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GENERAL

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1. US views on Trieste question--The Department of State has instructed US Embassy Rome to inform the Italian Government that the US would approve of the spontaneous initiation of direct Italo-Yugoslav discussions on the Trieste problem. In commenting for the Ambassador's information on a possible Trieste settlement, the Department warns against basing the Italo-Yugoslav discussions too solidly on ethnic principles, because this might call for "unreasonable" Italian concessions. The Department suggests that if the Italo-Yugoslav discussions are successful, an interim de facto regime might be established in Trieste to continue until the amendment of the peace treaty and the termination of Security Council responsibility. The Department also expresses the opinion that if the US were to open discussions now with the Yugoslavs on the substance of the Trieste problem, the full force of the tripartite declaration on Trieste would immediately be broken.

NEAR EAST-AFRICA

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2. INDIA -PAKISTAN: Former Indian Army chief predicts war--US Embassy Karachi has been informed that Field Marshal Auchinleck, following a tour of Pakistan Army units, has privately expressed the belief that "recent troop movements clearly indicate" the probability that a war between India and Pakistan will break out in the early spring of 1950. According to the Embassy, the retired former Commander in Chief of the Indian Army believes that Pakistan is now determined to take the initiative in such a war.

(CIA Comment: CIA believes that although available information does not confirm the "recent troop movements" cited by Auchinleck, his observations, which apparently reflect

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his general feeling that war is inevitable, warrant serious attention. Auchinleck enjoys unique opportunities to obtain information about troop dispositions and attitudes among military leaders and although he has been pessimistic about the future of the subcontinent ever since the British left, there have been numerous other indications that India's continuing hostility might lead the government and people of Pakistan to view war as the sole alternative to slow strangulation.)

US views on Kashmir settlement--The Department of State, in summarizing for US Embassy New Delhi the position of the US regarding the Kashmir dispute, has stressed the importance of an early settlement for the maintenance of peace and security in the "only relatively stable Asian area." The Department states that although an impartial plebiscite will be required in the Vale of Kashmir in any event, the US is prepared to support any settlement acceptable to India and Pakistan, including partition. Pointing out that demilitarization of Kashmir is essential to any final settlement, the Department expresses the belief that the immediate objective is to seek modification of India's intransigence on this point. The Department comments that attempts to assess blame in the Kashmir case would be unfruitful and adds that the Security Council should not permit India's raising of legal questions to divert it from the basic task of bringing about a political solution.



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