

18-3-57  
Mr. Wisner~~CONFIDENTIAL~~  
DEPARTMENT OF STATE

## Memorandum of Conversation

DD/R3-1344

DATE:

February 28, 1957

## SUBJECT:

General Review of US-Yugoslav Relations and Other Issues.

## PARTICIPANTS:

Leo Mates, Ambassador of Yugoslavia  
 Franc Primocic, Minister-Counselor, Yugoslav Embassy  
 Robert Murphy, G  
 David Mark, EE

## COPIES TO:

EUR - Mr. Bean	EE - Mr. Bergus
EE - Mr. Leverich	G - Mr. Murphy
EE - Mr. McKisson	O - Mr. Kendrick
EE - Mr. Trivers	Amambassy, Belgrade
DRS - Mr. Walker	Amambassy, Warsaw

GPO 903504

Ambassador Mates requested the meeting with Mr. Murphy so that Mr. Primocic, who is returning to Belgrade for 3 or 4 weeks of consultation with the Yugoslav Foreign Office, might have the benefit of current US thinking on a number of problems.

Mr. Murphy opened the discussion by repeating his regrets voiced on previous occasions that the plan for Yugoslav President Tito to visit the US had not worked out. He stated that he held to his view - though Mates might hold to a contrary one - that a public US statement on the visit two months ago would not have helped much, and that time was needed to line up public opinion. In fact, many newspapers and letter writers to the Department were already taking a more reasonable view, and matters might take a favorable turn later.

Ambassador Mates said that the Eisenhower-Tito conversations would have taken place at a very opportune time. Personal contact was much more satisfactory than diplomatic channels in discussing Eastern Europe, Soviet developments, and the Middle East. It was a pity that the meeting could not occur soon.

After noting, in response to Mr. Murphy's query, that the text of Foreign Minister Popovic's recent foreign policy speech criticizing the USSR had not yet arrived, and that comment on it was thus precluded, Mates said that the Middle Eastern situation looked brighter.

Mr. Murphy

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Mr. Murphy agreed and added that it appeared that Israel would withdraw from Egyptian territory and the Gaza strip and that UN troops would enter Gaza and work out civilian administration for the area. He stated that Mr. Fawzi seemed to accept this step and that this was logical since Gaza was only a liability and expense to Egypt. UNRWA was already established to care for the Palestinian refugees, and the UNEF could prevent a renewal of "fedayeen" raids.

Mates noted that the Suez issue still remained to be solved, and Mr. Murphy replied that once the acute issue of Israeli troop withdrawals had been overcome, it might be possible to make progress on Suez even though no answer was yet in sight. Nasser had slowed down clearance of the canal and sought to use the canal as a political bargaining tool, but he might now have to take account of his deteriorating domestic economic situation. Perhaps if the canal were reopened, tolls might be paid to the IBERD or UN on an interim basis. Mates observed, and Mr. Murphy concurred, that the six principles on the canal adopted by the Security Council still seemed valid, but their translation into practice was now the big test.

Mates went on to ask whether the departure of Minister Wailes from Budapest implied a move to break US relations with Hungary. Mr. Murphy denied this and pointed out that it would have been awkward for the US to have seemed to endorse the Kadar regime by having Wailes present his credentials to it. Wailes would now return to the US for consultation pending developments, but Mr. Murphy was not hopeful that Wailes would go back to Budapest. Mates also thought it unlikely that conditions in Hungary would improve in the near future.

The Ambassador then brought up the question of Hungarian refugees in Yugoslavia, and Mr. Murphy indicated that the US was interested in the problem. Mr. Mark explained that the US hoped to help the Yugoslav authorities with agricultural commodities and perhaps some release of US-held local currency funds. Moreover, although it would not be possible to bring Hungarian refugees from Yugoslavia into the US on parole pending enactment by Congress of the Administration-sponsored immigration legislation, the US was hoping to find several million dollars to help other countries in Europe and elsewhere resettle the refugees. However, this was not yet to be taken as a US commitment since the US project was in the exploratory stage. Ambassador Mates declared that he fully understood, but was still happy to hear that the US was actively trying to aid Yugoslavia. He believed that the Foreign Office would

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be happy to hear of this from Primozic, especially since the problem was a continuing one for Yugoslavia, and would grow worse until the Soviets and Hungarians completely sealed the frontier, which they had begun to do.

In reply to Mr. Murphy's inquiry about recent events in Poland, including signs that the Stalinists there might be making some come-back with Gomulka's acquiescence, Mates said that the situation remained very delicate. The Russians were unhappy over the basic orientation of the Gomulka regime, and the West had to expect a long period of gradual attempts by the USSR to recoup its position in Poland by ever increasing the pressure on the Poles. As a result, there would be oscillations back and forth within the Gomulka regime. If matters went no further than this, they could probably be kept under control, provided all sides exercised the utmost caution. The key test would come in the economic field where conditions were bad and where the Russians could exacerbate them. If the Poles failed to solve these problems, Soviet agents would stir things up. Mr. Murphy commented that it was interesting to see how the Soviets continued to operate in Poland even when their henchmen at the top in Warsaw had been ousted, and Mates noted that the Russians had many pro-Soviet Poles scattered about the country who could be activated.

Mr. Murphy asked about Czechoslovakia, and Mates answered that it was different because the economic situation was better and the populace more docile, but that it could not eventually escape from the historical trend towards national independence which was affecting all of the Soviet orbit. As for Bulgaria and Albania, about which Mr. Murphy had also inquired, Mates said that the Albanian regime was the most subservient to the Russians of all the satellites, while the Bulgarians were close behind. Albania had never normalized its relations with Yugoslavia. Hoxha was little more than a figurehead, and Shehu was the Soviet "gaulite" who took orders from the very many Soviet "advisers" stationed there. Mr. Murphy commented that the Soviets wanted to run things in this fashion everywhere, including Belgrade, and Mates agreed. He added that Soviet assurances of friendship meant nothing.

Mr. Murphy concluded the meeting by stating that if the Foreign Office asked Primozic whether there was anything new on the Yugoslav request for a multi-year PL 480 agreement with the US, the answer was negative; nothing had changed since the last Murphy-Mates conversation on the subject a few weeks earlier.