



~~CONFIDENTIAL~~
GENERAL

103

1. Further rumors pointed toward Trieste--US Naval Attache Belgrade reports an "unconfirmed rumor" of an imminent attack on Trieste, probably on the night of 15 June. He and the Military Attache consider such an attack "very unlikely."

General Schuyler, ACC Rumania, transmits an unconfirmed Rumanian report that Soviet air strength in Rumania has recently been increased to 6500-7000 aircraft and that Soviets have asked for complete information on 71 airfields in addition to the 26 currently used by them. (As of 7 June, 760 Soviet aircraft were estimated to be in Rumania.)

2. Soviet and Austrian maneuvering for position on eve of CFM meeting-- According to Erhardt, both the Soviets and Austrians have "intensified" their "respective activities" on the eve of the CFM meeting in the hope of producing a status quo favoring their "respective interests." He adds (a) that this activity mainly revolves around the treatment to be accorded German foreign assets; and (b) that the Austrians are convinced that their independence hinges on the "interpretation and execution" of the Potsdam Agreement.

EUROPE-AFRICA

3. POLAND: Anti-Government feeling reported stronger-- Cardinal Sapieha, Catholic leader in Krakow, has told Ambassador Lane that (a) he believes that recent political arrests have increased popular feeling against the Government; (b) he is apprehensive that the NSZ underground groups will take "ill-considered" action against the Government; and (c) he is strongly counselling "prudence," since the Soviet Army would use the "greatest severity" in suppressing an "attempted insurrection."

Elections unlikely this year--Mikolajczyk has told Lane that (a) the referendum law has been changed to permit greater control by the leftist parties in the Government; (b) the Government will consider the referendum an endorsement of its policies and elections will therefore not be held this year; and (c) despite Soviet willingness to be conciliatory to Mikolajczyk, the Government may still dissolve his Peasant Party, with "disastrous" civil war as the certain result. In reply to

Document No. 013

NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S

Auth: DDA Memo, 4 Apr 77
DDA REG. 77/1763

Date: 13 MAR 1978

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Lane's question as to how the US could help the situation, Mikolajczyk said that the US "should make public the facts."

"Events" expected before 1 July--Lane reports that British Ambassador Bentinck postponed his vacation at the request of Mikolajczyk, who said that "events" were expected at the end of June. (Mikolajczyk's Peasant Party opposes the Government's proposal for a unicameral legislature in the referendum scheduled for 30 June.)

4. GERMANY: Press campaign on Saxony referendum--Murphy reports that the dominant theme in the Soviet-controlled press is the 30 June referendum in Saxony on the nationalization of industrial plants formerly owned by "war criminals or active Nazis." Political parties and trade unions are holding mass meetings and taking every opportunity to stress the urgency of an affirmative vote. However, "public uncertainty" over the measure and determined efforts by Christian Democratic Union leaders have caused the Communists to moderate their demands, and it now appears that 500-1,500 plants, rather than 5,000, will be affected.

Pieck, Communist leader, has told Murphy that similar referenda will not be held in other provinces where "disposition" of the concerns will be effected by "administrative decree." Murphy concludes that the Communists view the Saxony vote "mainly as good propaganda" to show that they can use a "thoroughly democratic method."

5. SWEDEN: US does not object to visit by Argentine military--The State Department is informing the Swedish military that it "does not suggest" withholding visas for the nine Argentine military personnel who wish to inspect the Bofors factory (see Daily Summary of 13 June, item 13).

FAR EAST

6. SIAM: UK views on border dispute--Embassy London reports the official British view that (a) the US and UK representatives in Bangkok should jointly urge the Siamese to retrocede immediately the territories seized from Indochina; and (b) the French should not be approached until this joint action has been taken. The British are advising the Siamese that they should not press for immediate consideration of their application for UN membership.

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