

INTERNATIONAL ORGANIZATIONS DIVISION

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Formal agreement on the European Payments Union marks a major step in European integration, especially toward the creation of a single non-discriminatory trading area. Although a tissue of compromises, it is a notable improvement over the old Inter-European Payments Agreement and provides a basis for future advances. In a related field, developing cleavages indicate that France, Germany and Italy may proceed with the Schuman Plan without the Benelux countries.

Meanwhile, the UN consolidated its support of US action in Korea by authorizing the appointment of a UN commander-in-chief and the flying of the UN flag.

European concern over effect of Korean conflict on IDAP.

The ever heavier US commitment in the Korean conflict is certain to arouse acute fears in Western European NAT countries as to its effect upon the availability of US forces to support Western Europe and, more immediately, upon arms shipments under the IDAP. This concern, already voiced by Parisian newspapers, will be increasingly evident in the European press and on the part of the NAT governments themselves. The French government, acutely aware of how Asiatic involvements can play hob with home defenses and relying heavily on US aid to equip its metropolitan forces, will be particularly concerned. The Europeans will maintain that the Korean situation, with its clear implication of sharply increased Soviet aggressiveness, makes even more urgent an accelerated strengthening of European defense. Under these circumstances any buildup of US forces in Asia at the expense of NAT commitments may well have an adverse effect on continental morale.

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Peace Partisans forced to abandon plans for World Congress in Genoa. The turn of events which makes it necessary for the World Peace Partisans to hold their next World Congress in a satellite country, instead of in Western Europe as originally planned, will probably impair the success of this meeting by exposing Soviet inspiration and direction to the non-Communist supporters of the movement. As a result of Italy's refusal to permit foreign delegates to attend the proposed October meeting in Genoa, the Peace Partisans have now decided to hold the meeting in Poland. Although the Italian Government's action in refusing entry to these "peace partisans" was not taken in response to any popular demand, it was made politically feasible by public reaction against the Korean invasion. Moreover, holding the meeting in a satellite country is not likely to promote popular support since it will inevitably increase awareness among non-Communists of the movement's identification with the USSR. For the same reason, the effect of the campaign which the Partisans have been conducting throughout the Western countries (with particular success in France) for a world ban against an "atomic war" is likely to be at least temporarily weakened. While the Communists are now pressing this campaign more vigorously than ever, in an effort to divert attention from the blow dealt to their "peace" propaganda by the North Korean aggression, their recent efforts to exploit "neutralist" support will be progressively limited as the "neutralists" recognize the directing role of the Soviets.

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Point Four hopes reduced. Curtailment of the US and UN Technical Assistance programs by a reduction in the US contribution would have unfortunate consequences at this time. Above all, Far Eastern nations in the process of reexamining their foreign policies in the light of the Korean aggression will suffer a sharp blow to their hopes. Communist propaganda will attempt to demonstrate that US interest in these nations is strategic only and fails to be concerned with their true needs. This propaganda may make some headway, inasmuch as the Point Four concept has been steadily reduced from its "bold, new program" status to very modest beginnings. Any further reductions will tend to develop cynicism and suspicion of the nature of US interest in the economically backward nations. In addition, retrenchment would hinder the UN's program of technical aid, to which the US has pledged about 60% of the contributions for the first eighteen months. Other countries might also be tempted to reduce their contributions and the nearly universal support for this program may be undermined. General disillusionment

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forecast in initial reports from New Delhi and the UN Economic and Social Council at Geneva, may be expected to crystallize if the program is not carried out to the full measure as pledged.

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