



~~CONFIDENTIAL~~  
~~TOP SECRETIAL~~

106

GENERAL

1. US urges efforts to conclude Austrian treaty--The State Department has informed the UK that "all efforts" should be made "to push" the draft treaty on Austria in the CFM. If CFM agreement on the draft is impossible, the US will support the British proposals to include on the Council's agenda the question of German assets in Austria and the withdrawal of occupation forces. The US concurs with the UK view that "something should be done" (a) to bolster Austrian morale, and (b) to strengthen Austria's ties with the Western States.

EUROPE-AFRICA

2. VENEZIA GIULIA: Pro-Slav action squads renew activity--Commander XIII Corps reports renewed activity by "pro-Slav action squads" in Zone A, possibly in order to create incidents with Allied troops and local police. He points out that this contrasts with the "law and order" policy maintained by the Communists for the past two months (see Daily Summary of 6 June, item 2).

Zone B "normal and quiet"--According to information obtained from Yugoslav deserters by Commander XIII Corps, no noteworthy troop movements or reinforcements are taking place in Zone B, and there is no "noticeable preparation" for an offensive operation. The deserters also stated that one division has been withdrawn from defensive positions behind the Morgan line to billets in local villages.

Naval forces increased--CINCMED reports that, in conformity with precautionary steps taken by the Army, he has temporarily increased naval forces in the North Adriatic. Present strength of two cruisers and two destroyers will be reinforced by three destroyers, two frigates and three LST's.

3. YUGOSLAVIA: Anglican Bishop evokes pro-US-UK demonstration--US Charge Shantz reports that a recent visit to Belgrade by a Bishop of the Anglican Church resulted in a public anti-Partisan demonstration by 15,000 persons, who voiced their "hope in and admiration for" the US and UK. The demonstration culminated in street fighting and arrests by "truckloads," and the Bishop was summarily ordered to leave the country.

Document No. 010  
NO CHANGE in Class. ☐  
☐ DECLASSIFIED  
Class. CHANGED TO: TS S (C)  
Auth: DDA Memo, 4 Apr 77  
DDA REG. 77/1763  
Date: 13 MAR 1978 By: 011

- 1 -

~~CONFIDENTIAL~~  
~~TOP SECRETIAL~~

~~TOP SECRET~~  
~~CONFIDENTIAL~~

4. RUMANIA: US orders "passive opposition" to arrest of employees--  
 The State Department has requested that General Schuyler, US Delegate ACC Bucharest, in the event of forceful attempts by Rumanian or Soviet authorities to arrest employees now in his protective custody, confine his resistance to "passive opposition (short of armed conflict) necessary to compel such authorities to force entry and seize the employees under protest." (Schuyler had previously stated that he would "use all the force at his disposal" to prevent seizure of a Rumanian employee for whom the Rumanian Government has issued a warrant of arrest.)
  
5. USSR: Propaganda offensive on Turkish Kurds--Ambassador Smith reports that the Soviets appear to be opening a new propaganda offensive for the autonomy of the Kurds in Turkey. Smith (a) doubts that the offensive will make much progress, since the Kurds have proved "not wholly dependable instruments of Soviet policy," and (b) suggests that the real aims of the offensive are to renew the war of nerves against Turkey and to raise "a smoke screen over issues at the CFM which may embarrass the USSR."
  
6. ITALY: British view on displaced persons--US Political Advisor at AFHQ reports the British Cabinet's view that disposition of dissident Yugoslavs in Italy should be left to the Italian Government. The British feel unable to assume further responsibility for displaced persons who "for political and other reasons" cannot return home.
  
7. FRANCE: Bidault's views on the political situation--Caffery has been told by a "reliable official" of Bidault's belief that (a) the Assembly will elect him to the Presidency; (b) the Socialists will refuse to participate in a Government which excludes the Communists; and (c) his immediate task therefore is to "find a formula" which will induce participation by the Communists (who have indicated their opposition to an MRP President). Bidault thinks that the Communists may agree to join the Government under "certain conditions" related to the distribution of Cabinet posts.  
 Caffery doubts that Bidault can be elected over Communist opposition, and states that insuperable "labor and economic difficulties" would confront a Government opposed by the Communists.

- 2 -

~~CONFIDENTIAL~~  
~~TOP SECRET~~

~~CONFIDENTIAL~~

8. THE NETHERLANDS: Catholic still unable to form Cabinet--  
Embassy The Hague reports that Beel, leader of the Catholic Party's liberal wing, continues to encounter "serious difficulties" in the formation of a Cabinet. (Beel has been trying to form a Cabinet since 23 May.) The principal obstacle is the refusal of "reactionary elements" in Beel's own party to approve certain economic reforms which are necessary to obtain Labor Party participation in the Government.
9. ICELAND: Transfer of Vik Loran station--The UK Minister has informed US Minister Morgan that UK proposals for transferring operating responsibility for the Vik Loran station to Iceland specifically provide that transfer of the (lend-lease) equipment will be determined later "in consultation with the US."
10. DENMARK: US weather station on Greenland--The State Department has informed US Consul Godthaab that the Danish Government has "orally consented" to the establishment by the US Weather Bureau of a small civilian weather station under joint US-Danish operation.

#### FAR EAST

11. N.E.I.: China suggests joint pressure on Dutch--The Chinese Foreign Minister has told Embassy Nanking that, in his opinion, there is no chance of a peaceful settlement of the future status of the N.E.I. unless pressure is brought to bear on the Dutch. The Foreign Minister believes that the situation is deteriorating rapidly and suggests that the powers interested in that area, including the US, China, Australia and the UK, urge the Dutch to accept outside mediation if direct negotiation fails to effect a settlement. The Chinese Government is debating whether to refer the entire N.E.I. situation to the United Nations.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~  
TOP SECRET

## THE AMERICAS

12. ARGENTINA: Von der Becke's return imminent--According to Messersmith, Peron is disturbed over Brazilian reaction to Von der Becke's alleged proposals that the US make Argentina the "arsenal of Latin America." Peron has indicated to his Foreign Minister the desirability of Von der Becke's immediate return and has directed a public repudiation of the proposals.
13. ECUADOR: New Galapagos agreement developing--Ambassador Scotten reports that the Ecuadoran Government wishes that the Galapagos base be formally returned on 1 July as planned, but that US forces remain there pending completion of a new agreement.
14. PARAGUAY: President's position unstable--Ambassador Beaulac reports that, as a result of the recent attempted revolt, (a) President Morinigo has lost prestige and (b) resentment among Army personnel will probably be exploited by opposition factions.

- 4 -

~~CONFIDENTIAL~~  
TOP SECRET