Russo-French alliances. A Frenchman does not have to be a Communist to argue that a new, operative alliance is better than a rearmed Germany from the French point of view, particularly since many "good" Frenchmen believe they can deal safely with the USSR. LANGER thought this situation should be watched very closely. STRAYER commented that such an alliance would be very difficult to achieve. He felt that the USSR could not woo both France and Germany at the same time and he thought the evidence of the recent past indicated the USSR was playing the German card. He didn't think France would believe in a neutralized Germany with a small

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army -- they had seen that tried before -- and he didn't see how else the German problem could be handled in a Russo-French agreement. ARMSTRONG felt, however, that the USSR could play on both French and German vulnerabilities for some time. It could, for example, offer France a neutralized Germany and a reinsurance treaty. LANGER observed that almost any Frenchman would rather stand with the US than the USSR, but the fact remained that a Russo-French alliance was "terribly serious" business. Responsibility rests with US policy to give France such alternatives as to insure that France will continue to stand with the US.

9. Turning back to Mendes-France and his objectives, [redacted] observed that Mendes' present emphasis on the need to strengthen France in order to support an independent foreign policy was at least consistent with views he had expressed to [redacted] back in 1943. LANGER observed that although it is possible Mendes-France will turn out to be a "crypto-Communist," it would be disastrous for the US to become irritated or petulant simply because Mendes takes actions we do not like.

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10. The consultants thought the French people probably do not like the London agreements much more than EDG, but probably find them less irritating. In general, the consultants thought the agreements could be ratified in France but that the Saar would pose serious difficulties.

B. West Germany

11. LANGER observed that he had not seen anything recently on the current strength of the German urge to unification in relation to other considerations such as the desire to unite with the West and the fear of the USSR, and thought the time might be coming soon for a re-evaluation of how the Germans line up on unification. His personal opinion was that reunification would only become a burning issue after other things were settled. STRAYER stated that the West Germans feel keenly about "middle Germany," but perhaps are no longer so keen about the region beyond the Oder-Neisse. MOSELY countered with the statement that when the Germans speak of "unification" they still mean the Germany of 1937. ARMSTRONG said his observations in Germany indicated that for the present the West Germans are concerned with other problems, and that although all Germans must pay lip service to the idea of unification, there is no strong political urge at this time. LANGER observed that this postponement of strong feeling is natural in circumstances when nothing effective can be done.

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12. LANGER and MOSELY agreed with the O/NE position that Soviet objectives had not changed and that the USSR would almost certainly not give up its control of East Germany for a unified, neutralized Germany. MOSELY pointed out that a unified Germany would soon seek the rectification of its eastern frontiers and would pose more problems to the USSR than a divided and armed West Germany. STRAYER was not sure that the USSR would look at it quite that way. He thought the USSR might feel that an armed West Germany would have only one objective -- unification -- and that the USSR might, therefore, prefer a unified Germany as less friendly to the West and less hostile toward eastern Europe and the USSR.

13. LINCOLN felt that that from the point of view of the Soviet General Staff a neutralized Germany might be preferable since such a development would probably force the withdrawal of US forces from Europe, permitting the USSR more freedom of maneuver in Europe. Once the US had withdrawn its forces, the USSR might feel that the risk of atomic war would deter the US from returning its forces to Europe to combat Soviet political-military moves. ARMSTRONG said he remained convinced that blocking West German armament was the principal immediate Soviet objective in Europe. LANGER stated that it was very unlikely that the Germans, the UK, or the US would accept neutralization and that any Soviet moves in this direction would be in the nature of propaganda.

14. LANGER raised the question of the motivation for the present Soviet emphasis on "peaceful coexistence" and MOSELY stated that in his opinion it was simply an intelligent tactical adjustment not possible during the lifetime of Stalin. He felt Soviet tactics were to split the West and that Soviet actions could not be ascribed to any serious internal problems.

D. Italy

15. HOOVER wondered if the present gloomy picture was, in fact, much worse than it has been for the past forty years. He thought it unlikely that anything in the nature of internal reforms could materially strengthen the government, nor did he think it possible to build up a strong, right authoritarian regime. LANGER thought it remarkable that the situation was not much worse, given the imbalance of people and resources. The danger in the present situation, in contrast to years past, was that the Communist Party now provides a channel for the expression of endemic discontent. ARMSTRONG thought that Scelba and Fanfani certainly would do as well as De Gasperi in maintaining stability, and should do somewhat better. ARMSTRONG felt that the situation in Italy was probably not quite so black as painted in the briefing memorandum prepared for the consultants.

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16. STRAYER questioned any assumption that the long range political trend in all Europe is to the right. He thought that Europe's economic recovery may make it possible for Europe to "afford" liberal or left wing governments.

FAR EAST

A. The Offshore Islands

17. Most of the consultants were impressed with Chinese Communist opportunities for harassing and embarrassing the US over the issue of the offshore islands. As a result, in LINCOLN's words, they generally "leaned toward" the view that firm Nationalist and US resistance to Communist probing actions would not preclude actual attempts to seize some of the islands and that even a US warning of retaliation against mainland bases might not deter the Communists. STRAYER thought that seizure of Quemoy would be a black eye for the Chinese Nationalists and that all countries but the US would applaud this. ARMSTRONG felt most people are surprised that the Nationalists still have possession of some of the islands. LANGER observed that the Chinese Communists probably wouldn't expect a big flareback over Quemoy. MOSELY said that the Chinese Communists probably believe that if a fight over Quemoy did develop, the US would be isolated. He thought that they would probably regard this attitude of America's allies as preventing over-expansion of the conflict and that the USSR specifically would feel protected against undue involvement through support of Peiping so long as US ground troops were not committed.

18. [] went on to say that Quemoy could confront the US with a dilemma: if we gave full support to the Nationalists, many would say we were risking war for no good purpose, while if we refrained we would be demonstrating weakness. ARMSTRONG enlarged on the problem of US prestige, not only in the Far East: we had intervened with the Seventh Fleet, had then "unleashed" Chiang, and most recently had told the Nationalists, who were obviously our clients, to hold off. He felt there was a real question with the rest of the world about where the US was going and, after some further discussion, asked what would happen if we ordered Chiang to quit Quemoy, whether it would be accepted as a strategic withdrawal rather than as a defeat. LANGER observed that in such a case Chiang would probably mobilize his US friends, and COOPER noted that some of our military have issued statements that some of the offshore islands are strategically and militarily important.

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B. Sino-Soviet Relations

19. In connection with the offshore islands discussion, LANGER asked whether US intelligence discounted the USSR's influence in the determination of Commie policy in the Far East and inquired about

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what evidence on this question had been forthcoming at Geneva. COOPER replied that the US and UK delegations at Geneva both felt that in the last analysis Molotov called the tune. The Chairman added, however, that there was general agreement in Washington that China was not a satellite, that conflicting interests do exist, and that recent apparent efforts of the USSR to get on the record with an opinion of the Geneva settlement before the Chinese Communists did was an indication of Soviet concern that the initiative was passing to the latter. LANGER remarked with satisfaction on the change from the days when it was assumed that the USSR called all the shots; he had always felt that, as with Austria and Germany in 1914, Peiping had told Moscow in late 1950 that Chinese intervention in Korea was necessary. He thought that Peiping was probably now taking the attitude in Sino-Soviet discussions that the offshore islands question was also one of primary Chinese concern.

G. Communist Motives at Geneva

20. HOOVER questioned the briefing memorandum's assertion that consciousness of the magnitude of Communist China's internal tasks was a major factor in the Communist decision to reach an armistice in Indochina, asking whether in fact the Communists had given up anything significant at Geneva. COOPER noted that the Communists had made concessions on boundaries in the last 24 hours of the conference, and ARMSTRONG observed that they had given up the opportunity to keep the US on the hot spot. LANGER, however, remained convinced that Geneva was a resounding victory for Communist China. [] suggested that the Communist choice was not between two absolutes, that signing an armistice still left the Communists with ample opportunities. [] felt that this point served to nail down COOPER's contention that the Communists at Geneva were manifestly anxious to demonstrate to the world that it was possible to negotiate successfully with them, that after the inconclusive termination of the Korea phase of the talks they were particularly desirous of avoiding a breakdown on Indochina, and that they therefore were willing to make last-minute concessions.

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21. During the course of the discussion, MOSELY advanced the argument that continuation of the fighting would have created additional problems and eventual dangers for the Communists. LINCOLN, however, expressed doubt that this would be the case so long as the US was unwilling to commit ground troops -- that air-sea intervention would probably not have a significant effect. In the end, there appeared to be general agreement that the desire to secure propaganda objectives, particularly in Europe, had been an important motive in the Communist decision to reach an armistice and that they had not sacrificed very much in halting their military offensive in Indochina.

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22. The consultants appeared generally favorable to the view that the Chinese Communists would over the next few years avoid heavy military commitments, though they might lend some support to Viet Minh-type movements as occasion arose. MOSELY commented that the Communists would probably move slowly in Indochina until the need for guerrilla operations in South Vietnam emerged and that they would probably wish to place on us the responsibility for any delay in Vietnamese elections. HOOVER noted that successful subversion usually requires accompanying military moves on the borders and other forms of pressure.

D. Internal Development Problems and Over-all Chinese Communist Policy

23. IANGER queried the characterization of Chinese Communist problems as "extremely difficult." LINCOLN observed, however, that collectivization of a rice culture raised new problems, and STRAYER added that whereas the Russians plowed back their net gains to further the industrialization process, the Chinese must pay the USSR for needed capital goods. The Chairman noted that the problem was not only one of economic analysis but one of how much the Chinese Communists were preoccupied with economic problems.

24. GRAHAM advanced the argument that having secured their borders in Korea and Indochina the Chinese Communists felt that they could now turn to internal problems -- that while they would like to have Taiwan and would certainly use the Taiwan issue both internally and externally, they would not take undue risks to gain control of it. MOSELY, however, felt that this analysis understated the importance of Taiwan. He considered that collectivization would be a bigger problem for the regime than it had been in the USSR, that the existence of any kind of alternate regime would add to the difficulty of getting adequate peasant participation and cooperation, and that the Chinese Communists must therefore be considering how to clean up the Taiwan situation.

E. The Far East Outlook

25. The consultants expressed general agreement with the thesis that the Western position in the Far East had become weaker during the last six months and that the leaders of Japan and India felt the need to "adjust" to the new situation. [redacted] asserted that behind all our specific questions about the Far East was one fundamental fact to which we -- and the Japanese as well -- must adjust: namely, that China is becoming a basis for stabilization in the Far East, not under Nationalist auspices as we had hoped and initially expected, but under the Communists. MOSELY added that in Japan the right wing might find it easier to make such an adjustment than the leftists.

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26. The first portion of the session was taken up with a preponderantly pessimistic report by YOUNG on his recent trip to Iran. He had been skeptical regarding the optimistic reports of the last several months and had found his skepticism confirmed. The short-term situation was improved, but long-term prospects were no better. Moreover, improvements with respect to political stability and the economic situation had only been achieved at a price. The old crowd was back in power. He believed there was strong and wide-spread resentment and disillusionment regarding the imposed character of the regime. Corruption under Zahedi -- a prime offender himself -- was generally considered the worst in 15 years. He added that even though this was an exaggeration, the important point was that most Iranians were convinced that it was true. He had found deep despair among most of his Iranian contacts -- in part a natural response to the recent emotional jag -- with little or no hope that a workable substitute for the Zahedi regime could be found. Many of the former supporters of Mossadeq considered there was no alternative but the Tudeh.

27. YOUNG was particularly concerned lest the US relax into the atmosphere of 1947-50 and depend on "Zahedi's battalions." He felt that the US should recognize that it is in a crisis situation and undertake a comprehensive, coordinated program to eliminate the conditions and attitudes now undermining popular confidence in the regime and in Iran's future. In this connection, he pointed out that the US was generally considered responsible for the existence of the present regime and that the situation could take an anti-American turn if the US failed to support a movement for reform.

28. In response to questions, YOUNG conceded that the prevailing psychological atmosphere was not entirely negative. He believed that many of the most responsible Iranians realize that it is premature to judge developments until the oil settlement was working well and that, despite much regret that Mossadeq did not close a deal in early 1953 when terms were more favorable, the present oil settlement was generally accepted. YOUNG still felt, however, that all too few Iranians had learned anything from their experience with the oil problem and that lack of confidence in and resentment of the present government -- and not only among the intellectuals -- was serious. He was convinced that something must be done to make the government serve the needs and aspirations of the people better and to give them a greater sense of freedom and participation.

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29. The discussion at this point turned to the question of whether Iranian aspirations for democracy could be reconciled at this stage with the maintenance of stability. After YOUNG had characterized the advent of an honest, democratic government capable of maintaining stability as unlikely, the Chairman asked whether it was too extreme to suggest that the situation in Iran was insoluble by ordinary democratic means and that a benevolent dictatorship was required. YOUNG replied that however nostalgically the Iranians looked back to the past they were determined not to have another Reza Shah-type dictatorship. He felt that the best hope was for a government which would enter partnership with the Shah and US aid to the best reforming purpose.

30. ARMSTRONG then pointed out that it was Zahedi's very success that made the Shah dislike him; that such a partnership with the Shah was difficult to maintain. STRAYER wondered whether direct imperial rule by the Shah with US support might not be the answer. YOUNG expressed the view that the present Shah was "too Iranian" to make such a solution work -- he could not hold firmly to a course of action and loved intrigue for its own sake. ARMSTRONG said that in his recent interview with the Shah the latter appeared to be preoccupied with obtaining a good army through US aid. He said further that while the Shah's prestige in Teheran is high, much of Iran's problems is rooted in the country-side where the Shah's influence is not great. The consultants seemed to agree that neither the Zahedi regime nor the Shah alone could effect a substantial alleviation of Iran's problems, but that something might be done after the oil settlement if the right men could be found to work with the Shah. ARMSTRONG emphasized the breadth of US assets in Iran and suggested that if the US could not succeed there, it could not hope to do so elsewhere in the world.

31. With regard to Soviet policy toward Iran, MOSELY gave his opinion that the Soviets preferred to wait on the sidelines for a decline in the Shah's prestige and the growth of a reform movement among the intellectuals. He thought the Soviets did not wish to intervene in Iran now, but might perhaps be interested in terms of 5-10 years. He believed that the Soviets gave a low priority not only to Iran, but to the whole Middle East.

32. STRAYER questioned whether some form of MEDO (not necessarily along present lines), while not having much military value, might not attach Iranian loyalties. MOSELY felt that the creation of a defense organization might focus discontent on the military link with the West. YOUNG agreed, making the point that Iranians say the US is interested only in granting military or economic aid and not in reforms.

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B. Afghanistan

33. The consultants expressed agreement with the briefing memorandum's contention that despite increasing Soviet attention to Afghanistan, the USSR had no immediate designs on Afghan territory. MOSELY thought that the Soviets considered the Middle East area as under US protection, that their interest in Afghanistan was in relation to US moves there, and that they knew it would be difficult to administer the country. YOUNG believed that Afghanistan at this time was an exception as far as traditional Soviet policies of penetration of border territories were concerned. He thought the Afghan ruling family would accept Soviet aid offers up to a dangerous point, but would then clearly halt. STRAYER said that the Soviets generally seemed to have succeeded in making the US spread its resources in countering their initiatives; he wondered whether or not the US might have a chance to turn the tables on the Soviet in Afghanistan. LINCOLN thought it could not be done.

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