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DDA Memo, 4 Apr 77

GENERAL

ARMY, DOS, DIA reviews

DDA R. 77/1763

By: **[REDACTED]**
European recovery consultations begin in Rome--The Italian Foreign Office has informed US Embassy Rome that British and French representatives have arrived in Rome for consultations on the European recovery program [REDACTED]

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The Embassy reports that the representatives have included on their agenda a re-study "in the light of present circumstances" of the applications for assistance which were submitted at the Paris Conference. The Embassy adds that Italian representatives intend to suggest the establishment of several regional organizations within the larger European organization for the coordination of recovery problems.

(CIA Comment: The proposed re-study of the Paris Conference aid requirements suggests that the Italians and French, whose recovery has been set back by recent strikes, may on this account seek an increased share of US aid.)

Effects of delay in recovery program studied--The Department of State has suggested to US missions in Rome, Paris, and Vienna that European recovery program assistance may not be available until 1 July and has requested: (a) appraisals of the resultant economic hardship and political consequences; and (b) recommendations on the extent and timing of other assistance needed to avoid these consequences.

FAR EAST

2. **CHINA: Possible Sino-Soviet rapprochement--US Embassy Nanking notes the possibility that the USSR has offered to mediate the Chinese civil war and that an increasing number of National Government officials are inclined to accept such an offer. The Embassy cites a report that the Soviet Military**

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Attache in Nanking, prior to his recent departure for Moscow, suggested that the Chinese Government seek Soviet good offices to end the war. Moreover, the Embassy has been informed by a Chinese official that members of the Political Science Group (a Kuomintang faction which controls a number of prominent government posts) now strongly favor rapprochement with the USSR and desire that Chiang Kai-shek depart from China in order that such an understanding might be facilitated.

3. PHILIPPINES: Defense Secretary proposes mission to US--The US Military Attache in Manila reports that the Philippine Secretary of National Defense has expressed a desire to come to Washington on an official mission. According to the MA, the Secretary wishes to discuss US policy concerning the defense of the Philippines and to determine what assistance the US will provide "in preparation for and during the next emergency."

THE AMERICAS

4. NICARAGUA: Revolutionary activity--The US Military Attache Managua has been informed that the "probable starting date" of a revolutionary attempt against Somoza has been set for 26 January. The Embassy reports that because of "the widely recognized tense situation" Americans residing in the "danger zone" are being advised to take the necessary precautions.

(CIA Comment: General Somoza will use every means at his disposal to suppress the current wave of revolutionary activity which is fairly well organized and is apparently receiving support from sources within Guatemalan territory. CIA estimates that Somoza will succeed in suppressing the coup unless: (a) a substantial portion of the National Guard deserts him for the revolutionaries; and (b) the Guatemalan Government actively supports the anti-Somoza forces.)

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