YUGOSLAVIA

UNITED STATES EFFORTS TO SUPPORT THE INDEPENDENCE OF YUGOSLAVIA THROUGH MILITARY AND ECONOMIC ASSISTANCE PROGRAMS AND THROUGH THE ENCOURAGEMENT OF EXPANDED RELATIONS WITH THE WEST; 1 UNITED STATES ATTITUDE TOWARD THE NORMALIZATION OF RELATIONS BETWEEN YUGOSLAVIA AND THE SOVIET UNION AND TOWARD THE TIES BETWEEN YUGOSLAVIA AND NON-ALIGNED NATIONS

No. 633

INR-NIE files

National Intelligence Estimate 2

SECRET
NIE-29/2

[WASHINGTON,] January 4, 1952.

PROBABLE DEVELOPMENTS IN YUGOSLAVIA AND THE LIKELIHOOD OF ATTACK UPON YUGOSLAVIA, THROUGH 1952 3

THE PROBLEM

To estimate probable developments in Yugoslavia and the likelihood of attack upon Yugoslavia, through 1952.

CONCLUSIONS

1. The present Communist regime in Yugoslavia will probably retain control over the country during the period of this estimate. 4

1 For previous documentation on this subject, see Foreign Relations, 1951, vol. iv, Part 2, pp. 1677 ff.

2 National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

3 According to a note on the cover sheet, "The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 29 December."

4 The Director of Intelligence, USAF, prefers the following wording:

Continued
2. Although the regime has officially refused to modify its goal of an industrialized and collectivized economy there will probably be slight and temporary readjustments within the period of this estimate.

3. It is unlikely that present dissatisfaction among the peasants and discontent within the middle and lower ranks of the Yugoslav Communist Party will reach the point of seriously weakening the regime.

4. The assassination or death of Tito would weaken the regime and would afford added opportunity for the USSR to exploit political confusion and discontent, but would be unlikely to break the regime’s hold over the country or to produce fundamental changes in its foreign or domestic policies.  

5. Although the Cominform will continue its efforts to overthrow the regime, these efforts will probably fail.

6. If the adjacent Satellites, with Soviet logistic support, should attack before 1953, they could at least drive the Yugoslav forces from the plain area generally north and east of the Danube. The Yugoslav forces probably could not maintain effective organized resistance even in the mountainous area for an extended period unless adequately supported logistically from the outside. Guerrilla warfare would almost certainly continue should organized resistance cease.

7. The evidence of growing cooperation between Yugoslavia and the Western Powers has probably convinced the USSR that an attack by the adjacent Satellites would involve not only serious risk of war between the US or UN and these Satellites, but also the danger that such a conflict would develop into a general war.

8. On the basis of the foregoing, we believe that an attack upon Yugoslavia in 1952 is unlikely.  

"Barring a Soviet-Satellite attack, the present Communist regime in Yugoslavia will probably retain control over the country during the period of this estimate." [Footnote in the source text.]

"4. The assassination or death of Tito would so weaken the regime that almost anything could happen. It is possible that his present assistants could promptly stabilize the situation without any fundamental change of policy. But it is equally possible that the CPY could be torn to pieces and emerge as a regime subservient to Russia." [Footnote in the source text.]

"5. The Assistant Chief of Staff, G-2, Department of the Army dissents from this paragraph and would replace it by the following:

"3. During 1951 the Satellites adjacent to Yugoslavia achieved the capability of attacking Yugoslavia provided they are given logistic support by the USSR. Despite this capability, we believe it unlikely that Yugoslavia will be attacked during 1952 unless the USSR is prepared to accept general war. However, there is a continuing possibility that unforeseen political events and/or miscalculation by the Soviets might precipitate hostilities in Yugoslavia, intended to be localized, but which could

Continued
expand into general war. We conclude therefore, that there is a serious possibility of an attack on Yugoslavia during 1952." [Footnote in the source text.]

No. 634

EE files, lot 67 D 238, "Yugoslavia military talks"

The Deputy Under Secretary of State (Matthews) to the Secretary of Defense (Lovett)\(^1\)

TOP SECRET  [WASHINGTON,] February 16, 1952.

MY DEAR MR. SECRETARY: You will recall that, at the last political-military meeting with the British on the subject of planning in respect to Yugoslavia, which was held on November 12, 1951, the British indicated that they wished to consult London again on a number of points raised by our proposals. These were set forth in the position paper agreed to by the Department and the Joint Chiefs of Staff and transmitted to the Secretary of State by your letter of October 22, 1951.\(^2\) The British have now indicated that they are ready to resume these talks, and wish to do so as a matter of urgency. They are also being pressed by the French, who are apparently aware that talks have been initiated and wish to be informed concerning them.

From informal advice which we have received from the British Embassy we understand that the British military side has developed a four-point program which they believe provides an appropriate procedural basis to enable us to move forward towards the desired planning. We are not informed as to whether this program has the endorsement of the British Government or represents only the views of the British Joint Chiefs, but believe it a safe assumption that the former is the case. These four points, as they have been outlined to us, are as follows: (1) a proposal to initiate military planning should not now be presented to NATO; (2) we and the British should immediately bring the French into the planning picture; (3) as soon as agreement has been reached with the French, the three Ambassadors in Belgrade should approach Marshal Tito and inform him, on behalf of the three powers, that the latter are desirous of discussing these matters with Yugoslav officials through an appropriate military representative of the three

\(^1\) Drafted by Marcy.

\(^2\) Neither the position paper nor the covering letter referred to is printed.
powers (Admiral Carney); and (4) following this advice to Tito, Admiral Carney should, on behalf of the three powers, bring the Italians up-to-date and immediately initiate the planned technical discussions.

You will note that this procedure is not in conformity with that mutually agreed to be desirable by State and Defense last fall, and set forth in the paper referred to. However, since the differences are largely procedural, and in view of the urgent necessity of getting ahead with planning in reference to Yugoslavia, we would be prepared, providing of course you are in agreement, to accede to the British view on this aspect of the matter, with the minor exception that we feel Admiral Carney should bring the Italians up-to-date before the approach is made to Tito. I would, therefore, appreciate it if you would ascertain whether the Joint Chiefs of Staff wish to stand firm on the position adopted last fall or whether, in view of the urgency involved, they are prepared to accept a formula along the above lines, leaving minor matters such as that of timing mentioned above to be ironed out in the next meeting with the British.

Since, in addition to the procedural problem referred to, there are several substantive matters concerning which agreement remains to be reached with the British, if the Joint Chiefs of Staff are prepared to go along with this procedural suggestion we would propose to call another political-military meeting at the earliest possible moment in order to receive the British reaction to our proposals and endeavor to reach some agreement on the basis of which we may move forward.³

Sincerely yours,

H. FREEMAN MATTHEWS

³No record has been found in Department of State files of a reply to this letter. For a summary transcript of the political-military meeting between British and U.S. representatives regarding Yugoslavia, held on Apr. 16, see Document 639.

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No. 635

Editorial Note

On February 29, the British and French Ambassadors in Belgrade and United States Chargé Jacob Beam jointly submitted an aide-mémoire to the Yugoslav Government, which indicated that their governments had decided to make available to Yugoslavia an amount of $45 million as a final allocation of economic assistance for the 12 months ending June 30, 1952, in addition to the $75 million already allocated. Of the $45 million to be made available, the
United States was to furnish $29.25 million, the United Kingdom the equivalent of $10.35 million, and France the equivalent of $5.4 million. The text of the aide-mémoire was sent to Belgrade in telegram 855, February 28. (768.5/2-2852)

No. 636

Yugoslav Desk file, lot 59 D 383, “Washington Conference”

Memorandum of Conversation, by James Colbert of the Office of Eastern European Affairs

CONFIDENTIAL

[WASHINGTON,] March 7, 1952.

Subject: Discussion with Ambassador Allen on Yugoslavia Economic Assistance

Participants: Ambassador George V. Allen, US Ambassador to Yugoslavia
George Truesdell, EE
James L. Colbert, EE
Jules Katz, EE
Oliver Marcy, EE
Robert Johnson

The Ambassador inquired as to what the underlying reasons were for continuing a tripartite arrangement. He mentioned that he had been considering prior to his departure from Belgrade sending in a rather strong cable suggesting the discontinuance of the tripartite arrangement. The political and policy reasons described in various US papers were briefly summarized for the Ambassador by Mr. Truesdell. Other practical and operational reasons were mentioned in support of the continuance in the tripartite scheme. It was explained that participation by the British and the French would supplement the quite limited amounts of assistance which the US would be able to furnish, particularly in view of the likely Congressional cut. It was also explained that it was the hope of the US Delegation that if the agreement of the US Government was secured in the arrangement with the British and French to furnish aid to Yugoslavia, the observance of this agreement by the US in the event of a substantial overall cut by Congress for European aid would make it difficult, if not impossible, to go below the minimum agreed on with the British and the French. Such an argument would not exist if the tripartite arrangement were abandoned.

Ambassador Allen stated his position as being that if it were necessary to apply extensive controls on assistance to Yugoslavia as opposed to giving them no aid, he would prefer to furnish no aid.
Mr. Truesdell said that he felt that the sense of the conference was
to the effect that the working relations with Yugoslavia could be
on the basis of good faith and mutual cooperation. It was also
planned that many of the points of coordination and control could
be covered and the coordination process in effect clearly defined at
the discussions in the conference, and this would leave considerable
subsequent latitude to the three governments. The Ambassador
asked whether it appeared that each government could be given
the freedom to evaluate whether Yugoslavia lived up to its commit-
ments.

Ambassador Allen explained to the group his general feeling
that it was certainly more in US interest to continue a three coun-
try arrangement than one solely with the British. He mentioned
that one aspect of the arrangement was that in the event of the US
falling short through lack of funds or for administrative reasons on
a commitment the reaction by the Yugoslavs to such an unavoid-
able situation was absorbed tripartitely. It should be mentioned
here for the record that the Ambassador had previously expressed
his dislike for a tripartite arrangement which would cause the US
role in Yugoslavia to assume the same guise that our position had
in other countries in the Near East, that is that the US appeared
to the Yugoslav people to be dominated by and following the lead
of the British with respect to economic policy. He felt that at all
costs we should avoid any situation arising in respect to provision
of assistance to Yugoslavia where our action might be interpreted
as being tied to the British kite.
Memorandum by Robert P. Joyce of the Policy Planning Staff to the Assistant Secretary of State for European Affairs (Perkins)\(^1\)

SECRET

[WASHINGTON,] March 19, 1952.

Subject: Meeting with Yugoslav Ambassador Popovic and Yugoslav Minister of Industry Vukmanovic

Ambassador Popovic asked me to luncheon at the Yugoslav Embassy on Monday, March 17. The only other American present was Mr. Averell Harriman. Only Popovic, Minister of Industry Vukmanovic and Yugoslav First Secretary (interpreter) Bruner were present at the luncheon and the discussion lasting one hour and a half which followed.

The obvious purpose of the luncheon was to arrange a conversation between Vukmanovic and Mr. Harriman and to enlist the latter's support in the Yugoslav efforts to obtain financial and economic assistance from the West. There was a great deal of discussion about Yugoslavia's economic position from which nothing particularly new emerged. Several points were brought out, however, which may be of interest to you and are set forth below. Mr. Harriman stated that he had been completely involved in the MSA hearings in Congress and that he had not been able to brief himself on the present position relating to the tripartite negotiations with the Yugoslavs with regard to economic and financial assistance.

Vukmanovic and Popovic stated that the situation had presently reached something of a dead center in that the tripartite negotiations seemed not to be moving forward in a favorable sense for the Yugoslavs and this fact conditioned and held up important parts of the long-range program which the Yugoslavs had negotiated with the World Bank. He added somewhat bitterly that the British now seemed to be putting great stress on the exploitation of Yugoslav national resources rather than programs which would permit the

\(^1\)Also addressed to Bonbright. In an attached, undated, handwritten note to the two addressees, Joyce wrote that he had thought Popović was giving the usual social lunch for Vukmanović and he had not thought it was "an operation aimed at Averell." He said he did not know why he had been invited. He also assured Perkins and Bonbright that he was "an unwilling operator in this field" and expressed his hope that they and EE did not feel that he was "barging in." He indicated on this note that he was sending a copy of the memorandum to EE.

\(^2\)A delegation headed by Minister of Industry Svetozar Vukmanović-Tempo had arrived in the United States on Feb. 8 on an unofficial visit. The Yugoslav Delegation visited the Tennessee Valley Authority and various industrial plants in the South and Midwest. Documentation on the origin and planning of the Vukmanović-Tempo visit is in file 611.68.
Yugoslavs to industrialize. He said, for example, the British were pushing for a vastly expanded lumber industry and if the Yugoslavs followed British suggestions in this regard it would mean the complete de-forestation of Yugoslavia in a period of about a decade. He added that the Yugoslavs desired to obtain industrial equipment such as paper mills and "viscose" machinery which would permit them to develop their own exploitation of forest resources in an orderly manner. The British only seemed to be interested in obtaining lumber and other raw materials from Yugoslavia.

Mr. Harriman stated that he would brief himself on the present status of the tripartite negotiations but he was careful not to make any commitments one way or the other to the Yugoslavs although he appeared to be generally sympathetic with their position.

Asked by Mr. Harriman what his impressions were of his visits to American industrial plants and what his general impressions were of the United States, Mr. Vukmanovic stated that they were very favorable indeed and that he had learned a lot. He said that most of the American industrialists he had met had been open and sympathetic but that some of them had exhibited suspicions as to the genuineness of the break between Belgrade and Moscow. He added that the DuPont people had shown him absolutely nothing and had generally been unsympathetic. This secretive attitude somewhat astounded Vukmanovic who commented that he was, after all, only a lawyer by trade and in any event a quick look at some of the DuPont plants would not make him capable of giving away any production secrets as he was a rank amateur in that field.

 Asked what his impressions were generally of the United States and "American capitalism" and whether what he saw confirmed his previous ideas, Vukmanovic laughed heartily and said that his education had been almost entirely in Russian communist ideology and certainly conditions in this country did not conform to communist stereotypes. He added that the only times he had left his own country previous to this trip were to visit the Soviet Union for a couple of weeks plus a brief trip to Switzerland a year or two ago. He added that he was almost entirely ignorant of what the West was really like and that this trip had been an eye-opener for him.

Vukmanovic, backed up by Popovic, then proceeded to discourse on the beauties of private initiative and he said that the Russians were wrong in thinking that slave labor and complete state control of all economic activity was the answer to more production. He said that in Yugoslavia they had learned that the Kolkhoz system which they had tried to apply in Yugoslavia following the Russian model, was no good. He stated that they were now planning along the lines of voluntary cooperatives to increase agricultural produc-
tion. Mr. Harriman then stated that in the United States the application of machinery and the role of the federal, state and county governments had vastly increased agricultural productivity here. He added that the role of the state in agriculture should not be minimized in this country but that this role had been one of technical advice, suggestions and specific assistance to farmers.

In response to Vukmanovic's question as to what he thought of the Yugoslav industrialization program in general, Mr. Harriman replied that his impression was that the Yugoslavs had been trying to do too much in too short a time to industrialize their country. He believed that a more modest program would be better with the emphasis on those industries and the development of industrial production which would within the next few years start to pay off and thus place Yugoslavia in a better foreign trade position. In short, the Yugoslavs might have set their sights too high and placed too much emphasis on long-range and costly programs which had led to half-completed plans and industries which would not be productive for many years. Mr. Harriman also spoke of the necessity of educating workers in the techniques of modern industry. Messrs. Vukmanovic and Popovic appeared to agree with Mr. Harriman.

Vukmanovic stated that he would recommend upon his return to Belgrade that there should be a stepped-up exchange on the economic and industrial level between his country and the West, particularly the United States. He said that he was in favor of large numbers of Yugoslavs coming to this country to learn industrial techniques and he thought that his Government should obtain the services of American technicians to assist the Yugoslavs in their own country.

Mr. Vukmanovic asked Mr. Harriman's impressions of how he thought things in general were going in Yugoslavia. Mr. Harriman replied that he had only visited Yugoslavia twice, once in 1927 and the next time very briefly in 1951 when he had met Marshal Tito. He went on to say that the Yugoslavs were all working very hard and were determined to protect the independence of their country from foreign aggression. He added something to the effect that the political situation appeared to him to be sound and the country united. Mr. Harriman asked me whether I agreed with him and I replied "not quite".

I pointed out to Mr. Vukmanovic that perhaps some of the coldness which he had observed in this country toward him and his Government was due to the fact that Americans were attached to the ideas of basic human freedoms and that his country was a communist dictatorship. I added that it had been noted in this country that the regime in Belgrade during the past four years had been
liberalizing itself and playing with Western ideas of freedom and the basic rights of the individual. It appeared to some observers, however, that the Yugoslav Government is something like the woman who was intrigued by the idea of having an affair but at the same time insisting on maintaining her virtue. Vukmanovic and Popovic laughed uproariously at this analogy. I added that some American observers of the Yugoslav scene were of the opinion that the Yugoslav Government could be essentially stronger, tougher and in a better position to defend the country against its enemies should there be a wider extension of freedom.

Mr. Vukmanovic gave the stock Yugoslav reply to the effect that Yugoslavia was surrounded by bitter enemies and that the State must at this time exercise many controls etc. He added that the Americans could be assured that it was the policy of the regime, when the international situation was somewhat less dangerous, to grant more and more individual liberties and that the record of the past four years proved this. We did not pursue this subject further nor was there any discussion of communism.

When we left the Yugoslav Embassy, I said to Mr. Harriman that I hoped that he did not mind my saying what I did as there was a great deal of evidence to show that

1) the Police State in Yugoslavia was a present reality and totalitarian tactics very much still existed;

2) the Yugoslav people were discontented and the vast majority were disaffected, against the regime and only the threat of invasion from abroad or a Cominform take-over from within enabled Tito and the Yugoslav Communist Party to keep the lid on; and

3) many observers considered that should Yugoslavia be attacked, the Yugoslav army and the people as a whole might offer only half-hearted assistance so great was their opposition, particularly on the part of the peasants, to the communist regime.

I added that I thought we might continue to needle the Yugoslavs from time to time so that they might not operate under any false ideas that this Government had any love for the regime as such. I said that very recently Tito had made speeches and orders had gone out through the apparatus of the Yugoslav Communist Party to the effect that communist ideology should be strengthened and the growth of "Western ideas" should be combatted vigorously throughout the country. There was a despatch from Meyer Handler from Belgrade in the New York Times that morning to the effect that at a meeting of the National Students Union in Zagreb, the Yugoslav CP had stated that Western concepts as opposed to communist concepts were no longer to be tolerated and the "enemies of Socialism" were to be combatted with the greatest vigilance. Tito himself then stated: "We are being washed by the waves of petty
bourgeois ideas from the West.” Another Yugoslav CP leader had urged the students to study Marxism and insisted that more attention be paid to dialectical materialism in the medical schools as well as in the schools where the exact sciences are studied.

Robert P. Joyce

No. 638

State-JCS Meetings, lot 61 D 417, “April 1952”

Memorandum of Discussion at the Department of State—Joint Chiefs of Staff Meeting, Washington, April 9, 1952

TOP SECRET

PRESENT

General Bradley        Mr. Nitze
Admiral Fechteler     Mr. Bohlen
General Hull          Mr. Perkins
General Twining       Mr. Allison
General Bolte         Mr. Ferguson
General Fox           Mr. Barber
General Thatcher      Mr. Stelle
General Eddleman      Mr. Tufts
Admiral Fife          Mr. Lay
General Cabell
Admiral Lalog
Colonel Carns

Yugoslavia

Mr. Perkins: General Bradley, I believe you had something on your mind about Yugoslavia.

General Bradley: As we see it, there is no reason why the discussions cannot proceed at once. There are some minor points of difference but on the whole I think we can proceed as the British suggest.

Mr. Perkins: We have a paper with us which brings the matter up to date.

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1The meeting was held at the Pentagon at 11 a.m. A note on the source text indicates that it was a Department of State draft which had not been cleared with any of the participants.

2Reference is to the politico-military talks with British representatives in Washington which took place Apr. 16. A summary transcript of the discussion at this meeting is in/ru.

3Presumably reference is to the negotiating paper drafted by Marcy, Campbell, and Barbour for the politico-military talks with the British on planning for Yugo-

Continued
General Bradley: General Collins will be our representative. General Eddleman has done and will do most of the detail work. General Collins will be back late this week.

Mr. Perkins: I will get in touch with General Eddleman and will try to arrange with him for a meeting early next week. I will give General Eddleman a copy of our paper.

General Bolte: I might note that I saw Popovic last evening. He was feeling quite upset. He thinks that Yugoslavia is being left out in the cold.

Mr. Perkins: Was he referring to Trieste?

General Bolte: No, he almost conceded Trieste to Italy. He was upset about the relationship between Yugoslavia and the Western Powers in general—NATO, military assistance, etc. He was really very upset.

General Bradley: Did you ask him where Yugoslavia was two years ago?

General Bolte: I myself wound up in 1945 with my machine guns across from his.

Mr. Bohlen: They have tried to jump Trieste since then, too.

Mr. Perkins: Our paper sets forth the modifications in the previous position.

Mr. Nitze: I believe there are three points, two substantive and one procedural. In the first place I take it that we do not want to make a commitment one way or another with respect to the putting of ground forces into Yugoslavia. The second point concerns Albania. The third point is the procedural one of how to get talks going with the Yugoslavs.

General Bradley: One question which we will have to discuss is whether we ought to get this problem into NATO promptly. I don’t think we want NATO to take the problem up too soon—partly in order to protect the Yugoslavs. One of the difficulties with NATO is that so many countries hear about a matter that is discussed there.

Mr. Perkins: Putting it into NATO immediately involves the Greeks now and I am sure that the Yugoslavs wouldn’t like that.

General Bradley: The Greeks and the Yugoslavs logically ought to be tied together. They ought to be doing some joint planning.

Mr. Perkins: I don’t think we will have any difficulty in agreeing with you about the NATO angle. I do think we will have to talk with the Italians and the French before discussing the matter with the Yugoslavs. In my judgment we ought to go ahead with the

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slavia. A copy of this paper, which bears the drafting date of Apr. 8 and also the notation that it was used in the Apr. 16 discussion, is in PPS files, lot 64 D 563, “Yugoslavia.”
Yugoslav staff talks promptly and I think we ought to separate the Albanian problem from it for the time being. We have a position on this latter problem which has now been almost cleared through the Department. We will send it over to you.  

General Hull: I take it Admiral Carney would be our representative.

General Bradley: Yes, he will. In the first instance he will wear his U.S. hat and subsequently his NATO hat.

(Mr. Dulles and Mr. Wisner of CIA and Mr. Nash entered the meeting.)

[Here follows discussion of Formosa.]

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*Not printed.

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No. 639

EE files, lot 67 D 238, "Yugoslavia military talks"

Summary Transcript of Discussion at a United States-British Politico-Military Meeting, Washington, April 16, 1952

TOP SECRET

Participants:

*British Embassy:*
  - Sir Christopher Steel, Minister
  - Mr. I. F. Porter, First Secretary

*British Military:*
  - Admiral Pennant
  - Brigadier Price
  - Lt. Colonel R. H. C. Bryers

*United States Military:*
  - General J. Lawton Collins
  - Major General Clyde Eddleman
  - Lt. Colonel T. J. Camp

*State Department:*
  - Mr. H. Freeman Matthews, Deputy Under Secretary of State
  - Mr. George W. Perkins, Assistant Secretary of State
  - Mr. Paul H. Nitze, Director, Policy Planning Staff
  - Mr. Walworth Barbour, Director, Eastern European Affairs
  - Mr. Oliver M. Marcy

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1Drafted by Marcy and Camp. The meeting was held at the Department of State from 3 to 3:45 p.m.
Mr. Matthews opened the meeting by remarking that he understood that as a result of the previous politico-military meeting on November 12 there were three principal problems concerning which the British had wished to consult London. As Mr. Matthews recalled the three major issues were (1) procedure; (2) Albania and (3) the question of the commitment of (token) troops. He inquired whether Sir Christopher Steel would like to set forth the present British view on these issues.

Sir Christopher Steel remarked that the British impression was that the principal issue remaining between the US and UK was that of procedure. The other issues would largely find their solution once the procedural aspect was agreed. ... It was Sir Christopher's impression that this had been, in general, agreed between the US and UK at the time of the Churchill visit.  

The British view, according to Sir Christopher, is that it is now essential to bring in France. If the United States agrees there remains primarily the question of how to do so. The Foreign Office idea is that it would be appropriate for the United States formally to approach both the UK and France and propose discussions between the three powers.

Following some discussion between both sides as to whether or not the French in fact realize that discussions have been going on between the United States and the UK in reference to Yugoslavia, Messrs. Matthews and Perkins indicated agreement with the British suggestion: Generals Collins and Eddleman concurring.

Sir Christopher Steel then raised the question of the procedure and timing of the actual proposal to Tito, continuing that it was the Foreign Office's idea that the three Ambassadors in Belgrade should be instructed, in whatever manner they deemed appropriate (either as a group, or by deputizing one) to approach Tito in the premises.

Mr. Matthews mentioned that in the US view we must inform the Italians of what we propose to do before we actually approach Tito. Sir Christopher replied that the British had thought of informing the Italians after we had some indication as to whether or not Tito is willing to play. Mr. Perkins elaborated on Mr. Matthews' remark, pointing out that we wish merely to inform the Italians of what we intend to do, not to offer them participation in the approach. To this Sir Christopher replied that in his view this question depended to a certain extent on how the approach to Tito developed. Following the approach of the three Ambassadors, if Tito, for example, wished to send a representative to London or

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*For documentation regarding the visit of Prime Minister Churchill to the United States, Jan. 5-18, 1952, see vol. vi, Part 1, pp. 693 ff.*
some other place outside Yugoslavia that was one thing. If, on the other hand, it was proposed that Admiral Carney either go himself or send someone to Yugoslavia that was another. Sir Christopher felt that if Admiral Carney was to conduct the talks he could, with his special relations with the Italians, tell them what we were doing on his level. That shouldn’t, in his view, bother the Italians too much.

At this juncture Mr. Perkins reverted to the approach made by Admiral Carney a year ago\(^8\) and some discussion followed as to whether or not Admiral Carney had actually talked with the Italians . . . . It was the consensus, and General Collins stated that he was certain, that Admiral Carney had not actually spoken with the Italians on the substance of this matter.

Sir Christopher Steel then noted that if Tito rejected our approach, for example asserting that Italo-Yugoslav relations over Trieste were such that he could not proceed, the three powers would be embarrassed by having previously informed the Italians of our intentions: the Italians could make good use of such a development. To this General Collins replied that that would, of course, be true but that in fact both British and American representatives, General Collins included, had spoken with the Yugoslavs on this general issue and that the Yugoslavs seemed favorably disposed. Among other things, when General Popovic traveled to both the United States and the UK last year he had indicated general Yugoslavia preparedness to enter into such discussions. To Sir Christopher Steel’s comment that the conversation with General Popovic had to deal primarily with material support to Yugoslavia, Messrs. Matthews and Collins agreed . . .

Mr. Matthews then suggested that the approach to Tito might be done at the same time as the Italians are informed of our intention, to which Mr. Perkins agreed. Sir Christopher Steel reverted to the idea that if Admiral Carney were himself to make the approach to both the Yugoslavs and Italians, the approach to the latter could be accomplished with less political emphasis. General Collins noted that from the military point of view there was certainly no objection to this, particularly since the JCS feels it is essential for Admiral Carney to get into this problem as quickly as possible. He pointed out that the Joint Chiefs of Staff can not themselves speak for General Eisenhower’s headquarters. Admiral Carney in effect wears two hats. Unfortunately, in the approach to Tito he cannot go as General Eisenhower’s representative, but would be acting only on behalf of the three powers.

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\(^8\)This approach has not been further identified.
Sir Christopher, agreeing that Admiral Carney would represent the three countries, stated that he thought it would work if the three Ambassadors made their approach and Admiral Carney spoke to the Italians before actually entering into discussions with the Yugoslavs.

General Eddleman then suggested that a compromise be reached involving an informal approach to Tito to see if he is willing prior to approaching the Italians, and finally a formal approach to Tito. To this, Sir Christopher remarked that in any event and in all approaches to both the Yugoslavs and the Italians we would wish to be as informal and confidential as possible: the Ambassadors could work out the formula. General Collins then posed the question as to whether it was better to make the approach to the Italians through Admiral Carney or on a diplomatic level, pointing out that if Admiral Carney made the approach the US and UK Governments on the political level might be embarrassed. The Italians might find it strange and resent that an initial approach had not been made through normal diplomatic channels.

Following Sir Christopher Steel’s remark that it was his personal thought that it would be less conspicuous if Admiral Carney made the approach, Mr. Matthews inquired what Messrs. Perkins and Barbour thought of General Collins’ idea. The latter agreed that there was merit in the suggestion of an approach on the Ambassadorial level in Rome, and Mr. Barbour pointed out that such an approach would be on a par with the approach to the Yugoslavs. General Collins added that he could foresee possible difficulties between Admiral Carney and his Italian Service colleagues, as he would be getting into the political field. An Ambassadorial approach, on the other hand, would smooth the relationship between Admiral Carney and Italian political and military leaders. He therefore tended to believe it would be preferable to have the Ambassadors make the approach. Mr. Barbour noted that it might be preferable to have one Ambassador make the approach on behalf of all three, to which Sir Christopher Steel replied that this might also well be left to the discretion of the Ambassadors.

Sir Christopher Steel remarked that he did not know whether HMG felt strongly on this issue but that he was prepared to put the United States view to the Foreign Office.

Mr. Matthews stated that he agreed to the Ambassadorial approach. Sir Christopher agreed to Mr. Barbour’s comment that there should be no publicity, and then summed up that we should: (1) go to Tito; (2) advise the Italians through the Ambassadors, in such form as they desire; and (3) instruct Admiral Carney to enter into discussions with the Yugoslavs in whatever manner he felt appropriate. He might not wish himself to go to Yugoslavia in the
first instance, but rather to send a representative. To this General Collins replied that he thought Admiral Carney might well wish to go to Yugoslavia himself, and that he was certain from the Yugoslav point of view they would wish to talk to Admiral Carney. It was generally agreed that this question be left to Admiral Carney to work out with Tito, and should be left as flexible as possible. It might well work out that Tito would wish to send a representative outside Yugoslavia for the first contact. In any event, the three Ambassadors in their approach to Tito would emphasize that it was the Three Powers’ desire that the talks should ultimately be carried on by Admiral Carney.

Sir Christopher Steel then emphasized that when Admiral Carney goes he should go as a representative of the Three Powers and not of the Italians, although the Italians would, of course, know about the approach. General Collins raised the question of possible Italian insistence that Admiral Carney represent them also. To this Sir Christopher Steel responded that Admiral Carney would have to resist such an Italian desire. We must not get involved as between the Italians and the Yugoslavs. General Collins demurred stating that Admiral Carney was going to be forced at some juncture to let the Italians (Marras) know what was going on between himself and the Yugoslavs. He continued that, if Admiral Carney agreed with his personal view of the importance of the Ljubljana Gap, and it were possible to persuade the Italians that the defense of Italy can best be accomplished in Yugoslavia, they might be prepared to cooperate on a military level. To this Sir Christopher remarked that the Italians and Yugoslavs seemed to be far from prepared at this time to enter into such close relations.

Mr. Perkins then raised the question of informing the Greeks, and Sir Christopher Steel noted that HMG was fully sensitive to the necessity of getting the Greeks in, particularly now that they are full members of NATO. He noted that the Greeks and Yugoslavs would be prepared to fight side by side since, of all the nations in the Balkan Peninsula, they have not fought each other (with the exception of the Albanian incident immediately following the war), and have a long record of friendly relations.

General Collins then reverted to the discussion of the Yugoslav-Italian relationship. Stating that—leaving the question of Trieste aside— . . . Therefore, since the Yugoslavs would in effect be defending Italy, they might be prepared to let the Italians fight side by side with them. Sir Christopher Steel replied that he was certain this might be so in case of war but he could not see it at the present time. Perhaps they might be prepared to make a secret agreement to this effect: he did not know. General Collins com-
mented that this point seemed logically to lead to the next question: that of token troops. Discussion on that aspect was, however, deferred.

Sir Christopher Steel then raised the question of Albania, asking for US views on this subject. Mr. Matthews stated that we had hoped to leave this problem outside the context of the present talks, to which Sir Christopher Steel agreed. Mr. Perkins noted that we did wish to pursue this matter in another context, and that US and UK should soon arrive at some common policy but that we did not desire to delay the present matter pending such agreement. To this Sir Christopher Steel agreed, noting that in addition to the strategic aspect there were other important aspects of this problem, such as clandestine activities.

Mr. Matthews then asked General Collins to discuss the US position on token forces.

... General Collins wished to bring this concept into its proper context, and emphasized that in brief the US position is that we should not decide now what to do as regards committing troops. Mr. Matthews noted that, in his understanding, the previous British view was that they then wished to agree not to commit any troops. To this Sir Christopher Steel commented that the British had, in fact, raised the possibility that logistic and other problems involved in sending token Western forces to this area would be considerable, and that such token forces might in fact have no material effect upon the course of hostilities. He noted that the US position is that we would like to leave the question open.

... Admiral Pennant then noted that the previous British position was predicated upon their desire not to commit themselves to send troops in. General Collins clarified that the US likewise did not wish to commit itself to do so. Admiral Pennant and Sir Christopher Steel agreed that the British do not at this time desire to commit themselves not to do so. Sir Christopher Steel was willing to put this position up to HMG.

Sir Christopher Steel then referred to previous discussion regarding whether we were speaking of strategic planning for a localized or general war. The present thinking of the British Chiefs of Staff is that there is no reality in such a discussion. There was general agreement with this view, General Collins noting that the Yugoslavs themselves believe very strongly that a localized war is impossible and Sir Christopher Steel adding the British belief that the Russians also think so. Mr. Matthews raised the question of
probable Yugoslav reaction if the Russians attacked in Ger-

Mr. Matthews then asked General Collins if he wished to raise
the question of troops in Trieste at this time. General Collins re-
plied that since that matter was being taken up in another context
he did not wish to do so.4

Sir Christopher Steel at that point inquired how matters stood in
the London talks on Trieste: were they over? Mr. Perkins replied
that they were not, that the latest information we had was that a
compromise proposal had been made and submitted to General
Winterton, who had wired back certain objections. A reply and re-
sponse had followed, and General Winterton had now made certain
suggestions concerning a possible compromise. These looked all
right to the Department of State, but Defense had not yet had a
chance to study them. Mr. Perkins doubted that any further
progress would be made before next week.5 Sir Christopher Steel
noted that in the meantime the question of talks in Washington
had apparently been dropped,6 but added that the British—and he
assumed the US—still basically desired to get their troops out of
Trieste. To this General Collins replied that, in his view, whether
or not the United States wished to get its troops out of Trieste de-
pended entirely upon the outcome of the strategic talks. In his
purely personal view, we were getting and would get double return
out of all funds we invest in Yugoslav defense compared with those
we invest in Italy. Speaking solely as an individual, General Collins
could see many advantages from the purely military point of view
in both the US and UK remaining in Trieste. To this Sir Christo-
pher Steel remarked that the British difficulty was that they had
no reserves, and he continued to give several examples of the diffi-
culties this factor was causing the British. General Collins re-
marked that, on the other hand, visualizing the situation that
would result were Italy to be overrun, one could see its terrific im-
portance. Sir Christopher Steel noted that Italy had been overrun
during the last war, to which General Collins remarked that the
West had not liked the resulting situation. In his personal opinion
the overrunning of Italy was far more important than the overrun-
ning of Greece. Sir Christopher Steel retorted that the UK felt very
strongly about Greece, from sentimental, traditional and other ties.

4Presumably reference is to discussions between the Department of State and the
Joint Chiefs of Staff on Mar. 26. (State-JCS Meetings, lot 61 D 417, March 1952)
5Reference is to negotiations in London, Apr. 3–May 9 between representatives of
Italy, the United Kingdom, and the United States regarding the administration of
Zone A of the Free Territory of Trieste; see Documents 92 ff.
6The talks regarding Trieste which were to take place early in April in Washing-
ton between France, the United Kingdom, and the United States were postponed.
Sir Christopher concluded that he had no more issues to raise at the present meeting, that he would transmit the several points raised during the session to London and that if, as he believed would be the case, they were agreeable to London, he would send the Department a note to that effect. He believed he could accomplish this within a week. The next move would then be up to the US to make the formal approach to the UK and France.

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**No. 640**

EE files, lot 67 D 238, "Yugoslavia Military Talks"

**Paper Prepared by Oliver M. Marcy of the Office of Eastern European Affairs and Lieutenant Colonel Thomas J. Camp, USA**

**TOP SECRET**

[WASHINGTON, April 16, 1952.]

**CONCLUSIONS REACHED AT THE POLITICO-MILITARY MEETING WITH THE BRITISH ON YUGOSLAVIA, APRIL 16, 1952**¹

At the politico-military meeting on strategic planning for Yugoslavia, held in the Department of State on April 16, 1952, the following points of agreement were reached (subject to the concurrence of the Foreign Office):

1. **Procedure**

   a. It is essential to bring the French in immediately; to this end the United States will address a formal proposal to both the UK and French Governments suggesting tripartite politico-military talks on strategic planning for Yugoslavia.²

   b. Strategic planning for Yugoslavia will not now be placed before NATO. It is inevitable that it will ultimately become a NATO problem. Once actual discussion has been initiated with the Yugoslavs, they will gradually find themselves dealing with NATO: this is desirable.

   c. The three Ambassadors in Belgrade will, following the politico-military discussions with the French, make, in such manner as they deem most appropriate, an informal and highly confidential approach to Tito, informing him that the three powers are now desirous of entering into strategic discussions with the appropriate Yugoslav military authorities. They will underline that Admiral Carney will undertake these discussions on behalf of the three

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¹A summary transcript of the discussion at this meeting is *supra*.

²A note was inserted in the margin here, explaining that the British Government had interpreted this to mean that the United States, in approaching the French, would suggest "an approach to Tito" rather than propose "politicomilitary talks" between the three Western powers. The note also indicated that the United Kingdom was prepared to engage in talks with France should France so desire and that the U.S. participants had agreed to act upon this interpretation.
powers. If Tito's response is positive, the Italians will then be advised of the three powers' intent to enter into such discussions with the Yugoslavs. The US favored the concept that such advice should be made on a diplomatic level by the three Ambassadors in Rome. The British tended to feel that the approach might be more appropriate on the part of Admiral Carney but agreed to present the US view to the Foreign Office. Following advice to the Italians, Admiral Carney will be instructed to enter into discussions with the Yugoslavs in whatever manner he and the Yugoslavs feel most appropriate.

d. The question of informing the Greeks must be given full consideration, but should not be permitted to delay progress towards the initiation of discussions with the Yugoslavs as outlined above.

2. Albania:

It was agreed that the various aspects of the Albanian question should be discussed outside the context of the present talks.

3. Token Forces:

It was agreed that no decision be reached at this time to commit or not to commit land forces to Yugoslavia in the event of hostilities. (General agreement regarding air support was reached in a prior meeting.)

No. 641

768.5/4-2152

Report of the Second Tripartite Conference on Assistance to Yugoslavia*

SECRET

[WASHINGTON, APRIL 21, 1952.]

Introduction

1. This Report has been prepared on the assumption that it is of great political and military importance to the United States, the United Kingdom, France and the Western world generally to maintain the advantages which the existence of an independent Yugoslavia outside the Soviet orbit confers upon the West, to avoid the

*The Second Tripartite Conference on economic aid to Yugoslavia, involving representatives of the United States, the United Kingdom, and France, opened in Washington on Feb. 19. Subsequent meetings were held Feb. 21, Feb. 27, Mar. 17, and Apr. 21. The meetings were presided over by Willard Thorp, head of the U.S. Delegation. Heading the British Delegation was Sir R. Francis Mudie; the French Delegation was headed by Christian Auboyneau, Counselor of the French Embassy in Washington. Minutes of the conference meetings, agenda for the meetings, policy papers, various committee reports, and numerous charts and tables used in connection with the conference are in a looseleaf volume entitled, "Second Conference on Assistance to Yugoslavia—U.S. Delegation." (768.5/4-2152)
consequences which a collapse of Yugoslav resistance to the USSR would entail, and to move Yugoslavia further in the direction of the West.

2. An estimate of Yugoslavia's balance of payments in the year July 1, 1952 to June 30, 1953, has been prepared and is given in Appendix C. This estimate shows that, after allowance has been made for all financial facilities at present in prospect, the maintenance of a volume of imports only slightly above that of 1949 will necessitate further assistance of about $99 million and the taking of steps to deal with problems relating to Yugoslavia's investment and external debts.

3. The attainment of the objectives set out in paragraph 1 is therefore still threatened by the economic situation of Yugoslavia, and the Governments of the United States, United Kingdom and France (in this Report called "the participating Governments") should agree that they will continue to give economic assistance to Yugoslavia in the period ending June 30, 1953, and will continue to cooperate and consult together in the provision of such assistance.

Responsibility of the Yugoslav Government

4. The Yugoslav Government should make every effort to achieve the economic viability of Yugoslavia, and consequently its independence of foreign economic assistance, at the earliest possible date. As, however, part of Yugoslavia's resources are devoted to its defense plans, the economic cost and duration of which are not fully known, the participating Governments are not in a position to determine at the present time a target date for the achievement of viability. Progress towards viability will nevertheless depend principally upon the policies and actions of the Yugoslav Government, which should be informed on this subject in the terms set out in the draft aide-mémoire attached as Appendix A.

Proposals Concerning the Provision of Grants

5. The participating Governments should accept responsibility towards one another for providing the Yugoslav Government with the following grants in the year July 1, 1952 to June 30, 1953:

The United States Government $78 million;  

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2Not printed.
3Not printed. The aide-mémoire was presented to the Yugoslav Government on July 10. See Document 564.
4The United States Delegation reserves to its Government the right to provide part of the stated amount by way of loans instead of grants, should that Government so decide in the light of United States law. If this right is to be exercised, the United States Government should so inform the other two Governments in good time, and should indicate the proportion of the said amount which is to be provided by way of loans, whereupon the other two Governments should be entitled to provide loans instead of grants in the same proportion. [Footnote in the source text.]
The United Kingdom Government £4\textsuperscript{1/2} million sterling; The French Government 2,940 million francs.

6. Each of the participating Governments should apply its grant to financing Yugoslav imports and technical assistance, for the purpose of contributing to the attainment of the common objectives set out in paragraph 1.

7. Each of the participating Governments should, however, after consultation with the other two Governments, be free to determine to which purposes its own grant is to be applied, and the times at which, and the manner in which, it will be applied. Each Government should also be free to determine, in agreement with the Yugoslav Government, the projects to which the counterpart funds resulting from its own grant may be applied, but should consult with the other two Governments concerning the general purposes for which such funds are to be applied.

Proposals Concerning Yugoslav Investment

8. An examination of investment in Yugoslavia has shown that the annual rate of investment expenditure constitutes too heavy a drain on the resources available, and should be reduced. It has also shown the need for the Yugoslav Government to arrange its investment projects in order of priority, and to direct its efforts towards the completion of those of first priority. The data provided by the Yugoslav Government do not include sufficiently firm figures (quite apart from the technical examination which will be necessary) to enable decisions to be reached now by the participating Governments about which groups of industries or which projects are most likely to yield the maximum benefit to the Yugoslav economy. An examination of the Yugoslav “key project” program and supporting data has, however, shown that in deciding which groups of industries or projects are to be financed the following factors should be borne in mind:

(a) the direct improvement in the balance of payments;
(b) the direct or indirect effect on Yugoslavia’s resources as a whole;
(c) the necessity of substantially reducing the burden which the Yugoslav “key project” program would place on Yugoslavia’s resources, both of materials and of technical skill;
(d) the extent to which for any group of industries or any project there is the essential related investment, e.g., iron ore, coke and power for the iron and steel industry;
(e) the extent to which a project has already been financed;
(f) the ability of the industry or project to compete effectively in world trade;
(g) the length of time required for completion.
9. Assistance should be given to Yugoslavia to carry out investment selected in accordance with the criteria set out in paragraph 8. Such investment would increase its productivity and help to reduce its balance of payment deficit. The International Bank for Reconstruction and Development (IBRD) should be considered the source of loans for investment for Yugoslavia. In view of these considerations the participating Governments should support the granting, as soon as possible, of a second IBRD loan to Yugoslavia of an amount approximately equal to the amount of the loan of $28,000,000 approved by the IBRD on October 11, 1951. In view of the special circumstances of grant aid to Yugoslavia by the participating Governments and the close interdependence of investment and such aid in achieving the general objectives of the participating Governments and the IBRD in Yugoslavia, there should be close consultation, particularly in Belgrade, between the IBRD and the participating Governments on the projects to be financed and the conditions of such a loan.

10. Each of the participating Governments should, subject to such consultation, accept responsibility towards the other two Governments for assuring the availability to the IBRD of an appropriate amount, on request by the IBRD, of that country's currency for a second IBRD loan to Yugoslavia.

11. Such amounts of the currency of each of the three countries as are used by the IBRD for a second IBRD loan shall be considered as reducing pro tanto the amount of that country's obligation arising from paragraph 13 of the London Report to increase its assistance to Yugoslavia instead of postponing debt payments due from Yugoslavia in the period January 1, 1951 to June 30, 1952.

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*The United Kingdom and French Delegations reserve to their Governments the right to inform the IBRD of the conditions on which they will allow their respective currencies to be used for financing specific projects. [Footnote in the source text.]

*According to information made available by members of the staff of the IBRD during the course of the Conference, the present view of the IBRD staff on the appropriate amount is as follows:

- U.S. dollars—$5 to $6 million
- Sterling—equivalent to $5 to $6 million
- French francs—equivalent to $10 to $12 million [Footnote in the source text.]

*The United Kingdom and French Delegations indicate that the maximum amounts which their Governments would be prepared to permit to be used by the IBRD for a second loan to Yugoslavia are £2.06 million and francs 4,200,000,000, respectively. [Footnote in the source text.]

*The Report signed in London on June 13, 1951, by the heads of delegations representing the United States, United Kingdom and French Governments at a conference on the Yugoslav economic situation. [Footnote in the source text.]
Proposals Concerning Yugoslav External Debts

12. The present position of each of Yugoslavia’s external debts is shown in detail in Appendices D and E. These indicate that on January 1, 1952 Yugoslavia’s total outstanding debt (as there defined) amounted to $219 million, and an additional $102 million was still undisbursed. At the same date Yugoslavia’s swing ceilings on trade agreements amounted to $55 million, of which $38 million had been utilized. The estimated service falling due in the next few years (exclusive of repayments of “swings”) is as follows:

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<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
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<tr>
<td>1952</td>
<td>49</td>
<td>6</td>
<td>55</td>
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<td>1953</td>
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<td>1957</td>
<td>17</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>1958</td>
<td>26</td>
<td>6</td>
<td>32</td>
</tr>
</tbody>
</table>

In the years 1959 to 1971 the annual amounts are substantially less, ranging from $12.39 million to $2.38 million. From a comparison of these figures with the estimate in Appendix C of Yugoslav foreign exchange earnings from exports and services in 1951, 1952, and 1953, which are of the order of $260 million, it is apparent that unless moratoria on debt payments are obtained, a considerable part of the aid proposed in paragraph 5 will be covering payments of debt, and that the debt burden as at present constituted exceeds the capacity of the Yugoslav economy.

13. The participating Governments should agree that such of Yugoslavia’s debt payments owed to their respective countries as fall due in the period July 1, 1952 to December 31, 1953, and as are set forth in Appendix B, will be postponed or dealt with so as to eliminate effective payment thereof by Yugoslavia. Debt payments to the United States, United Kingdom and France not included in Appendix B should be considered by the participating Governments as dealt with through their respective grants to Yugoslavia.

14. The participating Governments should confirm their continuing intention to work actively for a revision of Yugoslavia’s debt repayment schedules. For this purpose, they should agree to consid-
er the sponsoring of a conference of Yugoslavia's creditors to study possible action for amelioration of Yugoslavia's debt burden, either through funding on a long-term basis or through other measures, and to take such action as may then appear appropriate.

15. In the meantime the participating Governments should, by more actively supporting Yugoslav efforts, or by assuming the initiative where desirable (a) work for moratoria on debt payments falling due to countries other than the United States, the United Kingdom and France in 1952 and 1953 and (b) urge such countries to consider amelioration of Yugoslavia’s debt burden after 1953. In this latter connection the participating Governments should, after consultation with the Yugoslav Government, inform the other creditor countries that the participating Governments are considering sponsoring a conference of Yugoslavia’s creditors for the purpose stated in paragraph 14.

16. The participating Governments should by means of paragraph 3(c) of the draft aide-mémoire contained in Appendix A request an assurance from the Yugoslav Government that it will seek the advice of the participating Governments in good time before contracting any new credits (to be understood as including loans, lines of credit, bank acceptance facilities and overdrafts) with exception of credits extended by the IBRD and credits for the sole purpose of refinancing existing credits.

17. The participating Governments should consult together on the problems arising from any credit, as defined in paragraph 16, which the Yugoslav Government proposes to seek abroad. The participating Governments should endeavor to reach agreement on the advice to be given to the Yugoslav Government and in the event of such agreement should give their advice jointly. Failing such agreement each Government should separately inform the Yugoslav Government of its views. If the Yugoslav Government fails to seek the advice of the participating Governments in accordance with paragraph 16, each of the participating Governments shall be entitled, after consultation with the other two Governments, to cease the issue of its grant assistance referred to in paragraph 5 to the extent it considers necessary to protect its financial interests. If the Yugoslav Government proceeds, contrary to the advice of any one Government, to contract the credit, that Government shall similarly be entitled, after consultation with the other two Governments, to cease the issue of its grant assistance to the extent it considers necessary to protect its financial interests.

Procedure in Belgrade

18. The participating Governments should instruct their Economic Missions in Belgrade that, in carrying out the recommendations
of this Report if approved, they should exchange information and should consult together to the end that the assistance given in the form of grants or otherwise by the participating Government will be such as most effectively to promote their objectives as stated in this Report. In particular, the Missions should continue to review developments in the Yugoslav economy, with special reference to their impact on the need for foreign assistance.

Communication to the Yugoslav Government

19. If the participating Governments accept the recommendations of this Report, they should instruct their diplomatic representatives in Belgrade to present to the Yugoslav Government an aide-mémoire in the terms set out in Appendix A, which should be construed as an integral part of the recommendations of this Report.

London Report

20. The agreement between the participating Governments which resulted from the adoption by them of recommendations contained in the London Report should terminate on June 30, 1952, except as provided in paragraph 13 of the present Report.

No. 642

768.5/5-652

The Deputy Under Secretary of State (Matthews) to the Secretary of Defense (Lovett)¹

TOP SECRET

WASHINGTON, May 6, 1952.

MY DEAR MR. SECRETARY: You will recall that at the last politico-military meeting with the British on the subject of planning in respect to Yugoslavia, which was held in the Department of State on April 16, 1952,² certain agreements as to substance and procedure were reached with the British, subject to the concurrence of the British Government. The British have now formally conveyed that concurrence to us. There are attached, in this respect, copies of a memorandum relating to the call of Sir Christopher Steel, Minister of the British Embassy, upon Assistant Secretary of State Perkins

¹Drafted by Marcy and Barbour and cleared with RA, G, and EUR.
²See Document 639.
on April 30, 1952, as well as an informal summary of the conclusions reached at the politico-military meeting of April 16, 1952.

Pursuant to the agreement with the British, which has now been confirmed, it is now incumbent upon the U.S. to address a formal proposal to the British and French Governments looking towards a tripartite approach to Tito. There is, in consequence, attached the text of a telegram which, with your concurrence, the Department would like to transmit to the American Embassies at London and Paris for action and to the other addressees indicated for their information.

I would like particularly to call your attention to those portions of the attached message which refer to the proposed function of Admiral Carney in the desired discussions with the Yugoslavs. The British have informally indicated that they see no reason why the alteration in the character of Admiral Carney’s position, which has now been reported in the press, should make it undesirable from our point of view for him or his representative to carry out the discussions with the Yugoslavs. Subject to any views which you may hold, the Department is inclined to agree with the British, believing that the question is of importance primarily to the Yugoslavs. Should Tito object to the designation of Admiral Carney to act on behalf of the US, UK and France, we should, of course, be prepared to give consideration to his wishes in the matter.

In view of the delays which have already attended this matter, and of its basic urgency, the Department would be appreciative if you would give it your early attention and treat it as a matter of priority.

Sincerely yours,

H. Freeman Matthews

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3Not printed; Steel communicated to Perkins the British Government’s agreement to and understanding of the procedures to be followed regarding the military planning with Yugoslavia.
4Reference is to Document 640.
5Not found attached to the source text, but the telegram was sent, after Department of Defense approval had been obtained, as telegram 5854 to London (telegram 6685 to Paris), May 12. (768.5/5-1252) The notes, texts of which were contained in these telegrams, were delivered to the British Foreign Office on May 14 and to the French Foreign Ministry on May 15.
Memorandum of Discussion at the Department of State—Joint Chiefs of Staff Meeting, Washington, June 18, 1952

TOP SECRET

PRESENT

General Bradley  Mr. Matthews
General Collins  Mr. Nitze
Admiral Fechteler  Mr. Perkins
General Twining  Mr. Byroade
Admiral Wooldridge  Mr. Ferguson
Admiral Fife  Mr. McClurkin
General Bolte  Mr. Tufts
General Lee
General Cabell
Colonel Carns  Mr. Lay
General Ruffner

[Here follows discussion of the situation in the Middle East, the possibility of bombing certain power plants in North Korea, and the question of Korean prisoners of war.]

Conversations with Yugoslavia

General Bradley: We would like to talk about the problem of who will represent us in conversations with Tito. Originally this was set up for Admiral Carney. It still seems to us that we can order an American officer to put on a U.S. hat and do anything we order him to do, but we seem to be in the minority on this. The British want one of the Joint Chiefs to do it. We don't like that suggestion. One possibility is to let Admiral Wright do it. Another is to get General Hayes in Austria to do it. His command is not in the NATO set-up. Furthermore, he is going to drop back into that area when fighting starts. He only has two stars now but his nomination for three is on the Hill. He is a capable man. I suppose Tito would like four stars if possible and would prefer an army man since most of his problems are land problems. There might therefore be some advantage in General Hayes.

Mr. Perkins: We would want to think about that very carefully. It might cause us some difficulties in Austria when it became

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1The meeting was held at the Pentagon at 11 a.m. A note on the source text indicates that it was a Department of State draft which had not been cleared with any of the participants.
known that Hayes was talking with Tito about military plans. I think we would want to consider this very carefully.

General Bradley: The other possibilities are to send General Handy or Admiral Wright. Admiral Wright is not yet in a NATO command but he will be. General Handy, although he has a U.S. command, also has a NATO position.

Mr. Perkins: If General Handy takes the job of military representative, won’t he be out of the NATO set-up?

General Bradley: Yes, that is so. I think we are going to give Ridgway two hats—a U.S. hat in addition to his NATO hat.

Mr. Byroade: Whoever holds the conversations should get some time in Greece and Turkey.

General Bradley: That was one advantage in having Carney do it. He would still prefer Carney to anyone else.

Admiral Fechteler: Why not just tell the British that we are going to have Carney do it?

Mr. Matthews: It is not only the British who have doubts about this.

Mr. Perkins: We have a wire in this morning from Paris.\(^2\) The French think that the three of us ought to meet before anyone talks to Tito and that we ought to decide what we are going to say to him. The French think we should use the Standing Group for this purpose. They also think that the talks should be on a tripartite basis not just a U.S. representative. They suggest that we might start off with our military attachés in Yugoslavia.

General Bradley: What are we trying to do in these conversations?

Mr. Perkins: . . .

General Collins: There is a very good reason for these talks.

General Bradley: I wasn’t questioning that. . . . Is there any other reason for these talks?

General Collins: . . .

General Cabell: Could not Admiral Carney be given leave for a while from his NATO responsibilities?

Mr. Nitze: Could General Eddleman go along with the principal U.S. representative?

General Collins: We have been waiting a long time on this one and I don’t think it will matter much if we wait a little while longer. If we wait a little while we can have General Handy after this new set-up in Europe has been approved by the JCS. Incidentally, I am still skeptical about the visit of General Eddleman and

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\(^2\)Reference is to telegram 7901 from Paris, June 17. (768.5/6-1752)
Mr. Olmsted\textsuperscript{3} of the office of the Secretary of Defense. I think we have a good man in Yugoslavia in General Harmony.

Mr. Matthews: I don't know about this visit by Eddleman and Olmsted. I think it might confuse our other approach.

Mr. Perkins: I have only just heard of it and I don't know why it is being undertaken.

General Ruffner: I think they are going over to discuss the military end-item program.

General Bradley: They don't have to go there to do that.

Mr. Perkins: As for the French suggestion, I think we should object to the three-party approach. However, do we want to agree to a meeting of the three of us before we talk to Tito?

General Bradley: I don't see any objection to a meeting of that kind.

General Collins: I talked with the Yugoslavs frankly when I was there.\textsuperscript{4} . . . We should leave the problem of Greek-Yugoslav coordination entirely up to the Greeks although I understand the Greeks have been making some progress on this matter. . . .

Mr. Matthews: In light of this do you think that we need to have talks with the British and French before talking to Tito?

General Collins: I think there would be an advantage in explaining to the British and French what we have in mind.

General Bradley: I don't see any objection to drawing up an agenda for the talks with the British and the French.

Mr. Perkins: Should we use the Standing Group for this?

General Bradley: I hesitate to use the Standing Group for non-Standing Group tasks. The British will probably want to use Elliott and the French will probably want to use Ely. If we use someone other than Admiral Davis, that will make it a different group from the Standing Group. I think General Collins or General Eddleman should do it.

General Collins: I agree that we should keep it out of the Standing Group.

General Bradley: Let's agree that we will set up an ad hoc committee and designate Collins for it.

General Lee: Is it agreed that there will be no participation by the British and French in the talks?

General Collins: That is agreed. In fact I don't think Tito would talk to the French at all.

\textsuperscript{3}Regarding Eddleman's and Olmsted's visit to Yugoslavia in July 1952, see footnote 3, Document 647.

\textsuperscript{4}For documentation regarding Collins' talks with Yugoslav officials during his visit to Yugoslavia in October 1951, see Foreign Relations, 1951, vol. iv, Part 2, pp. 1855 ff.
General Bradley: We might pursue this topic a little further. We might consider a Britisher as the person to talk with Tito.

Mr. Matthews: The British haven’t raised that possibility.

General Collins: Since we furnish the aid I think we should be the ones to talk.

Mr. Perkins: Should the fellow be divorced from NATO?

General Collins: What about using General Handy supported by General Eddleman. He will soon be wearing a U.S. hat.

General Bradley: This may be decided next week.5

[Here follows discussion of the question of the possibility of British representation on General Clark's staff in Korea, the build-up of the Turkish air force, and the possibility of United Nations military action in the Pusan area of Korea.]

5At a meeting on July 30 between British, French, and U.S. military representatives, it was decided, among other things, that General Handy should represent the three powers in the military talks with Yugoslavia. The decisions made at that meeting were described in a letter of Aug. 20 from Lovett to Acheson. (768.5/8-2052)

No. 644

768.5/7-252

The Deputy Under Secretary of State (Matthews) to the Secretary of Defense (Lovett)1

TOP SECRET

[WASHINGTON,] July 2, 1952.

MY DEAR MR. SECRETARY: The Department has been informed by the American Embassies in London and Paris that the initial British and French reaction has been favorable to the revised procedures which we have recommended to them in the matter of the proposed staff talks with the Yugoslavs . . . .2 The British Foreign Office has indicated that we may expect a formal reply this week, and the comments of the French Foreign Office at the time our recent note was delivered lead us to hope that a formal French reply will also be received at an early date.3 It would therefore

1Drafted by Marcy and Barbour and cleared with WE, EUR, BNA, RA, G, and S/P.

2The revised procedures described here were communicated to the British Foreign Office and the French Foreign Ministry on June 23. The text of the notes was transmitted to the Embassies in the respective capitals as telegram 6790 to London and telegram 7470 to Paris, June 20. (768.5/6-2052)

3In telegram 144 from London, July 3, Ambassador Gifford reported that the British Government indicated its approval of the revised procedures. (768.5/7-952) The French Government gave its approval in a note, dated June 27, delivered to the Embassy on July 1. A copy of this note is attached to despatch 27 from Paris, July 3. (768.5/7-352)
seem desirable at this time to prepare for the meeting of military representatives in Washington which we have proposed, to ensure that the meeting may be convoked without delay once the formal British and French replies have been received and those two Governments have appointed their representatives. This letter is designed to set forth the views of this Department in respect to those conversations in order that you may take them into account in making whatever arrangements you deem desirable to prepare for the talks.

As you know, the original United States proposal to the United Kingdom and France set forth certain general political considerations which would guide the US, UK and France in military talks with the Yugoslavs. Those general considerations have been accepted by the British and French and should not therefore be in question in the discussions which it is planned to hold in Washington. They are, in broad outline, as follows:

...  ...

4. The proposed discussions and planning between the three Western powers and Yugoslavia shall be on a contingency basis and concerned with purely military matters.

As is set forth in our most recent note to the United Kingdom and France, we hope that the meeting in Washington between military representatives of the US, UK and France will not concern itself with these political issues but will be confined strictly to consideration from the military standpoint of the several points upon which agreement remains to be reached. These include the following:

1. Agreement on the individual (or possible alternates) to be proposed to Tito as the representative designated by the three Western powers to conduct the talks;
2. Clarification of the actual agenda for the military talks between the representative of the three Western powers and the Yugoslav military authorities; and
3. The establishment of the necessary administrative and line-of-command procedures to assure appropriate communication to and from the three Governments during the course of the actual discussions with the Yugoslavs.

Our views on these points, in so far as they directly concern us, were made available to the Joint Chiefs of Staff at the JCS-State meeting of June 18.  

... We believe, however, that this is largely a question for the Joint Chiefs of Staff to resolve.

*See the memorandum of discussion, supra.
It is hoped that, following the conclusion of the Washington meeting, the three Governments will be in a position to proceed directly towards the diplomatic approach in Belgrade. You will recall in this connection that our original proposal to the British and French Governments stipulated that the actual approach should be made at a time deemed appropriate by the three Ambassadors in Belgrade, who were to take into account such political issues as Trieste. Once agreement is reached in the Washington discussions, therefore, it will be necessary to consult the diplomatic representatives of the three countries in Belgrade to ascertain whether they consider the time propitious to make the actual approach.

This Department does not anticipate that the presence of political observers at the actual meetings in Washington will be necessary. The presence of such observers would, in our opinion, risk the possibility of expanding the discussions into the political sphere, which is not desired. This Department will, of course, appreciate being kept closely informed of the progress of the discussions and would wish to be consulted if the British or French representatives insist upon political observers or upon raising the broader political issues. It stands ready, needless to say, to offer any assistance or advice which you may feel would be useful.6

Sincerely yours,

H. Freeman Matthews

6In a brief letter of July 9 to Secretary Acheson, Brig. Gen. Marshall S. Carter, on behalf of the Secretary of Defense, acknowledged receipt of Matthews' letter of July 2 and stated that it had been forwarded to the Joint Chiefs of Staff for their information and such action as they deemed appropriate at this stage. (768.5/7-952)

No. 645

768.5 MSP/7-1562. Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State1

SECRET

BELGRADE, July 15, 1952—6 p. m.

62. During conversation which Frank Nash2 and I had with Tito at Brdo last night, latter expressed full appreciation for US mili-

1Repeated for information to Paris and London.
2Assistant Secretary of Defense Nash visited Yugoslavia July 13-14.
tary assistance and for useful visits of Generals Eddleman and Olmsted.\(^3\)

\[\ldots\] I said I wd report his views, which wd be received with much interest in Washington. Nash said he felt confident Tito's suggestion wd be accepted with enthusiasm by US Govt.

I remarked that US had close military relations with certain other powers, notably Britain and France, which shld be kept in mind. Tito said he understood situation and that while he wd not wish to discuss military matters directly with an "organization" (i.e., NATO), he agreed fully that British and French shld be brought in. He added that Yugoslavia wd also wish to consider Greece and Turkey in this connection.

\[\ldots\] Nash and I believe his overture shld be followed up promptly.\(^4\)

\[\text{Allen}\]

\(^3\)Generals Eddleman and Olmsted left Yugoslavia July 14 after spending a week visiting service installations and conferring with various Yugoslav officials. No record has been found in Department of State files of these discussions.

\(^4\)In telegram 199 to Belgrade, Aug. 8, the Department of State reported that it had delayed a reply to Tito's suggestion concerning talks on operational questions pending progress in the tripartite military meeting which was held in Washington July 30. (768.5/8-852) The decisions made at this meeting were described in a letter of Aug. 20 from Lovett to Acheson. (768.5/8-2052)

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No. 646

768.5 MSP/7-1552: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State\(^1\)

SECRET

BELGRADE, July 15, 1952—6 p. m.

64. Emb Bled tel 1, July 14.\(^2\) Tito asked me to come to Brdo last night for "informal and personal talk" about tripartite memo re econ aid (Embtel 63, rpted info Paris 7, London 8\(^3\)). He showed considerably more agitation over subject than I had expected and said flatly that Yugo govt had no choice but to reject memo as it stood, even if Yugo must forego further econ help. His chief objections

\(^1\)Repealed for information to Paris and London.

\(^2\)Not found in Department of State files.

\(^3\)In telegram 63, July 15, Allen reported that Deputy Foreign Minister Crnобрнja had told him and the British Ambassador on July 12 that he was surprised at the harsh tone of the aide-mémoire regarding tripartite aid which the three Western Ambassadors had delivered to the Foreign Office on July 10. (768.5 MSP/7-1552)
were to harshness of tone, efforts to force change in Yugo econ policy, and limitations on Yugo sovereignty. He said if aide-mémoire became public, Yugo's position wld be untenable. He expressed hope memo cld be withdrawn and replaced by acceptable one without public knowledge.

It was evident that Tito himself is behind Yugo excitement over memo.

I said I welcomed his frank declarations and wld be equally frank. I said he showed more sensitiveness to criticism than even I had expected, although I had thought I knew him well. If he wished to reject memo he was free to do so but my most friendly advice was that he reply to it, point out any facts he felt we had overlooked or misstated. I believed formal agreement cld be worked out acceptable to both.

After considerable frank but friendly discussion Tito accepted my suggestions and said Yugo reply wld be forthcoming in few days. He said our talk had enabled him to find way out of impossible situation.

Yugo reply will doubtless be strong, chiefly for Yugo psychological reasons and for record, and considerable discussions will ensue but I believe long-run effect will be salutary.

ALLEN

No. 647

033.1100/8-1552: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

SECRET

BELGRADE, August 15, 1952—10 a.m.

177. Secy Pace informed Tito during discussion at Brdo Aug 13 that purpose of his visit to Yugo was same as to other countries where we had mil aid programs. He wanted to have first-hand


2Secretary of the Army Frank Pace visited Belgrade Aug. 12-14 as part of an inspection trip to several European and North African countries. In telegram 148 to Belgrade, July 29, the Department of State reported that Pace, prior to the trips, had talked with Ambassador Popović, who had informed him that Tito would like to see him when he came to Yugoslavia. Assistant Secretary Perkins had also discussed with Pace possible topics of conversation with Tito and had suggested that he might emphasize to Tito the urgency of a Trieste settlement and dispel any impression Yugoslavia might have received from the expansion of the military aid program and recent visits of high-level U.S. military officials that the United States regarded Yugoslavia as so important from the military standpoint that it would not question Yugoslav policy on Trieste and with respect to Italy. (033.1100/7-2952)
look and establish personal contacts. He referred to growing mil
strength of US and West world and said while much remained to
be done he felt sufficient progress had already been made to cause
any aggressor regret rash action.

Pace said experience of UN forces in Korea had proved value of
relatively inexpensive anti-tank weapons such as bazookas, recoil-
less rifles and mines and that while these were not substitute for
tanks, he believed Yugosl wld be well advised to place more empha-
sis on anti-tank weapons to repel initial attack. Tito agreed but
said he also needed tanks for counter-attack since passive def was
insufficient to repel invaders. Moreover it was not in his nature to
think only defensively if his state attacked.

Pace said he had been much impressed with Yugo troops he had
seen perform briefly in Belgrade and felt Amer equip here wld be
put to good use.

Tito expressed appreciation for Amer help and agreed with
Pace's remarks concerning necessity of maintenance spare parts
and local manufacture of ammo. Tito pointed out manufacture of
ammo for small number specific guns wld be uneconomic unless
Yugo cld manufacture on large enough scale to export surplus.

During discussion of Cominform potential and intentions, Tito
said he thought Bulg wld fight Yugo harder than other satellites
because of Bulg's territorial designs on Macedonia. He thought
Hungary wld also fight well in hope of obtaining Vojvodina. He
doubted Cominform troops wld launch offensive with great enthusi-
asm but thought Sov propaganda that Russia was being encircled
had created some ground work for preventive war psychology
among Russians.

Pace referred to tech difficulties of bringing new models of heavy
weapons into production, particularly planes and tanks, and asked
Tito's opinion of Sov capabilities in this regard. Tito said it wld be
great mistake to underestimate Russian tech equipment. Pace said
we now had much better tank than Sov T-34, which he thought
was latest Sov model. Tito said Russians had developed much
better tank (T-44) and he believed they cld produce it in quantity.

In response to question re morale of Sov troops in occupied areas,
Tito said Sov troops in East Ger were reasonably content at
present merely because they were living better than they wld be in
Russia.

Pace emphasized US was anxious help increase mil posture of
free world in order maintain peace. He thought steadily increased
collaboration and mil understanding among free world was neces-
sary to achieve this end. Tito agreed readily and said he saw no
obstacle to increased consultation between Yugo and US mil auths
on strategic questions.
Comment: Hour and a half discussion and subsequent dinner conv were marked by cordiality on both sides. DepMinDef Gosniak and chief staff Koca Popovich were present during discussion, along with DepFonMin Mates and myself. No direct ref was made by either side to Tito’s suggestion to Frank Nash (Embeltel 62 July 15) that time had come for strategic talks, but I believe Tito construed Pace’s concluding remarks as expression of our concurrence in his suggestion. There was no ref to further implementation.

Pace and his party made favorable impression on Yugo and visit was beneficial to our interests and position here. Genl Max Taylor added greatly to favorable impression created.

Other specific subjects discussed being reported in separate tels.  

ALLEN

3Document 645.
4In telegram 179 from Belgrade, Aug. 15, Pace’s brief discussion of the Trieste issue with Tito was described. (750G.00/8-1552) Telegram 180 from Belgrade, also Aug. 15, described their discussion of the question of Yugoslavia’s relations with Greece and with Turkey.

No. 648

768.5 MSP/8-2552: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

SECRET  

BELGRADE, August 25, 1952—9 a. m.

233. Discussions in Bled concerning tripartite econ aid terminated August 23 with full agrmt among US, UK, Fr and Yugo reps here. Text being telegraphed separately. Dep Fon Mins Mates and Crnobrnja who represented Yugo Govt and had full power express concurrence on behalf of Yugo Govt, stated Yugo Govt’s formal agrmt to text.

1Discussions of the tripartite aide-mémoire of July 10 and the Yugoslav Government’s reply of July 28 took place in Bled, Yugoslavia, on Aug. 16, 22, and 23. Regarding the aide-mémoire, see footnote 3, Document 641. The Yugoslav reply was transmitted to the Department of State in telegram 114, July 29. (768.5 MSP/7-2952) Richard F. Allen represented the United States, Mudie the United Kingdom, Ambassador Challet France, and Mates, Crnobrnja, and Kocok Yugoslavia. Prior to the quadripartite meeting on Aug. 16, the three Western powers met separately and prepared informal notes setting forth their views regarding the conditions governing aid to Yugoslavia. Copies of these informal notes were given to the Yugoslav Delegation at the Aug. 16 meeting. A copy of these notes, plus the informal minutes of the Aug. 16 meeting, were sent to the Department of State as attachments to despatch 149 from Belgrade, Aug. 28. (768.5 MSP/7-2852) The discussion at all three quadripartite meetings was summarized in telegram 254 from Belgrade, Aug. 28. (768.5 MSP/7-2852)

2See telegram 236 from Belgrade, infra.
Several confs were held among US, UK and French reps to draft text for submission to Yugos, but final document is considered as having been drafted by reps of four govts. US, UK and French reps emphasized text was subject to approval by their govts, and Brit and French Ambs pointed out that several weeks might be required for action in London and Paris since Cabinet level approval might be necessary.

We believe final text contains substance of all requirements of July 10 aide-mémoire. As re capital investment Yugos showed concern over our insistence on establishment of priorities. Considerable discussion centered around our criteria, especially re ability of an industry to compete in world trade. Yugos are afraid three govts might apply latter criterion to hamper industrialization. Yugos showed special concern re milit industries which might not be able compete in world trade. I insisted on inclusion of all criteria mentioned in July 10 aide-mémoire but agreed to qualification that certain criteria wld be applicable "where appropriate."

Principal discussion concerning external debts revolved around question of conf of creditors. At first Yugos were reluctant to include any ref to such conf but yielded to our insistence.

Sharpest difference arose over requirement that Yugo Govt must consult us re future loans outside IBRD. Mates tried hard to get us accept oral assurance of such consultation, asserting that in practice Yugo Govt wld have consult us anyway since it had little or no chance of obtaining such loans without our help. He objected to including commitment to this effect in written document which might be published and wld appear as infringement of Yugos sovereignty. We insisted that written commitment on this subject was necessary and Yugos agreed to statement four govts wld exchange views whenever occasion for loans outside IBRD arose.

Mates and Crnobrnja reiterated several times Yugo Govt wished incur as few foreign debts as possible and much preferred to obtain all credits for capital investment from IBRD. Statement in final text that three govts have agreed in principle support IBRD loan now under consideration was included at Brits suggestion, in belief it wld favorably impress Yugos and overcome reluctance to your provisions re future loans. Richard Allen and I were hesitant about this document but we see no strong objection to it if Dept and MSA concur.

I hope US auths approve text and will make this known to Brit and French as soon as possible in order encourage them to act promptly.

Allen
SECRET

BELGRADE, August 25, 1952—3 p. m.

236. This is joint State/MSA cable. Ref Deptel 167, Aug 4 and Embtel 233, Aug 25.¹

Fol is text of agrmt reached by US, UK and French Ambs and Yugo Govt. If approved, each of three Ambs will send identical letter to FonMin.

"With ref to the exchanges of memoranda of July 10 and 28, 1952,² concerning econ aid to Yugo by Govts of US, UK and France, I have the honor to inform you that my govt suggests fol as the basis for continuation of this aid during period July 1, 1952 through June 30, 1953:

"Balance of Payments.

"The four govt recognize the importance to Yugo of achieving balance of payments in shortest possible time. It is noted that Govt of Yugo has firmly decided to make the best use of econ aid and to exert internal econ efforts in order to achieve this end. The four govt agree to exchange full info and views in these matters.

"Investment.

"The four govt recognize that the rate of investment must depend in part upon availability of foreign exchange. In view of uncertainties of foreign exchange availability, a system of priorities for the completion of the Yugo investment program is particularly important. The three govt note the statement made on behalf of the Govt of Yugo that in the planning of current investment program due regard is being and will continue to be paid to the establishing of priorities based primarily on the fol criteria: The extent to which project will contribute to an improvement in the balance of payments and the extent to which the project has already been completed. Other criteria, where appropriate, include the extent of development of related industries, the length of time required to complete a project, and ability of an industry to compete in world trade.

¹Telegram 167 to Belgrade is not printed. (768.5 MSP/8-452) Telegram 233 from Belgrade is supra.
²Reference is to the tripartite aide-mémoire of July 10 and the Yugoslav reply of July 28; see supra.
"Agriculture.

The four govts agree that an increase of agric production in Yugo is of prime importance. The three govts understand that the Govt of Yugo is ready furnish info concerning its efforts in this field and to exchange views in order facilitate assistance by the three govts.

"External Debts.

The four govts are agreed that amelioration of Yugos present sched of debt payments is essential. They further agree that an effective method of obtaining such amelioration must be sought. One possibility which has been suggested is a conf of creditors. Other methods may emerge from joint consideration of the problem. The four govts will therefore undertake prompt consultation with view to arriving at an effective means of achieving amelioration of Yugos debt position.

"Future Loans.

The four govts agree that the Internatl Bank for Reconstruction and Development shld be regarded to the fullest extent possible as the source of future loans for the Yugo investment program. They recognize that cooperation among them is necessary to achieve this end. Each of the three govts has agreed in principle to support internatl bank for reconstruction and development loan now under consideration.

The four govts are further agreed that the contracting of loans outside the internatl bank for reconstruction and development is also of concern to the govts contributing econ aid to Yugo and that the four govts will exchange views whenever occasion for such loans arises.

"Raw Materials.

The Govts of United States, UK and France desire to obtain certain raw materials and products from Yugo, and Govt of Yugo agrees to use its best endeavor to satisfy the reasonable needs of three govts in this field.

"Technical Assistance.

The four govts are agreed that the provision of tech assistance to Yugo is an important aspect of their econ cooperation, and that to the extent possible they will arrange for sending foreign technicians to Yugo and for training Yugo technicians abroad, both of the higher and lower grades.

I shld be gratified if Your Excellency wld let me know whether your govt concurs in the foregoing.
"Pls accept, Excellency, the assurance of my highest consideration."

ALLEN

No. 650

768.5/9-1552

_The Secretary of Defense (Lovett) to the Secretary of State_

TOP SECRET

WASHINGTON, 15 September 1952.

DEAR MR. SECRETARY: Reference is made to your letter of 26 August 1952, concerning the terms of reference and agenda for the conduct of the forthcoming tripartite military conversations with Yugoslavia.

Enclosed herewith are the recommendations of the Joint Chiefs of Staff concerning the several matters raised by this letter and its accompanying enclosures. You will observe that the Joint Chiefs of Staff have also addressed themselves to the question of participation by Greece, Turkey, and Italy in future military planning with Yugoslavia, as well as notification to these governments concerning the presently planned conversations, in which General Handy is to be the tripartite representative.

These recommendations of the Joint Chiefs of Staff have my approval. It is my understanding that the initial tripartite diplomatic approach to Marshal Tito may be made during the forthcoming visit of the British Foreign Secretary in Belgrade next week. I trust that this will make it possible for the ensuing military conversations to be initiated at an early date.

Sincerely yours,

ROBERT A. LOVETT

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1Not printed. (768.5/9-2652)

2On Sept. 2, representatives of the British Embassy in Washington informed the Department of State that Foreign Secretary Eden hoped that the military talks with Yugoslavia could be underway by the time he visited Belgrade on Sept. 17. At the minimum, Eden urged that the tripartite approach to Tito requesting the talks be made prior to his visit. These views and Department of State efforts to expedite Department of Defense consideration of the papers transmitted under cover of Matthews' letter of Aug. 26 to Lovett are described in a memorandum from Thurston to Matthews, Sept. 2. (768.5/9-252)
Memorandum by the Chairman of the Joint Chiefs of Staff
(Bradley) to the Secretary of Defense (Lovett)

TOP SECRET
WASHINGTON, 10 September 1952.

Subject: Tripartite Military Conversations with Yugoslavia

1. This memorandum is in response to your memorandum of 27 August 1952 on the above subject. The comments of the Joint Chiefs of Staff which follow are addressed to both your memorandum and its attached letter from the Secretary of State with enclosures.

2. The terms of reference for the Tripartite Representative, forwarded to you on 12 August 1952, had already incorporated the minor changes desired by the British, that is, the addition of the words “as appropriate” at the end of paragraph 1, and the omission of underlining.

3. 

4. In order to mollify the French and to expedite initiation of the proposed talks, the Joint Chiefs of Staff consider that the Chief of Staff, U.S. Army, as executive agent for the three powers, in transmitting to General Handy the implementing directive for the initiation of the military talks, should call the latter’s attention to the views of the French Government concerning subparagraph 5 b of the terms of reference and direct him, in the discussions, to take full account of the French viewpoint and phrase his approach accordingly.

5. One proposal in the Department of State draft telegrams and draft memorandum on which the Joint Chiefs of Staff were requested to comment stems from the expressed desire of the French Government to include in the terms of reference for the proposed military conversations with Yugoslavia an item on the subject of Albania. The Joint Chiefs of Staff agree in the position of the Department of State thereon, and further agree with the manner in which that Department proposes to present the United States position to the British and French Governments.

6. There is also included in the Department of State draft telegrams to the British and French Governments a formal proposal

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3 Not found in Department of State files.
4 Presumably reference is to the letter of Aug. 26 from Matthews to Lovett, with enclosures.
5 The terms of reference for the talks were sent to the Department of State as Appendix “A” to a letter from Lovett to Acheson of Aug. 20. (768.5/8-2052)
that the Greek and Turkish Governments be apprised of the fact that the United States, the United Kingdom, and France intend to conduct military conversations with the Yugoslavs, at the same time and in the same manner as the three governments are already agreed that such advice will be given to the Italian Government. The Joint Chiefs of Staff concur in this proposal. In concurring, they wish to express their hope that it will be found politically expedient to make the three notifications coincidently with the initiation of the talks.

7. The Joint Chiefs of Staff concur in the view of the Secretary of Defense that the contemplated notification to Italy, Greece, and Turkey in the manner proposed may result in strong requests by these governments for participation in the military conversations with Yugoslavia. The Joint Chiefs of Staff are opposed to the inclusion of Italy, Greece, and Turkey in the initial phase of the military talks with Yugoslavia, but consider that those countries should ultimately be represented in the more detailed planning to follow. Initial participation by these countries would, in all probability, render it more difficult to lay a firm and favorable groundwork for military coordination between Yugoslavia and the Western Powers. It would also give a distinctive NATO color to the Allied approach which, in the light of the expressed aversion on the part of Yugoslavia to any military alliance with the West at this time, might seriously jeopardize the success of the entire project.

. . . Item 5 of the agreed agenda, "Procedure for Further Conversations," has as its objective the reaching of agreement on a procedure for the continuous exchange of plans and information after the initial talks have been completed. . . .

10. The Joint Chiefs of Staff are of the opinion that the general tenor of the foregoing paragraph should be conveyed to the Italian, Greek, and Turkish Governments when they are notified of the initiation of the military conversations. This should serve to reassure those governments that their military interests will be adequately safeguarded in the initial conversations, and that, subject to the concurrence of the Yugoslav authorities, Italy, Greece, and Turkey will be invited to participate in detailed planning conversations at an appropriate time and should tend to dissuade those countries from pressing for participation from the outset. The Joint Chiefs of Staff are further of the opinion that the Chief of Staff, U.S. Army,

6The agenda for the tripartite talks with Yugoslavia was transmitted to the Department of State as Appendix "B" to Lovett's letter of Aug. 20 to Acheson.
as executive agent for the three powers, should, in transmitting to General Handy the implementing directive for the military talks, authorize him, if he deems it advisable, to notify the Yugoslav Representative of the intent of the three powers to inform Italy, Greece, and Turkey concerning the initiation of these discussions.

11. In the light of all of the foregoing, the Joint Chiefs of Staff recommend that you express to the Secretary of State agreement with the draft telegram and draft memorandum to the British Government and the draft telegram to the French Government, subject to incorporation of the substance of the changes appended to this memorandum.7

For the Joint Chiefs of Staff:
OMAR N. BRADLEY

7The appendix is not printed.

No. 651

768.5/9-1752: Telegram

The Secretary of State to the Embassy in Yugoslavia1

TOP SECRET
WASHINGTON, September 17, 1952—7:05 p. m.

1. 393. No distribution outside Dept. Eyes only Chief of Mission and senior mil attaché.

Fol is substance msg from Eden dlvd Dept late last night and discussed in Depts immed fol tel:2

1. "View atmosphere created by Yugo note on Trieste3 and Tito’s 14 Sept speech4 I now convinced tripartite approach to Tito today or tomorrow wld be mistake.

2. Though before recent developments I believed early approach wld be helpful, under present circumstances Tito wld inevitably conclude that three Western powers had made great effort make approach prior to my visit. . . . I do not believe two questions can be kept separate. Tito wld not permit us do so.

1Drafted by Marcy, cleared with Perkins, and signed personally by Acheson. Sent also to Paris and London and repeated for information to Moscow, Athens, Rome, and Ankara eyes only Chiefs of Mission and senior military attachés.

2Telegram 394 to Belgrade, infra.

3The text of the Yugoslav reply of Sept. 11 to the tripartite aide-mémoire regarding Trieste was transmitted to the Department of State in telegram 329 from Belgrade, Sept. 12. (750G.00/9-1152)

4A summary of Tito’s speech on Sept. 14 before a group of Slovene partisans, in which he stated that Yugoslavia’s position on Trieste would remain unchanged, was transmitted in telegram 364 from Belgrade, Sept. 16. (768.11/9-1552)
3. West powers must also take Ital-Yugo relations into consideration.

4. I much prefer delay approach until results my visit known. I suggest that I might instead remind Tito of voluntary statement to Nash . . . . FYI in Secy’s msg phrase actually used was “ultimate reality and substance.”

Brit Emb informed Dept Eden had discussed above with Schuman who had “independently and firmly” reached same conclusion and agreed that Eden shld broach subj to Tito in sense of above discussion. Eden instructed Brit Emb here to suggest that Dept inform him through US Amb Belgrade whether—as he hopes—it agrees with his position.

ACHESON

No. 652

768.5/9-1652: Telegram

The Secretary of State to the Embassy in Yugoslavia\(^1\)

TOP SECRET WASHINGTON, September 17, 1952—7:06 p. m. NIACT

394. No distribution outside Dept. Eyes only Chief of Mission and senior mil attaché. Deptel 393.\(^2\) You are instructed inform Eden of US position along fol lines:

1. Dept regrets that for reasons indicated previous tels dipl approach for initiation strategic talks cld not have taken place before Eden visit Belgrade despite Yugo note on Trieste and Tito’s Sept. 14 speech.

2. In view change Brit and Fr position however this impossible nor is it now feasible endeavor obtain agreement for Eden to make approach on behalf three powers (Belgrade tel 367\(^3\)).

3. We continue feel Eden shld discuss Trieste problem with Tito along broad lines set forth Deptel 1617 to London, 332 to Belgrade.\(^4\) However we strongly disagree with Eden proposal to modify this approach in such fashion as directly to link proposed mil talks with Yugo concessions on Trieste. In considering this relationship US Govt has from start considered that progress re Trieste and proposals re mil coop shld fol separate and parallel courses and not become conditionally related in such fashion as possibly to jeopardize favorable results in either sphere. We have been guided by principle on one hand that it was imperative for reasons of over-all

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\(^1\)Drafted by Thurston and Barbour, cleared with Byington and Perkins, and signed personally by Acheson. Sent also to Paris and London and repeated for information to Moscow, Athens, Rome, and Ankara eyes only Chiefs of Mission and senior military attachés.

\(^2\)Supra.

\(^3\)Not printed. (750G.00/9-552)
West defense to accomplish our joint mil purposes without permitting polit issues to interfere and principle on other hand that we continue to make clear to Tito that our desire for mil coop does not detract from importance we attach to ultimate solution Trieste question. We believe that efforts to create a conditional relationship between proposed mil talks and Trieste problem rest in part on erroneous assumption that mil talks wil result only in net profit to Tito whereas in fact it is greatly in interest of three powers that after two years of delay we get down to concrete discussions with Tito in mil sphere.

4. We therefore feel that in discussing Trieste question Eden shld avoid any ref to Tito’s statement to Nash 4 since this wil seriously jeopardize ultimate realization our joint purpose re desirability in terms of over-all West defense of purely mil talks with Yugo. Eden will recall in this connection that it is Tito’s overture to Nash which is to be basis for tripartite dipl approach for mil talks. If Tito shld on his own initiative raise question mil talks, we hope that Eden will also avoid creating impression we are linking Trieste in conditional relationship such talks.

5. We believe that success thus far achieved by West in developing mutually helpful relations with Tito regime has been made possible by our careful avoidance of polit pressure. Tito’s recent speech and his present frame of mind as reported ur 372 5 emphasize delicacy of present situation this particular respect and represent additional reasons why kind of approach Eden proposes make wil in all probability evoke negative response and might well put off indefinitely any hopes of achieving either solution of Trieste problem or progress in mil coop field.

6. In light of foregoing we believe that no approach re initiating strategic talks shld be made during Eden’s visit but we hope nothing will occur during his visit which would prejudice our initiating such talks within week or ten days after his departure.

ACHESON

4Tito’s discussion with Nash at Brdo on July 14 is described in Document 645.
5Not printed. (768.11/9-1852)

No. 653

768.5/9-1852: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State 1

TOP SECRET PRIORITY BELGRADE, September 18, 1952—4 p. m.

380. Eyes only Chief of Mission and senior military attaché. I have just read to Eden Deptel 394, September 17. 2 He is inclined to

1Repeated for information to London and Paris eyes only Chiefs of Mission and senior military attachés.
2Supra.
think subject of military coop will inevitably come up in one form or another during his talks here but he will not force the issue, and if and when question arises, he will make no mention of fact that three powers are contemplating tripartite approach on this subj, will not refer to Tito’s conv with Nash, and will carefully avoid making Trieste settlement a condition for mil aid or cooperation. He feels he must refer to obvious fact that improved relations between Yugo and Italy would make any plans for military cooperation in this area more effective, that supply lines to Yugo must come through Italy, etc. I said this would not run counter to statement already made to Tito but I believed Dept was primarily concerned lest Tito gain impression that military cooperation with Yugo was conditioned on Trieste settlement. He assured me he had no intention of giving such impression and was quite satisfied with statement in Secy’s letter to him* that whatever mil plans may be made under present circumstances would lack ultimate reality in substance.

Eden did not conceal some annoyance on first reading of Deptel 394, particularly since Schuman is pressing him to make conditions re Trieste. He exclaimed, jokingly but with some seriousness, “What am I here for? I may as well go home.” However, Dixon and Cheatham joined Brit Amb and me in pointing out that Brit and US positions are not far apart. We both agree that questions re Trieste and mil cooperation should follow separate and parallel courses and that pol pressure should be voided. Conv ended in thoroughly friendly atmosphere.

*Reference is to Acheson’s letter of Sept. 5 to Eden, the text of which was sent to the Embassy in London in telegram 1617, Sept. 5; see footnote 4, supra.

No. 654

Editorial Note

Having arrived in Belgrade on September 17, Foreign Secretary Eden had two conversations with Marshal Tito on September 18. The British Embassy in Washington gave to the Department of State copies of telegrams it received from Eden describing these talks. These copies were attached to a brief covering memorandum from Perkins to Acheson, September 20. (750G.00/9-2052) They were also the basis for the Department of State’s summary description of the September 18 Eden–Tito talks contained in telegram 2051 to London, repeated to Belgrade, Rome, and Paris, September
20. (750G.00/9-2052) The discussion of the Trieste issue by Eden and Tito in a subsequent conversation at Bled on September 22, as Eden related it to Ambassador Allen, was described in telegram 416 from Belgrade, September 25. (750G.00/9-2552) Eden left Yugoslavia on September 23 for a visit to Vienna before returning to England. In telegram 447 from Belgrade, September 29, Allen said that Bebler had discussed with him the Yugoslav reaction to Eden’s visit, which Bebler had called an “enormous success.” (641.68/9-2952) For Eden’s recollection of the visit, see Full Circle, pages 200-203.

No. 655

768.5/9-2552: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

TOP SECRET

BELGRADE, September 25, 1952—3 p.m.

417. During final talk between Tito and Eden, Tito expressed surprise that Western Powers had not followed up Yugoslav readiness to enter into military conversations. Tito referred to his several talks with United States and United Kingdom military officials, going back to his conversation with Gen West at Bled over a year ago.²

Eden referred to necessity for coordinating military matters among three governments, which required much time.

... ... ... ... ... ...

My British and French colleagues are agreed that it would be preferable, whenever we are ready, to make up with Dep FonMin Bebler rather than make another joint pilgrimage to Tito, who is not expected to return to Belgrade until after party Congress in November. We also think it preferable to call on Bebler separately since joint call can hardly be kept secret.

ALLEN

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¹ Repeated for information to London, Paris (for MacArthur), Rome (for Unger), and Frankfurt (for Handy) eyes only for Chiefs of Mission and senior military attachés.

² For documentation regarding this conversation, see Foreign Relations, 1951, vol. rv, Part 2, pp. 1845 ff.
The Director of the Office of Eastern European Affairs (Barbour) to the Ambassador in Yugoslavia (Allen)

TOP SECRET
OFFICIAL-INFORMAL

WASHINGTON, September 26, 1952.

DEAR GEORGE: By the time you get this letter I hope we will be well on the way to concluding the diplomatic approach to Marshal Tito on the question of the military talks. In the meantime, I wished to let you know that your thoughts as expressed by Jake Beam in his telegram 342 of September 12,¹ and seconded by Condon’s telegram Yug 788 of September 13,² have not been ignored.

While we recognize that the approach suggested by you represents a forceful and dynamic presentation perhaps more likely to appeal to the Yugoslavs in initiating military discussions with us, the formula set forth in the agreed terms of reference and agenda compiled by the Tripartite Military Meeting in Washington represents in essence a compromise of a number of conflicting views as regards the proper way to approach the Yugoslavs. As a compromise, it represents in our view the most far-reaching statement of our common purposes upon which it is possible for the United States, the United Kingdom and France to agree at the present time. Therefore, we feel obliged to concur with the view set forth in G–2’s reply to Colonel Condon,² to the effect that it is not now desirable to try to amend the terms of reference.

Notwithstanding the above, and recognizing that you on-the-spot are much better equipped to judge the best tactical approach to the Yugoslavs, we envisage that General Handy will have considerable latitude in this discussion with the Yugoslavs. . . . We anticipate that in his presentation of the Tripartite position he will be guided by advice concerning the most effective line to utilize, not only from his British and French advisers, but also from discussions with you, General Harmony and US attachés. We cannot formally put this to the British and French of course, but it might well be appropriate for you to discuss it informally with your British and French colleagues.

¹In telegram 342, Beam reported that the Embassy had received neither the terms of reference nor the agreed agenda from any U.S. source, but had been furnished a copy informally by the British Ambassador a short time before. In the absence of Allen and Condon, Beam summarized the reservations which they had expressed to him regarding the terms of reference. (768.5/9-1252)
²Not found in Department of State files.
Another consideration which has led us to believe that it would not be desirable to endeavor to amend the terms of reference at the present time, but which does not appear anywhere on the record, is one which has been and must continue to be taken into consideration in all matters concerning these proposed military talks with the Yugoslavs. . . .

Sincerely yours,

WALLY

No. 657

768.5 MSP/10-752: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State¹

SECRET

BELGRADE, October 7, 1952—5 p. m.

484. Deputy Foreign Minister Bebler asked British and French Ambassadors and myself to call on him yesterday to inform us of critical situation faced by Yugo economy and to urge speedier action on tripartite aid program.

He pointed out that whereas Yugo received $29 million in econ aid from United States in June, 1951, and $50 million from tripartite aid during second semester of 1951, Yugo had received no aid during second semester of 1952 although drought this year was more severe even than in 1950. He said reserves of raw materials were becoming desperately low. As example, he said Yugo had coke for only 22 more days and cotton for 30 days. He said one factory after another would close down if raw materials were not received very soon.

Bebler made three specific requests: First, prompt signing of tripartite aid agreement; second, acceptance of Yugo point of view that wheat and basic raw materials should take precedence on shopping list over "non-essentials" and technical assistance; and third, immediate help, "on account", in obtaining cotton, wool and hides, to enable textile and leather factories to continue operation. He emphasized that even if orders for cotton, wool and hides were placed immediately, they would not arrive in time to keep all factories open because these materials come from distant source. He said Yugosl had counted on tripartite aid in time to place orders six weeks ago. He now hopes United States, United Kingdom and France might be able to do what United States did last year when

¹Repeated for information to London.
it most helpfully found surplus cotton in Greece which could be sent to Yugo immediately.

British Ambassador pointed out that delay in signing aid agreement had resulted from Yugo refusal to accept original tripartite aide-mémoire of July 10.² He admitted that present delay was due to necessity for final approval of latest draft by British Cabinet but expected this in few days. As for shopping list he said British felt that despite crisis caused by drought, Yugos should not neglect long-term improvements in agriculture which required irrigation work, technical assistance, etc. He pointed out that Yugo had agreed to both agricultural development and technical assistance during tripartite negotiations at Bled this summer.

I suggested that Yugo reps in Washington, London and Paris be instructed to discuss urgent need for raw materials with appropriate authorities there. French Ambassador said he did not think France was involved since none of materials needed came from France.

Our comments will follow.³

Allen

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²Not printed. See Document 648.
³See telegram 489, infra.

No. 658

768.5 MSP/10-652: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State¹

SECRET

BELGRADE, October 8, 1952—noon.

489. Embtel 484, Oct 7.² Appeal by Bebler re econ aid appears to have resulted at least in part from dispute which has arisen between Francis Mudie and Dep FonMin Crnobrnja over Brit shopping list. US and French dels have agreed put emphasis on urgently needed food and raw materials but Mudie seems determined force Yugos to adopt his own ideas and is holding out for irrigation works and tech assistance on Brit list. Mudie's general approach during past year has been to delay aid program wherever possible and make Yugos "bow the knee". He recently asserted to New York Times correspondent he had Yugos eating out of his hand. He has now gone off on two weeks leave, with indication to Yugos nothing can be done in his absence.

¹Repeated for information to London and Paris.
²Supra.
Tactics being used by Mudie, supported by Brit Amb, may achieve some apparent temporary success in rendering Yugos more tractable but he represents type of Colonial official who held on too long in India and whose Nineteenth Century outlook was primary cause for spread of communism in Orient. I have reminded Brit Amb that Brit themselves wld be first resent Mudie's tactics if US applied them in our aid policy towards UK.

Bebler attempted to involve French Amb and me in essentially Brit-Yugo dispute. Since Yugos know we and French have been ready sign aid agrmt for several days, only part of his request which concerned US was urgent Yugo need for raw materials, which Yugos cld have pressed with our econ del and which in fact they have already presented.

As soon as tripartite agrmt is signed, US, UK and French aid programs will be administered individually and there shld be less occasion for us to be concerned with Brit shopping list or Mudie's quarrels.³

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³After the British Government indicated its readiness to sign the aid agreement, it was announced in Belgrade on Oct. 13 that the three powers and Yugoslavia, by an exchange of letters, had confirmed their understanding as to the basis on which tripartite aid was to continue for the 12 months from July 1952 to June 1953. The text of the agreement was not made public. The text of the tripartite communiqué issued in Belgrade, Oct. 13, as well as the text of the official Yugoslav news agency statement that day, were sent to the Department of State in telegram 558 from Belgrade, Oct. 18. (786.5/10-1852)

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No. 659

768.5/11-1852: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State¹

TOP SECRET PRIORITY BELGRADE, November 18, 1952—noon.

712. No distribution outside Dept. On opening day, Nov 16, tripartite mil talks proceeded very much according to plan. Gen Handy made opening statement that purpose of talks was to learn Yugo situation as fully as we cld in order that tripartite mil group in Wash cld undertake tripartite contingency planning, based on reports of present talks.

   . . . . . . . . . . .

¹Repeated for information to Paris and London eyes only Chiefs of Mission and senior military attachés.
Yesterday, Nov 17, subject of purpose of talks came up again and Gen Handy repeated his understanding of purpose several times. Dacevic referred several times to fact that exchange of info must be mutual. Handy agreed and promised to give our appreciation as soon as ready. He urged that meanwhile talks shld proceed according to agreed agenda. It soon became evident that Dacevic was stalling, under instructions. . . . Talks appeared to be bogging down and short recess was agreed upon.

Following resumption, Handy promised report from our side today, and talks proceeded somewhat better.

It seems clear that two considerations are bothering Yugosl. First, and I believe most important is Yugosl fear that talks are designed by us merely to get as much info as possible and give as little as possible. Second may be Yugosl concern over what we will pass on to other powers. Second point shld be cleared up today, in view of Paris 71, Nov 17, 7 p.m.² My Brit and French colleagues and I will doubtless see Kardelj later today.³

Prior to opening of talks, Brit Amb told Handy he thought group shld be kept small as possible, but he then asked Handy if he wld take all three senior Brit service attachés with him, at least to first meeting. Handy asked Brit Amb if he wld be embarrassed if all three were not included. Brit Amb said “yes, a little.” Handy agreed to take them all, and all three Brit, together with French attaché, have been present at each subsequent meeting. This seems likely to continue and is causing no particular trouble. Handy has been accompanied at each meeting by all officers he brought from Frankfort, but without either Harmony or Condon. However, Capt Vracarich of Harmony’s staff has been present at all meetings as interpreter.

Allen

²Not printed. (768.5/11–1752)
³In telegram 713 from Belgrade, Nov. 18, Allen reported that he and the British and French Ambassadors had informed Kardelj that day that in order to be certain that there was no misunderstanding regarding the subject of information concerning the military talks to be passed on to other countries, their governments wished to assure the Yugoslav Government that no information of substance furnished by Yugoslavia during the course of the military talks would be divulged to anyone without Yugoslavia’s consent. Kardelj had expressed his government’s appreciation for this assurance. (768.5/11–1852)
Memorandum of Conversation, by the Acting Secretary of State\footnote{Drafted by Barbour.}

SECRET

[WASHINGTON,] November 19, 1952.

Subject: Yugoslav Affairs

Participants: Mr. Vladimir Popovic, Yugoslav Ambassador,
Dr. Mirko Bruner, First Secretary, Yugoslav Embassy,
Mr. David Bruce, Acting Secretary of State,
Mr. Walworth Barbour, Director, Office of Eastern European Affairs.

Ambassador Popovic called on November 19, by appointment made at his request. He first summarized his impressions of the Yugoslav situation in general as ascertained during his recent visit there. Briefly, he stated that despite the various problems still confronting Yugoslavia, he had noted a considerable improvement since his previous visit a year ago in the country’s unity and determination to resist the external threat facing it and to ameliorate economic and political conditions internally. This improvement he attributed to numerous political and economic measures which have been taken during the past year with a view primarily to removing obstacles to development in both fields which had arisen as a result of Yugoslavia’s previous close adherence to the Soviet system and to increased production. He noted Mr. Eden’s visit to Yugoslavia and the fact that Tito will pay a return visit to England.\footnote{For a summary of Tito’s talks with British officials during his visit to England in March 1953, as reported by Foreign Secretary Eden to Ambassador Aldrich in London, see Document 676.} He particularly mentioned that military talks which the Yugoslavs have been conducting with the Greeks and Turks and stated that he hoped these developments were agreeable to the US.\footnote{For documentation regarding the military talks between Yugoslavia, Greece, and Turkey; see Documents 306 ff.} He added that there was, of course, some speculation in Yugoslavia, as elsewhere, as to whether the advent of a new administration in the US would adversely affect US-Yugoslav relations.

I said that we do look with favor on the developing relationships between Yugoslavia and Greece and Turkey and expressed doubt that the nature of US and Yugoslav relations is such as to be appreciably affected under a new administration in this country.
Ambassador Popovic then mentioned the drought in Yugoslavia, noting that it constituted the second in the last three years and, in emphasizing the seriousness of the situation thereby created, urged the need for US assistance. He asked specifically when a decision in that connection might be forthcoming and hoped that such a decision would be expedited. I replied that we were aware of the seriousness of this matter and were giving it earnest consideration both here and in consultation with this government in Belgrade and that, while I could not give him any indication of the nature of our probable conclusions or our ability to assist further at this time, I could assure him that those decisions will be taken just as soon as possible.

Ambassador Popovic remarked that in the Yugoslav view, recent indications of increased reasonableness in the Soviet attitude toward the Western world which seemed to be appearing in various quarters did not indicate any real change in the Soviet attitude and was merely for the purpose of lulling the West into quiescence. He felt that the time might come when talks with the Soviets might be fruitful in solving existing issues but that that time is not now.

I said that his analysis conformed largely to our view and that we see no evidence at present that the Soviets are prepared to take concrete action to solve existing problems.

The Ambassador then referred to Korea, inquiring whether, in the present circumstances, we thought a settlement to be possible, and seemed to imply that a postponement of consideration might be advisable or necessary. (The Ambassador's exposition did not make it clear whether his reference to the settlement related only to an armistice or whether he was thinking in more general terms.)

I replied that the only issue apparently involved in the armistice situation at this time is that of the prisoners of war and that this Government is firmly determined on the principle of no forcible repatriation. I added that there seemed to be little point in my going into detail on this matter, particularly in as much as things are moving rapidly in New York and the situation is changing all the time. I noted that the Indians had tabled a resolution which is somewhat confused and remarked that the Secretary is talking to a number of other delegations in connection with this problem today. I stated that we definitely do not want any postponement of consideration of this matter.

In conclusion, we discussed briefly the health of Mr. Kidric and Yugoslav efforts to obtain medical assistance for him, noting that two British doctors had already arrived in Belgrade and that the Embassy, with the Department's assistance, is in touch with
Georgetown Hospital with a view to arrangements being made for additional American help.

David Bruce

No. 661

768.5/11-2052: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

TOP SECRET

BELGRADE, November 20, 1952—5 p.m.

726. No distribution outside Dept. Milit talks terminated this morning. There was agreement that any arrangements for subsequent talks wld be left for respective govs to determine.

While much useful info was obtained, Yugos were by no means as full and frank as Gen Handy wished, and at one point talks became rather warm, due chiefly to Yugo repeated accusations that we were demanding more operational and strategic info than we were willing to give. Nevertheless, talks accomplished their essential purpose since contact on planning level was established and ground was laid for continuation. Moreover, we have at least followed up Tito's initiative in suggesting these talks.

... Handy made it entirely clear, finally in blunt but always friendly manner, that he was not in position to give any commitment in this regard. ... Dapcevic expressed confidence that considerable further progress cld be made but that it depended upon certain policy decisions at govt level.

Throughout conversations, Dapcevic made frequent slighting remarks re Itals, sometimes of highly derogatory nature. After consultation with me, Handy took occasion yesterday to point out that purpose of talks was to discuss Yugo milit potential and not Italy. He pointed out that if he continued to remain silent on this point, record might imply that he acquiesced in Yugo remarks. He wished record to show that he objected to introduction of recriminations against Allied power. He said we wld make same point if, during any talks in Rome, Itals made similar remarks re Yugos.

Both Brit and Fr have expressed much admiration for Handy's conduct throughout conf. Three Brit service attachés, Fr milit attaché, and all Handy's group from Frankfurt were present at each mtg, but Handy was sole spokesman for our side during formal sessions and Dapcevic alone spoke for Yugos.

1Repealed for information to Longon, Paris (for Reinhardt), Rome (for Unger), and Frankfurt (for Handy) eyes only for Chiefs of Mission and senior military attachés.
Handy's straightforwardness, even temper, and pleasant but firm approach were precise qualities needed for this job. He and his group have enhanced US prestige greatly through their conduct of these difficult negots.²

ALLEN

²Handy's report on these talks is summarized in Document 673.

No. 662

768.5/12-1952

Memorandum by the Director of the Joint Staff of the Joint Chiefs of Staff (Cabell) to the Secretary of Defense (Lovett)¹

TOP SECRET

WASHINGTON, 12 December 1952.

Subject: Report of Tripartite Exploratory Military Discussions with Yugoslavia

1. General Handy, Deputy United States Commander in Chief, Europe, acting as representative of Great Britain, France and the United States, recently conducted military discussions with the Yugoslav Government. . . . A report of General Handy’s discussions has been received and is now under study.

2. As one of his recommendations, General Handy has urged that the Tripartite Powers communicate in the near future to Yugoslavia:

   a. Their gratification that the initial exploratory military conversations have taken place;

   b. That General Handy’s report of those conversations is under study; and

   c. That from the report, they note that General Handy left with the Yugoslavs certain general suggestions as to how to proceed toward further planning and intimated that Yugoslav counter-suggestions on this point would be welcomed.

3. The Joint Chiefs of Staff consider this proposed action sound. Accordingly they recommend that you notify the Secretary of State of their views on this matter and that you recommend that the United States, in coordination with France and the United King-

¹Transmitted to the Secretary of State as an attachment to a letter of Dec. 18 from Acting Secretary of Defense William C. Foster, in which Foster noted that he concurred in the recommendation it contained.
dom, make the proposed approach to the Yugoslav Government at an early date.

For the Joint Chiefs of Staff:
C.P. Cabell
Lieut. General, USAF

No. 663

768.5/12-2252: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

TOP SECRET

Belgrade, December 22, 1952—6 p.m.

878. No distribution outside Department. Embtel 873, December 20. After formal presentation to Kardelj of text re Handy talks, Kardelj remarked that Yugoslav Govt had already studied report of Handy conversations and was giving thought to question how they might be followed up most profitably. He said Yugoslav Govt was inclined to think military authorities could make little further progress until certain understandings had been reached among four governments on political level.

French Ambassador asked Kardelj if he would care to be more specific. Kardelj said he had not contemplated entering into discussion on this point and had no brief prepared. He thought a further meeting for such discussion wld be useful. However, we [he?] thought Handy talks had not proceeded as far as either side had hoped, chiefly because participants on neither side seemed to know what goal they were seeking. . . . Kardelj said planning would have to be entirely different depending on what eventualities were envisaged. He said Yugoslav authorities were also coming up against this difficulty in their military talks with Turks and Greeks. He hoped, of course, that Yugoslavia would not either have to defend itself alone or “become another Korea”. (In mentioning

1Repeate...
Korea, I presume Kardelj had in mind a localized war with outside assistance.)

I commented that conversation was getting into very deep water involving decisions which could only be made on highest governmental levels. I asked why military could not plan for various eventualities even though basic political decisions had not been made.

Kardelj said Yugoslav Govt did not believe any attack in Europe could remain isolated. He commented that in view of strong and highly important defense United Nations had made against aggression in Korea, he now believed that further Cominform aggression anywhere would lead to general war. He could not say, in case of attack against Yugoslavia, whether general war would result immediately or after some delay, but he felt certain that Western powers would not permit Cominform to extend its control any further. . . .

French Ambassador commented that isolated attack and isolated war were not same thing. Kardelj agreed, and said that if Yugoslavia had to contemplate fighting isolated war alone, there would be no need for continuing military planning. I commented that alternative plans to meet various contingencies was normal military practice and raised question whether planning might not be useful, even on hypothesis of isolated war as one possibility, since measures of assistance were possible to a victim of aggression short of formal declaration of war. . . .

Conversation ended with insistence by all participants that views expressed had been personal and entirely informal. Kardelj, however, would not have raised this sort of matter with us unless it had been the subject of active consideration by Tito and his immediate advisors. This is confirmed by difficulties being experienced by Turk military delegate, told me by Turkish Ambassador reported separately. I am unable to say how far Yugoslav Government thinking on this has crystallized but concept that some political understanding is precondition to fruitful followup to Handy conversations has probably not been advanced lightly.

Allen

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3Reported in telegram 889 from Belgrade, Dec. 22. (768.5/12-2252)
Memorandum by the Deputy Assistant Secretary of State for European Affairs (Bonbright) to the Assistant Secretary of State for European Affairs (Perkins)\(^1\)

TOP SECRET  [WASHINGTON,] December 26, 1952.

In my opinion the action of the Yugoslav Government a few days ago in seizing a number of Italian fishing vessels\(^2\) is the straw that breaks the camel’s back, and faces us with a fundamental decision with respect to our relations with Yugoslavia. I do not see how we can continue as we are at present particularly with the Italian elections coming around next Spring. I believe that Ambassador Allen should be instructed to speak to Tito along the following lines. This is, of course, very rough and will need to be polished up.

1. We have been unhappy about the state of relations between Italy and Yugoslavia and have been criticized by our Italian allies for leaning too far in the direction of Yugoslavia while those relations remain unsatisfactory.

2. In spite of this, we have sincerely endeavored up to now to improve our relations with Yugoslavia. While we do not agree with many of their policies and actions, we have gone on the assumption that the fundamental interests of our two countries are parallel, particularly when both of us and the rest of the world are under the shadow of the Soviet threat.

3. As Tito knows, neither in respect to him nor in respect to any other government have we endeavored to assert pressures or to impose political conditions to any aid which we have extended—military, economic or financial. The countries of Western Europe can testify to this in connection with Marshall Plan aid and Mutual Defense Assistance. Tito himself can testify to it in connection with the various aid programs which we have extended to Yugoslavia.

4. In accordance with our humanitarian tradition, only last week the US Government approved the program of aid for Yugoslavia in connection with their present serious drought.\(^3\) We had hoped to inform the Yugoslav Government of this decision and to implement this program at once.

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\(^1\)Copies were sent to Barbour, Byington, Williamson, and MacArthur.

\(^2\)The Yugoslav seizure of Italian fishing vessels is described in telegram 916 from Belgrade, Jan. 5, 1953. (665.686/1–553)

\(^3\)In telegram Musto 194 to Belgrade, Dec. 24, the Mutual Security Agency informed the Embassy that a decision had been reached on Dec. 22 to extend $20 million in supplemental aid to Yugoslavia. (788.5 MSP/12–2452)
5. At the same time, as we were reaching this decision, the Yugoslav Government seized a number of Italian fishing vessels. We do not wish to argue the merits of this case. We do wish to say, however, that taken on top of other matters, including failure to reach a satisfactory solution of the Trieste problem and the recent severance of relations with the Vatican, this latest step puts us in a position which it is impossible for us any longer to ignore.

6. As stated before, we are not trying to impose conditions or tell Tito what he should do. He should know, however, that it is not possible for us to have the kind of relations with him which we would like to see and have him at the same time carrying on a running fight with one of our most important allies. It is up to Tito to decide.

7. We intend to keep this approach secret and will not discuss it with any other government.

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No. 665

768.5 MSP/12-3152: Telegram

The Secretary of State to the Embassy in Yugoslavia

TOP SECRET

WASHINGTON, December 31, 1952—6:16 p. m.

835. Eyes only Ambassador. Decision to extend supplemental drought aid to Yugo (Deptel 824) was reached only after careful consideration of overall Yugo econ picture with view to making available minimum assistance that wld enable tripartite econ program to go forward without serious impairment to important US objectives in Yugo. However we are concerned lest Yugos interpret our assistance at this time as indication we condone recent bombastic statements by Tito and other unhelpful Yugo actions. We therefore plan to accompany announcement which will be made prior Jan 13 re drought aid with some plain talk to disabuse Yugos of any such misconception and also with view to impressing upon them in connection with future assistance programs that cooperation is two way street.

Since Amb Popovic has recently taken initiative in discussing drought aid with UnderSec Bruce, latter will call in Popovic on

1Drafted by Thurston and cleared with Barbour, Byington, Bonbright, Perkins, Matthews, and Bruce.

2Telegram 824, Dec. 29, notified the Embassy in Belgrade that the British and French Governments were being requested to join the United States in extending supplementary aid to Yugoslavia and were being told that the sum of $20 million which the United States had decided to provide would meet only the essential minimum needs. (768/5 MSP/12-2952)

3See Document 660.
date of announcement and in substance tell him that although for humanitarian reasons we have decided to extend supplemental food aid to his Govt, we wish at same time to protest the tone taken by Tito in recent speeches in which he implied that he was getting no help from us and making veiled threats about “another outcome.” UnderSec will also refer to deep interest of US in Italo-Yugo rapprochement as indispensable link in erection strong collective security system against Sov aggression that part of Eur and emphasize our serious concern re recent Yugo moves which have effect increasing friction between Yugo and our NATO ally, Italy (break with Vatican, fishing boats, etc.).

Bruce’s remarks will be prepared in advance and cabled to you with view your simultaneously taking similar line with Tito.

We believe that this démarche will be more effective coming from US Reps alone and do not contemplate discussing it with Brit and Fr.

In view foregoing it will be necessary for you remain Belgrade at least through Jan 12 and you shld adjust travel plans mentioned your ltr Dec 26\(^5\) to Barbour accordingly.

ACHESON

\(^4\)These remarks were made by Tito in his speeches at Smederevska Palanka, Dec. 16.

\(^5\)Not found in Department of State files.

No. 666

768.5 MSP/1-553: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

TOP SECRET NIAC T BELGRADE, January 5, 1953—5 p. m.

919. Department's 895, December 31.\(^1\) Embassy concurs that unless notification to Tito of additional aid is accompanied by disclaimer, further grants at this time might be construed as condoning Tito’s recent actions and public statements. We have frequently stated that no political conditions were attached to our economic and military aid to Yugoslav Government. It is equally important to make it clear that no political approval is involved. Embassy believes present occasion is appropriate for plain spoken reiteration of these facts.

At same time, we should be certain that we are on firm ground in what we say re reasons for our aid. While humanitarian consid-

\(^1\)Supra.
ervations are always involved in American aid, Embassy does not believe these considerations are foremost in our aid to Yugoslavia and that it would be mistake to emphasize humanitarianism as chief basis for our help. Embassy believes primary reason for our aid is to strengthen Yugoslav ability to maintain its national independence against Cominform. Tito is above all a realist and understands this thoroughly. There is serious drought in Hungary but embarrassment to regime there does not cause us any concern.

Tone of Tito’s recent speeches has been bombastic. While his reference to “no help from US” referred to present drought and was adequately clarified following day, it was unhelpful and such statements should not be repeated. His reference to “another outcome” was foolish, and he should be made aware of US reaction. While indications in foreign press that it implied threat to return to Cominform are not correct, he was pointing out, in bravado fashion, that Yugoslavia would “go Italian” rather than be dictated to by either Moscow or West. Such boasting, while made chiefly for local consumption, is not conducive to improving US-Yugo relations and we should say so.

As re Ital-Yugo relations, Embassy doubts that tying national issue of this kind to economic aid is best method of obtaining favorable result. Certainly we should not refer to break with Vatican in connection with Ital-Yugo relations since Tito’s chief contention has always been that Vatican is identifiable with Italy and we would merely confirm his thesis. On question of fishing boats, see Embtel 916, January 5.2

We suggest that Tito and Popovic be informed (1) that our aid is not to be construed as implying approval of policies of Yugoslav regime, with particular reference to recent statements and acts, (2) that we expect generous public statement by Tito, without qualifications, expressing appreciation for this aid, (3) that international cooperation is a two-way street, and (4) that Americans are definitely not impressed by references to “other outcome”.

Allen

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2See footnote 2, Document 664.
Memorandum of Conversation, by the Under Secretary of State (Bruce)\textsuperscript{1}

TOP SECRET

[WASHINGTON,] January 7, 1953.

Subject: Yugoslav Affairs

Participants: Mr. Vladimir Popovic, Yugoslav Ambassador,
Dr. Mirko Bruner, First Secretary, Yugoslav Embassy,
Mr. David Bruce, Under Secretary of State,
Mr. Tyler Wood, Mutual Security Agency,
Mr. Walworth Barbour, Director, Office of Eastern European Affairs.

I informed the Yugoslav Ambassador that I had called him in to discuss the Yugoslav request for additional aid to cover the drought situation and other matters and that I would read to him a statement of certain views of this Government in that connection. While this statement should not be considered an official communication from the US Government, a copy of the text thereof would be made available to him for purposes of convenience. I noted that Ambassador Allen in Belgrade was to see Marshal Tito and talk to him along similar lines, although possibly not in identical language. I then read the text contained in Deptel 842 of January 5, as amended by Deptels 845 and 847 of January 6 to Belgrade.\textsuperscript{2}

Ambassador Popovic expressed appreciation of US consideration for the situation created by the drought and said that he did not wish to comment at this time on the magnitude of the problem. He referred to the general substance of the presentation, noting that, while the US did not impose political conditions in connection with the drought aid, the fact that various political issues were included in a single presentation together with the economic aid in fact appeared to constitute a measure of pressure and he would have thought it better to have separated the two matters, following, if we had wished, the announcement of economic assistance by a discussion of political affairs a few days later.

The Ambassador then turned to the specific issues mentioned in my presentation. In regard to Tito's recent speech, he said that

\textsuperscript{1}Drafted by Barbour.

\textsuperscript{2}The text of the aide-mémoire which Ambassador Allen presented to Tito on Jan. 7 and which was transmitted to Belgrade in telegram 842, as amended by telegrams 845 and 847, is infra. Allen described his conversation with Tito at the time he presented the aide-mémoire in Document 669.
Tito's remarks and motives had been misunderstood. Tito had not intended to exert pressure on the US or the West generally. On the contrary, Tito, conscious of the importance of Yugoslav-US and the Western relationships, had endeavored to emphasize the necessity for close political cooperation between Yugoslavia and the West. In regard to Italy, Ambassador Popovic continued that Yugoslavia was well aware of the issues between the two countries and is convinced of the importance of defense arrangements in southeast Europe in the face of the threat of Soviet aggression. Without specifically mentioning Trieste, he said that Yugoslavia had made many offers to settle the problem, which had not been met by the Italians. Referring to the mention of Italy's membership in NATO, he felt that reference to Italy's NATO relationship in the context of this presentation risked arousing suspicions concerning the nature of NATO aims, which would be unhealthful in present circumstances. Yugoslavia, he said, is fully prepared to assume its responsibilities in regard to the defense of Southeastern Europe and is, in fact, working hard in that direction, actually limiting the amount of subsistence available to her people in an effort to divert resources to her defense establishment. He hoped that Yugoslavia could be regarded as an ally in our joint defense effort and would be treated as such in discussions involving political problems in the area. Yugoslavia continues to regard the best means of solution as direct negotiations with Italy and Tito has reaffirmed Yugoslavia's attitude to that effect, as reported in the press today.

In conclusion, the Ambassador inquired whether it would not be possible for Ambassador Allen in Belgrade not to make the presentation to Marshal Tito in the manner we had done here, but rather to separate the announcement of additional economic assistance and the discussion of political matters by several days. He was informed that Ambassador Allen was believed to be seeing Tito at approximately the same time as our conversation here and that while, as indicated above, he might not make an identical presentation, his remarks would closely parallel those I had read him.

In parting, I again said that this presentation was not being made the subject of an official communication to him or his Government but rather one for discussion between us and added that if he should wish to continue the discussion at a later date I would be glad to do so.
The Embassy in Yugoslavia to the Government of Yugoslavia¹

SECRET

[Belgrade, January 7, 1953.]

AIDE-MÉMÖIRE

The Yugoslav Government will recall that upon the occasion of his last call on the Under Secretary on November 19,² the Yugoslav Ambassador described the grievous impact upon the economy of Yugoslavia of the recent drought and propounded the need for United States assistance. At that time the Ambassador was informed that the United States Government was aware of the seriousness of the situation and was giving it earnest consideration.

As the Yugoslav Government knows, in the past when resources have been available the United States has consistently aided friendly peoples who through no fault of their own have suffered economic or other severe hardships due to exigencies of weather, disease, or war. This United States policy has had its applicability to the peoples of Yugoslavia in the UNRRA and 1950 food aid programs as well as the tripartite program of assistance.

In accordance with these humanitarian traditions, the United States Government has now been able to arrange for the reprogramming of mutual security³ funds so as to grant to the Yugoslav Government as extraordinary drought assistance the sum of $20 million.

United States experts have thoroughly studied the situation with officials of the Yugoslav Government and believe that the Yugoslav Government should be able with this additional assistance of $20 million to cope with the emergency. It is understood that estimates and judgments of what the Yugoslav Government might be expected to be able to do in this respect can be made available in detail to the appropriate Yugoslav authorities by MSA representatives in Belgrade. It should be emphasized that these views do not constitute economic conditions to the additional grant but are simply technical suggestions which it is hoped will prove helpful.

As the Yugoslav Government knows, neither in respect to the Yugoslav Government nor any other government, has the United

¹Transmitted in telegram 842 to Belgrade, Jan. 5, and amended by telegrams 845 and 847, Jan. 6. (Both in 768.5 MSP/1–658) The amendments are indicated in footnotes below.
²See Document 660.
³The original text here read “economic aid.” The Department of State in telegram 847 requested the Embassy to substitute “mutual security” for “economic aid.”
States endeavored to impose political conditions* to any aid which it has extended—military, economic or financial. The countries of Western Europe can testify to this in connection with the Marshall Plan aid and mutual defense assistance. The Yugoslav Government itself knows from its own experience that this has been the fact in connection with the various aid programs which have been extended to Yugoslavia.

Notwithstanding this broad policy, which the United States has followed in the past and continues to follow, the United States Government feels impelled to call to the attention of the Yugoslav Government certain factors which are making it increasingly difficult for this Government to pursue its policy of developing mutual cooperation⁵ with Yugoslavia.

The United States Government wishes to refer in the foregoing connection to the frequency with which in recent public utterances various high Yugoslav officials have adversely criticized United States policy toward their country and by so doing have in effect attempted to exert political pressure on the United States Government to alter these policies, particularly in the economic sphere. For example, Marshal Tito in recent speeches implied that Yugoslavia was getting no help from the United States in its current economic difficulties and indicated that, faced with this attitude, there was “another outcome” for Yugoslav policy. Such public misinterpretation of United States motives and actions is gravely prejudicial to the development of that mutual understanding which the United States Government desires. This tone, which presents a sharp contrast to the attitude of the United States Government in carefully refraining from attaching political strings to its economic assistance to Yugoslavia, was being sounded at the very time this government was moving toward its decision to grant additional drought aid to Yugoslavia and was in the midst of making the difficult financial rearrangements necessary to provide funds for this purpose.

As the Yugoslav Government knows, one of the fundamental convictions of the United States Government is the necessity to create a strong collective security system against Soviet aggression in all parts of the world including, of course, southeastern Europe. In this area an indispensable link in the establishment of such a system is an Italian-Yugoslav rapprochement and the United States has, therefore, a profound and direct interest in furthering the de-

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*The original text here read “has the United States endeavored to exert pressure or to impose political conditions.” The Department of State in telegram 846 requested the Embassy to delete the phrase “to exert pressure or.”

⁵The original text here read “closer relation.” The Department of State in telegram 847 requested the Embassy to substitute at this point “mutual cooperation.”
development of friendly relations between Yugoslavia and Italy which it has repeatedly manifested.

For this reason, the United States Government is experiencing increasing concern over the growing friction between Yugoslavia and Italy, its ally in NATO, which has recently become so apparent. In illustration of the bitter feelings which have developed between the two countries, it is necessary only to turn to the failure to reach a satisfactory solution of the Trieste problem, and various inflammatory statements by Yugoslav officials concerning Italy.6

It is not intended to pass judgment on the merits of these issues. It is the fact, however, that they have resulted in the deterioration of Italian-Yugoslav relations to their present low point and have worked to place the United States in a position vis-à-vis its Italian ally and the other members of NATO which it is impossible to ignore.

The United States Government has sincerely endeavored to improve relations with Yugoslavia and will continue to do so. While the United States Government does not agree with many of the policies and actions of the Yugoslav Government, it has gone on the assumption that the fundamental interests of the two countries are parallel, particularly when both the United States and the rest of the world are under the shadow of the Soviet threat. Cooperation between the United States and Yugoslavia to be successful must be extended by both sides in a mutual spirit of understanding. It cannot be a one way street. The emergency drought aid which the United States Government is now extending to Yugoslavia has been made available in this spirit.

It is the intention of the United States Government to keep the foregoing expression of its views secret and it will not discuss them with any other government.

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6The original text here read “a satisfactory solution of the Trieste problem, various inflammatory statements by Yugoslav officials concerning Italian irredentism, and most recently the seizure by Yugoslav authorities of a number of Italian fishing vessels.” The Department of State in telegram 845 requested the Embassy to change this portion as printed here.
YUGOSLAVIA

No. 669

788.5 MSP/1–853: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State

SECRET    PRIORITY

BELGRADE, January 8, 1953—3 p. m.

934. Embtel 929. I began with Tito last evening by telling him that I had some pleasant and unpleasant things to say, adding that I knew him to be a man who could take it as well as dish it out and would let him have it straight. He nodded approval.

I traced the history of the request for supplemental aid leading up to our decision and reasons which had prompted us to grant his government 20 million dollars at this time. He expressed lively appreciation and, although he did not comment on the amount, it was evident he was pleased.

Tito listened most attentively as I slowly read to him the aide-mémoire in English which was translated word for word by his interpreter, breaking in from time to time with explanations and exclamations. When I read passage about “recent public utterances of various high officials,” he explained “You don’t mean the others. You mean me.” I said “yes.”

Tito seemed really astonished at the latter part of sentence accusing him of exerting political pressure on the United States and observed: “That would have been a very foolish thing to do.” He then said that the American press and particularly the New York Times had both misread and misinterpreted his speech at Smederevska Palanka and wished to comment at length on this when I had finished.

During passage about Italy he was largely silent, breaking in only once to say that if he and other officials had recently publicly attacked Italy, attacks on Yugoslavia were a daily pastime for Italian officials and Italian press.

Tito followed with particular interest next to last paragraph aide-mémoire and agreed heartily that fundamental interest of two countries were parallel with particular reference to Soviet threat and said “I don’t expect you will approve all our policies nor do you expect me to approve all yours. I believe you do, however, approve our policy of increasing our military potential against Soviet aggression. So long as you approve that, I am satisfied.”

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1Telegram 929, Jan. 7, reported that Allen, accompanied by Wallner, had called on Tito at 6 p.m. that day and had read to him the aide-mémoire. It very briefly summarized the substance of their conversation and indicated that a full report would be cabled the following day. (788.5 MSP/1–753)

2Supra.

3Reference is to Tito’s comments at Smederevska Palanka on Dec. 16.
After I had finished reading the aide-mémoire, Tito began to explain his speech at Smederevska Palanka. It would hardly be correct to say he ate crow, since he began by saying that he was not taking back a word he had said, but length and detail of his explanation, which was less convincing at times than at others, showed that he was well aware that his utterances had been indiscreet and badly timed. He said those passages of the speech which had aroused greater indignation in United States were, of course, not directed against policies of United States Government particularly in its overseas aid policy. Italy had been principal target because Yugoslav Government and people had been profoundly disturbed by actions of Italy in attempting to prevent United States from continuing economic and military aid to a neighbor whose geographical position made it first bulwark of Italy’s defense. It had been necessary for internal reasons to strike out hard at this and at the same time to warn his people that if Italy’s machinations were successful and aid was not received, Yugoslavia would nevertheless survive. He said this was meaning of controversial phrase “other way out.” He had in mind, when using this expression, whole series of measures which he had drawn up but which he did not wish at that time to announce in detail, for adjusting his country’s economy to surmount effects of drought in absence of foreign aid. They would have included certain reductions in armed forces, all-around belt tightening on part of the “entire population” and other economic measures (which I understood to mean reimplosion of rationing). Obviously there was no need to go into these measures in detail at that time but he had felt that note of warning must be sounded. Therefore the “other way out” was not fully explained. Nevertheless, he had been astonished to read that in some quarters, it had even been interpreted to imply desire to seek help from Russia. He had made specific disclaimer in immediately following sentence and he felt such misinterpretation could only be deliberate. He had been equally disturbed to see the phrase interpreted as indicating threat to return to isolationism and neutralism. He said those concepts were abhorrent both to him and to his people. He very earnestly repeated that he wished to take this occasion to state solemnly not only that he would not even if he could return to Cominform fold but that also any form of neutralism or isolation was a practical and moral impossibility for his people.

Tito went on to say that he had welcomed this frank exchange of views because he wanted nothing more than to see continued improvement of United States-Yugoslav relations and that this had been most helpful. He said happy occasion of our having granted additional drought aid called for public expression of appreciation
and forthcoming session of Parliament seemed especially timely. Kardelj, he thought, would bring this out in his address on foreign affairs. I said I thought occasion called for his doing this himself and that that was necessary to clear up misunderstandings. He said program of session did not call for speech by him but he could issue public statement. I retorted lightly that I anticipated that he might be called on to make an acceptance speech during session (this allusion to his expected elevation to presidency amused him greatly. He replied, with hearty laugh, that election was for Skupstina to decide), he indicated that it would be helpful if in expressing his government's gratification for the additional aid he could refer to our statements that no political strings were attached. I pointed out that this was included in statement I had read to him.

Comment: I believe conversation was salutary and clarified atmosphere. Perhaps most significant statement by Tito was his emphatic stand against neutralism. Other subjects covered will be reported in separate telegrams.  

Department please repeat other missions as desired.

Allen

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*The part of their conversation in which they discussed security arrangements between Yugoslavia and the West is reports in telegram 935 from Belgrade, *infra*. Their brief discussion of the Trieste issue is reported in telegram 937 from Belgrade, Jan. 9. (750G.0221/1-953)

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No. 670

768.5/1-853: Telegram

*The Ambassador in Yugoslavia (Allen) to the Department of State*

**TOP SECRET**

Belgrade, January 8, 1953—7 p. m.

935. No distribution outside Department. Following my statement to Tito yesterday that US wished to create collective security system against Soviet aggression in all parts of world, Tito remarked that General Handy had indicated that broadest basis on which he was authorized to discuss joint strategic planning with Yugoslavia was assumption that Yugoslavia would become another Korea in case of attack. Tito said this had made a most unhappy impression on Yugoslavs and that officials who knew about it were still dismayed over it. Tito expressed again his confidence that attack on Yugoslavia would lead sooner or later to general war but

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1 Repeated for information to London, Paris (for Reinhardt), Frankfurt (for Handy), Athens, Ankara, Rome (for Unger) eyes only for Chiefs of Mission and senior military attachés.
said that as long as Western powers were unwilling to go any further than General Handy had been permitted to go, he had felt if necessary to prepare Yugoslav public for fact that they might have to depend principally on their own manpower and resources in case of attack. His only recent public speech is on this subject.

I referred to talk with Kardelj in this regard (Embtl 873 December 20\(^2\)) and said I thought basic problem of Yugoslavian relations with West was precisely this question of collective security and that chief stumbling-block to real progress in this regard was bad Yugoslav-Italian relations, primarily due to quarrel over Trieste. Hence Trieste solution was principal objective to be obtained before wider political decisions could be reached.

Comment: Tito's remarks are further evidence that Yugoslavs are deeply concerned over lack of definite security arrangements with West.

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3\(^2\)See footnote 2, Document 663.

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No. 671

768.5 MSP/1–1053: Telegram

The Ambassador in Yugoslavia (Allen) to the Department of State\(^1\)

TOP SECRET

BELGRADE, January 10, 1953—7 p. m.

954. For Harriman. Summary requested Depcirtel 722\(^2\) follows:

I. Political.

MSP in Yugoslavia is directed towards increasing defense potential of Yugoslavia in event Cominform aggression, assuring active Yugoslav participation in maintaining the Balkan defense link between Italy and Greece, and encouraging general westward orientation of Tito regime. Our economic and military aid has enabled significant progress to be made towards achievement of these goals during the second six months of 1952. Our realistic policy, based on calculated risk, appears to be paying off. Tito and his top leaders succeeded, during Yugoslav Communist Party congress in November, in carrying their followers considerably further toward goal of orienting Yugoslav foreign policy westward, and in overcoming previously stated antipathy to the concept of regional pacts.

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\(^1\)Repeated for information to Paris for SRE.

\(^2\)Not found in Department of State files.
Military discussions with Greece and Turkey have advanced substantially as far as they can go in the absence of government level commitments. These military developments are one phase of striking improvement in over-all Yugoslav-Greek and Yugoslav-Turkish relations. Similar improvement, without military aspect, has occurred in Yugoslav-Turkish relations. On negative side, Yugoslav-Italian relations have deteriorated. Two chief causes for this have been Yugoslav belief that Italy has been trying to persuade us to discontinue economic and military assistance to Yugoslavia, and unresolved Trieste problem. The western anchor of the Balkan defense line is therefore still not secured.

MSP has fortified Yugoslav will to resist Cominform aggression by supplying needed equipment and supplies (see below). But more important, they no longer believe they will be standing alone in a future conflict. Visits of American military leaders and especially General Handy have been important morale factors among population, even though Yugoslav Government officials were disappointed with results of talks.

Internally, regime proclaims its Marxist orthodoxy. Publicly abjuring bureaucracy and police methods, Yugoslav officials have proclaimed education and propaganda methods for achievement "pure communism". These developments, together with economic and administrative decentralization, have resulted in less tension and fear, but inefficiency of authoritarian Communist state remains. Outcome of regime's efforts to gain increased popular support is still far from clear, particularly in view of religious question, highlighted by severance relations with Vatican. However, there is popular belief that reduction of repressive measures and amelioration of conditions have their origin in American economic and military assistance.

II. Economic.

Economic aid to Yugoslavia during period July–December 1952 ($50 million exclusive of $20 million supplemental aid) is being directed toward strong military establishment capable of withstanding Cominform aggression and toward development of an economy sufficiently productive to support it. This program has enabled Yugoslav Government (a) to support, at necessary levels, its military establishment, and (b) with supplemental aid, now approved, to meet minimum economic requirements following 1952 drought.

Severe impact drought not only wiped out expected achievements balance payments position but necessitated unusual food import program. If drought impact had not been relieved by supplemental aid, Yugoslav Government would have been required divert funds earmarked for defense and defense-support production to food im-
ports. Resultant defense weakening, unemployment, and injury to national morale would have been serious threat to US objectives in Yugoslavia.

Consequently, Embassy Mission recommended additional grant $20 million sufficient meet approximately 50 percent extraordinary food deficit in balance payments position. Yugoslavia will have to absorb balance of deficit by curtailing investments and imports, expanding exports, and use short-term credits, if possible while retaining liberalization internal economy reflected in discontinuance forced grain collections and other restrictive controls.

Recent actions by Yugoslav Government have resulted in decentralization national government administration to component republics, local government, and individual enterprises. Problems production, pricing, marketing, and investment now largely handled locally within broad policies established federal government.

While ultimate effect decentralization on economic affairs uncertain, there are two immediately discernable trends. On favorable side, competition being introduced between individual enterprises and financing plant investment plans are responsibility local enterprises as to use funds, interest and principal repayment. Investment priorities and credit controls, determined by federal agencies. On unfavorable side, this procedure introduces for first time east-west trade problems, as local enterprises, looking for favorable foreign exchange, less likely exercise required concern ultimate consumer. Recent government action promises effective resolution this problem.

Current OSP program still in planning stage. Yugoslav Government now preparing bids on ammunition (75 and 105 mm.). Possibility including Yugoslav shipbuilding capacity FY 1954 program being studied. In addition to usual question of “price, quality and delivery date” strategical considerations must be taken into account.

Recent Yugoslav Government/Mission discussions indicate gradual improvement in Yugoslav Government willingness provide more detailed information, discuss fully matters mutual concern, and utilize TA potential more effectively.

Two major problems are faced. First is long-term cost supporting defense establishment currently planned. Second is cost Yugoslav Government debt service to creditor nations during next two years.

III. Military.

The military equipment thus far received in Yugoslavia has strengthened the armed forces thus enabling them to better resist Cominform aggression.
The forces in the JCS force basis establishment for Yugoslavia for each service are in general already in being or planned for activation. The equipping of selected units of this force is the objective of the military aid program for Yugoslavia and is progressing satisfactorily.

In general the necessary facilities for utilization of and training with US equipment are adequate in this country. Maintenance facilities leave much to be desired.

Yugoslavs are utilizing to the best of their ability military end-items programmed. Unfamiliarity with technical equipment, lack of technical knowledge and a reluctance on the part of the Yugoslav Government to utilize technical assistance from the outside have retarded the effective utilization of other than the simpler items being received.

Continued reluctance on the part of the Yugoslavs to permit free and unrestricted observation of American military aid equipment on hand precludes our assurance that all this equipment is being properly maintained and utilized as required in US directives pertaining to military aid.

ALLEN

No. 672

768.00/2-1653

The Counselor of Embassy in Yugoslavia (Wallner) to the Counselor-designate of the Department of State (MacArthur)

TOP SECRET

OFFICIAL--INFORMAL

BELGRADE, February 16, 1953.

DEAR DOUG: The papers say you are to be Counselor of the Department, and George Allen, who just returned from Washington, reports that this is likely, but that whatever your title you will have a good job in the new setup. I see that you took the trip with the Secretary and Stassen.¹ This is to the good all around, and I am particularly delighted.

I have fallen into a world quite strange to me—Balkan, Communist, dynamic, conspiratorial and on our side of the fence. I am working hard to learn the game and the change of Ambassadors is pushing me a little faster than I would have liked. These people crossed some sort of a watershed late in the fall and we are exhila-

¹Reference is to the visit to Western Europe by newly-appointed Secretary of State Dulles and Director for Mutual Security Stassen, Jan. 31-Feb. 8; for documentation, see vol. v, Part 2, pp. 1548 ff.
rated by the speed of the descent. This irritates a lot of people in Washington who seem to take it for granted that they should be sliding down our side of the hill—something they fell all over themselves to get them to do—and criticize their clothes and their manners. Neither is good now and neither will ever meet our standards. However, they need us and we need them and they feel stranger about being on our side of the hill than they appear. A great deal, in a hard-boiled realistic way, remains to be done. They are almost ripe for NATO. NATO is far from ripe for them.

There are several interim steps, first of which would seem to be the early resumption of US-UK-French-Yugoslav military conversations on as realistic a basis as possible (I know some of the problems). All such talks point inevitably to the necessity of Yugoslav-Italian military cooperation, which to my mind is next on the must list. There is a better feeling on both sides about this than before, but both sides need to be pushed, not only by diplomatic action, but by constant reiteration of the military facts of life. Trieste, like all territorial disputes, is going to be hard to settle and probably can be settled only in a larger context. For the moment, what with Italian elections etc., the two sides cannot get around a table. Our contacts with Italians are constant, inside and outside NATO. Let us press on with the Yugoslavs in the military sphere in the interim. They are working out some of their southern problems with the Greeks and Turks, but I understand that what really interests us is the Ljubljana Gap.

The above may sound amateurish, but one of my troubles here is being kept in the dark about what Washington is thinking. For instance we have never even seen the Handy Report.² Many telegrams about Trieste never reach us and we have never had one word about the Secretary’s recent conversations in Rome and London (and perhaps Paris) on the subject of Italo-Yugoslav relations on which the Italian Legation and the British and French Embassies are kept fully posted. I am told that the constant row between WE and EE has something to do with this, but if you can manage to remedy the blackout I should be grateful.

[Here follow brief personal remarks.]

WOODIE

²For a summary of the Handy Report, see infra.
Memorandum by the Chief of Staff, United States Army (Collins) to the Secretary of Defense (Wilson)\textsuperscript{1}

TOP SECRET

WASHINGTON, 20 February 1953.


1. Reference is made to the memorandum by the Joint Chiefs of Staff, dated 12 December 1952, subject as above.\textsuperscript{2} The report of the Tripartite Military Representative (General Handy, USA) referred to therein as the Handy report may be summarized as follows:

\ldots

f. The Joint Chiefs of Staff consider that no time should be lost in preparing for additional discussions with the Yugoslavs. The favorable atmosphere created by the talks conducted by General Handy should be exploited. It is considered that the Military Representatives of the United States, the United Kingdom and France should reconvene without delay to discuss the Handy Report. The Military Representatives should then reach agreement as to future courses of action to be followed and present these recommendations to their respective governments for approval.

\ldots

g. The Joint Chiefs of Staff consider that the United States must maintain the security of the substance of the Tripartite talks as desired by Yugoslavia. In this regard the Tripartite powers are committed to the Governments of Greece, Turkey and Italy (See State Department Cables: Paris 1389, Belgrade 596, Ankara 560, Rome 1879, Athens 1427\textsuperscript{3}) to provide these countries with such information deriving from the Handy talks as directly concern their national interests. After tripartite military and governmental approval, and after clearance with the Yugoslav Government, the above-mentioned releases will be made to Greece, Turkey and Italy as appropriate.

\ldots

h. It is considered that the United States, the United Kingdom and France should exchange, insofar as practicable, reports concerning prior Yugoslav conversations. Accordingly, the Joint Chiefs of Staff have directed the Chief of Staff, U.S. Army, within the limits imposed by existing security regulations, to make available to the U.K. and France pertinent reports of prior conversations with the Yugoslavs.

\textsuperscript{1}This memorandum, along with its attachments, was transmitted to Secretary Dulles under cover of a brief letter of Feb. 27 from Secretary of Defense Wilson, in which Wilson said that he had approved the attached recommendations of the Joint Chiefs of Staff.

\textsuperscript{2}Document 662.

\textsuperscript{3}None printed.
3. In view of the foregoing, the Joint Chiefs of Staff recommend that:

a. The comments contained in paragraph 2 above be approved as the Department of Defense position on the Handy Report.

b. The military representatives of the United States, the United Kingdom, and France be reconvened immediately and in light of the Handy Report, develop a recommended Tripartite position for further military conversations with the Yugoslavs. To effect this meeting, the Joint Chiefs of Staff recommend that the U.S. Military Representative (Chief of Staff, U.S. Army) take prompt action to reconvene the Tripartite Military Committee to review the situation and lay future plans. They further recommend that the Department of State be advised of the action proposed herein.

c. The draft terms of reference and guidance, contained in the Appendix and Annexes "A" and "B" hereto, be approved for use by the U.S. Military Representative in taking the action indicated in subparagraph b above.

For the Joint Chiefs of Staff

J. LAWTON COLLINS

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4 None printed.

No. 674

Secretary's Memoranda of Conversation, lot 64 D 199, "March 1953"

Memorandum of Conversation, by the Director of the Office of Eastern European Affairs (Barbour)

SECRET

[WASHINGTON,] March 2, 1953.

Subject: United States-Yugoslav Relations with Regard to Military Matters, Trieste, and Economic Assistance.

Participants: The Secretary,

Mr. Vladimir Popovic, Yugoslav Ambassador,

Dr. Mirko Bruner, First Secretary, Yugoslav Embassy,

Mr. Walworth Barbour, Director, Office of Eastern European Affairs.

Ambassador Popovic remarked that the Secretary must have been bothered frequently by requests for ambassadors to see him in this busy period and the Secretary replied that he was endeavoring to spread out his reception of ambassadors in order to fit the visits in with his schedule.

Ambassador Popovic said there were three subjects he wished to discuss briefly, namely, military matters, Trieste and economic assistance.
Military

The Ambassador expressed appreciation for American military assistance and the opinion that with such assistance, US and Yugoslav cooperation, as well as Yugoslav cooperation with Greece and Turkey, is appreciably strengthening defense against the threat of aggression. He noted the conclusion of the Greek-Turkish-Yugoslav friendship treaty on February 28 and the fact that military talks in connection therewith were also proceeding. He stated that difficulties in connection with military assistance are being ironed out between the military establishments of the two governments. He urged that the US give consideration to including Yugoslavia in the offshore procurement program, with particular reference to the procurement of small arms ammunition.

The Secretary remarked that delays in deliveries on military items were not confined to Yugoslavia but it is the purpose of the new administration to endeavor to overcome such difficulties as rapidly as possible. He said that the US welcomes the signature of the tripartite treaty, which is a step in the right direction. As to off-shore procurement, the Secretary assumed that the military establishments of the two governments would consider that matter further.

Trieste

The Ambassador said he did not wish to expound on the separate views of Yugoslavia and Italy on Trieste, but he did wish to note that the Yugoslavs felt they have made important concessions in an effort to arrive at a satisfactory solution and that in their view the Italians have been intransigent. He appreciated that the Italians would no doubt tell the Secretary the contrary. He asked whether the Secretary could say anything as to the US position in regard to Trieste. The Secretary replied that he was not in a position to set forth the US views in this matter today, that the US still had the matter under consideration. The Ambassador made the point that he hoped Italy would not be able to use the pressure of her NATO membership, in contrast to the non-membership of Yugoslavia, in achieving Italian gains.

The Ambassador further noted that the Italian attitude of reliance on the March 20, 1948 Declaration as a point of departure

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1For documentation regarding the signing in Ankara of a Friendship Pact between Greece, Turkey, and Yugoslavia, Feb. 28, 1953, and the subsequent military talks between the three governments, see Documents 328 ff.

2For documentation regarding the announcement by France, the United Kingdom, and the United States, Mar. 20, 1948, that they favored giving Italy control over the entire Free Territory of Trieste, see Foreign Relations, 1948, vol. III, pp. 502 ff.
toward a settlement and as a device by which to claim Yugoslav territory is unrealistic and the Yugoslavs could never agree to a settlement on that basis. The Secretary said that Yugoslavia would not be asked to accept a settlement on the basis of the tripartite declaration. He emphasized that the US regards the settlement of the Trieste problem as of importance but noted that it is a relatively minor part of broader and more fundamental problems. He said that Prime Minister De Gasperi had talked about Trieste when he was in Rome but that he had declined to discuss the matter as he was not in Rome for that purpose. The Secretary reiterated that the matter is still under consideration by this Government.

Economic Assistance

Ambassador Popovic referred to the recent drought in Yugoslavia, which is the second major drought Yugoslavia has suffered since the war, and, while noting that US economic assistance has been provided to alleviate the food shortage, said that such assistance in the opinion of Yugoslav economists would cover the period only through May. He added that there is some difference of opinion between Yugoslav and US economists as to Yugoslavia's needs but in the view of his Government, Yugoslavia will need to cover the period from May through this year's harvest additional foodstuffs amounting to 200,000 tons of wheat, 200,000 tons of corn and 20,000 tons of lard. The Ambassador had in mind the possibility that CARE might be utilized to obtain or distribute such foodstuffs as could be procured and, in response to a request for further clarification, indicated that CARE has approached the Yugoslav Embassy with a suggestion that surplus US Government stocks might be available for this purpose. The Ambassador expressed the opinion that despite the differences in view among the respective economists, it might be assumed that a country would not ask for additional foodstuffs instead of raw materials unless such foodstuffs were essential.

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3 For records of Dulles' conversations in Rome with De Gasperi, Jan. 31-Feb. 1, see vol. v, Part 2, pp. 1551 ff.
4 In a letter of Mar. 20 to Ambassador Popović, Stassen wrote that the United States was allotting an additional $7 million to Yugoslavia for the procurement of wheat to assist in meeting the effects of the 1952 drought and to maintain Yugoslavia's defensive strength. Stassen noted that this left only $8.75 million available to Yugoslavia from the fiscal year 1953 MSA program. (Secretary's Letters, lot 56 D 459, "W-Z")
The Counselor-designate of the Department of State (MacArthur) to
the Chargé in Yugoslavia (Wallner)

TOP SECRET PERSONAL

WASHINGTON, March 16, 1953.

DEAR WOODIE: In due course I received your letter of February
16\(^1\) and instead of replying to it at once in a perfunctory manner, I
put it aside in the hope that I could write you a letter giving my
own views on some of the problems which you raised. Alas, since
the receipt of your letter I have literally had not a single minute. I
have been Acting Senior Staff Member of the NSC (which now
takes hours every week) and also have had many other chores and
duties.

The purpose of this brief note is simply to let you know how
much I appreciate your letter and to promise you that I will write
you very soon a long letter.

At the risk of over-simplification, I might simply say here that I
think the mental outlook of your clients is and has been evolving
steadily in the right direction. I would be lacking in frankness,
however, if I did not tell you that I think on occasions we have
really not laid it on the line with Mr. T. By this I mean there has
been a tendency on this side (particularly among the people in the
five-sided building and other US circles) to treat Mr. T as if he had
everything that we needed whereas we had nothing that he really
wanted. On his side, there has been an equal tendency to behave as
if we needed him but he did not need us. Some of his ill-tempered
statements and declarations have placed very serious strains upon
us. In particular, I think that he should thoroughly understand
that we have problems and responsibilities with respect to our
NATO allies, particularly Italy, and everything that he does and
says to exacerbate relations with Italy simply make unnecessary
complications and difficulties for us.

Personally I am convinced that the heart of the whole problem of
Yugoslavia's relations with the West now is the question of a Tri-
este settlement, and I would hope very much that Mr. T would rec-
ognize this and show a willingness, when the time finally comes to
negotiate, to go half-way.

I hope you will not think that this sounds like preaching or carp-
ing because, as I started out by saying, I do believe things have
moved a long way in the right direction and will continue to do so.

\(^1\)Document 672.
I will write you sometime soon a more considered letter on all this than the above over-simplified, hasty, and personal thoughts. [Here follows a brief paragraph of personal remarks.]

Yours ever,

DOUGLAS MACARTHUR, 2D

No. 676

768.11/3-2158: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State

TOP SECRET PRIORITY LONDON, March 21, 1953—4 p. m.

5214. Eden gave me the following résumé of the British Government’s talks with Tito this week:

1. Defense. Neither Britain nor Yugoslavia desire admission of Yugoslavia NATO at present. Tito, however, has felt and been concerned by his position of isolation. Result of defense talks was summarized in communiqué issued by UK Government yesterday which included this statement: “The two Governments declared their common interest in resistance to aggression and to the preservation of national independence.

“They undertook to work closely together and with other freedom loving nations to defend peace. They were in full agreement that in the event of aggression in Europe the resulting conflict could hardly remain local in character”.

This does not indicate that any promises were made and no commitment was in fact made. It is intended to be mere statement of the reality that war involving Yugoslavia would surely become general.

2. Tripartite military talks. As previously reported British informed Tito tripartite staff talks are in progress in Washington preparatory to resumption of talks with Yugoslavia.

3. Balkan treaty. British told Tito that they consider the Yugoslav-Greek-Turkish alliance very good but at same time lectured the Yugoslavs at length on the necessity that they be on good terms with Italy, both in military matters and with respect to territorial adjustments, in order to make this treaty effective.

4. Trieste. Eden said he very carefully avoided the points which we had wished not mentioned. Possibility of a temporary solution

1 Repeated for information to Belgrade, Paris, and Rome.
was explored but Yugoslavia stated this would not be acceptable: They insisted that only a permanent solution could be satisfactory. (Popovic referred to fact that Italians have elections every three years and under any temporary arrangement would ask for more each time.) With respect to permanent settlement Yugoslavs have not excluded possibility of minor adjustments but Eden carefully did not discuss details. Tito hinted he might a little later take the initiative in seeking talks with De Gasperi.

5. Albania. British suggested and Yugoslavs completely agreed that situations should be left undisturbed.

6. USSR. Marshal Tito had expressed the view that the situation in Russia had not been greatly changed, for the present, by Stalin’s death. He did not think that the new rulers of Russia would be any more anxious for war than Stalin had been, though perhaps for different reasons. They might well, however, step up the pressure of the cold war and, in the Marshal’s view, the most powerful weapon in the Western armory was a sincere policy for peace. It was particularly important to avoid any hint of a preventive war in Western propaganda, since this would only serve to unite elements in Russia which might otherwise be disposed to quarrel.

7. Religious questions. Were discussed in general terms and Eden said they found Tito very sensible and liberal. (Tito had fairly long and amicable talks with Archbishop of Canterbury.) Eden did not tell me that any specific proposals were ventured. Popovic in press conference remarked British leaders were “too polite and correct to make representations.”

8. In summary, both British and Yugoslavs were very satisfied with results of visit. Tito has departed feeling more confident that he is no longer in an isolated position. His last remark was that he was “very satisfied and felt visit had been most successful”.

ALDRICH

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3The British Foreign Office furnished the Embassy in London further details of the conversations during Tito’s visit. These were communicated to the Department of State in telegram 5261 from London, Mar. 25. (768.11/3-2553) The conversations in London between Tito and British leaders were also the subject of a conversation on Mar. 30 between Wallner and Ambassador Ivo Mallet, who had been in London throughout the Tito visit. A memorandum of the Wallner-Mallet conversation was sent to the Department of State as an attachment to despatch 777 from Belgrade, Mar. 31. (768.11/3-3155)
TOP SECRET
OFFICIAL—PERSONAL

DEAR DOUG: I am the firmest believer in the principle of "No favorites in the Harem". My only argument with the reasoning outlined in your letter of March 16\(^1\) has to do with timing. Things looked last fall as if we had let Tito think we needed him more than he needed us. Then came the Handy talks. . . .

As of the present writing, therefore, I think the question of who needs whom the most need not loom too large as a basic consideration in our relations with Yugoslavia. We should of course be careful that we do not allow it to do so, either by swelling their heads or chilling them to the bone. They play a pretty cool game of poker and appreciate cool poker in the other fellow. Their natural Balkan romanticism is pretty well tempered by their hard-boiled training as Communists, and I see no reason why we should not have satisfactory and realistic dealings with them so long as we keep certain historical and psychological factors in mind.

Relations with Italy will always be a problem until qualities of statesmanship in both countries coincide to bring about a general settlement—something like what happened between Greece and Turkey when centuries of antagonism were finally done away with. Nothing like that can happen until after the Italian elections. Then, if De Gasperi wins by sufficient majority, he may be able to contribute that statesmanship from the Italian side. If he does, I am pretty sure that Tito will meet him halfway. In any case we should be in there pushing hard at that point. But I am equally sure that Tito will not consent to any real concessions to help De Gasperi win the elections. The Yugoslav view is that the Italians have elections too often for them to be able to afford to take the rap each time. I certainly hope that Trieste is settled before the next (and I don’t mean May 1953 elections).\(^2\)

I hear George Kennan is out of the running as a successor to George Allen. Wouldn’t Sam Reber be a good man for this post if

\(^1\)Document 675.
\(^2\)In a brief reply of Apr. 12, MacArthur expressed his general agreement with Wallner’s views and stated that Tito was being shortsighted in not making concessions to De Gasperi on Trieste, because, if De Gasperi were to lose the elections, the situation in Italy would be chaotic, and this would not serve the interests of Yugoslavia. (768.00/3–3153)
he can be pried loose from Germany? He should have a post of his own now, and this would be a pretty good place for him to begin. He would have a rousing welcome from Monica and me. [Here follow brief personal remarks.]

WOODIE

No. 678

750G.00/5-1953: Airgram

**The Acting Secretary of State to the Embassy in Italy¹**

**TOP SECRET**

WASHINGTON, May 25, 1953.

A-1036. The questions raised by Ambassador Luce in her telegram No. 4797 May 19 to the Department (repeated as 171 to Belgrade²) highlight recent developments which have given rise to speculation concerning the impact of the changed regime in the USSR on what has become known as the "Tito heresy", and can only be commented on in that context. In the nature of the problem, no categoric answers are possible, nor would it be prudent to seek them. The following reflects the Department's current thinking on this matter.

The query is valid as to whether a rapprochement between Yugoslavia and the USSR might be possible as a result of the removal of Stalin's personality from the scene, together with whatever changes of method or emphasis his death may presage in the character of the Soviet international communist mechanism or the ideological framework which ostensibly supports it. Such evidence as is now available does not indicate that a rapprochement between Yugoslavia and the USSR is in the making. On the contrary, there are material considerations which would seem to preclude such a development from the Yugoslav side. From the Soviet side, it is fair to assume that the USSR would like nothing so much as to recapture Yugoslavia, with or without Tito though perhaps preferably the latter. Failing that, the USSR's interest would appear to lie in

¹Drafted by Marcy and cleared with WE. Repeated to Belgrade and Moscow.

²In telegram 4797, Luce asked whether Yugoslavia's recent efforts to enter secret negotiations with Italy regarding Trieste might presage a shift by Yugoslavia back to the Cominform, in that a Trieste settlement acceptable to Italy would help Italian Communist Party chief Palmiro Togliatti and increase the stature of Tito in the eyes of Italian Communists. She also raised the possibility that Yugoslavia's recent tactics regarding Trieste might be designed, on the other hand, to make possible full military, political, and economic agreement with Italy preparatory to a Yugoslav request to enter NATO and to help elect De Gasperi as the only type of Italian leader who would permit closer Yugoslav cooperation within the NATO framework. (750G.00/5-1953)
endeavoring to create doubt in the West regarding Tito's sincerity, his ability to control the situation in Yugoslavia, and/or his ultimate value as an ally.

In analyzing the probable reaction of Tito and of the men around him to the new situation which has been created by Stalin's death and by the apparent new tactics of the successor Soviet regime, a number of factors must be taken into account. These include, without attempting to evaluate their relative importance, (a) Tito's sense of self-preservation, and that of his immediate entourage, (b) Yugoslav patriotism (both within the Tito regime itself, and on the part of the conscript Yugoslav army), and (c) the possible influence of ideologically convinced communists within the Yugoslav regime. As regards the latter, while we have evidence—and common sense confirms—that there are cominformist influences at work within the Yugoslav communist hierarchy, we have no reliable evidence (other than the statements of the Tito regime itself and the even more questionable assertions of Yugoslav political refugees and other parties at interest) that these are significant. On the other hand, we do have reason to believe that such cominformist elements as do exist are well under control. We conclude, therefore, that the course of Yugoslav policy will be determined by Tito and his immediate group of fellow-thinkers and associates, and not significantly influenced by other elements within the Yugoslav party or government which may possibly be desirous of patching up differences with Moscow for ideological reasons.

As regards (a) and (b), such internal support as Tito has arises largely from his "patriotic" anti-Soviet stand. It is doubtful if even Tito, let alone other lesser personalities, could now lead Yugoslavia back to the Kremlin fold. Be that as it may, it has been apparent throughout our dealings with Tito since the break with Moscow, that he has felt that one of his best cards in dealing with the West has been his ostensible position mid-way between East and West. He has publicly camouflaged his reluctance to commit himself to the West, variously, behind assertions that the Yugoslav public would not tolerate such a move, and claims that his value to the West vis-à-vis the satellite bloc would be compromised were he to become completely identified with the West. It seems more likely, however, that his primary motive has been, and continues to be, to maintain the most advantageous bargaining position. His recent moves to develop and exploit support from socialist and other non-cominformist leftists throughout the world supports this analysis, although it cannot be excluded that Tito has vague aspirations of ultimately leading or inspiring some form of "socialist international". Such aspirations, however, though perhaps real are necessarily subordinate to the more immediate task of ensuring that neither
East nor West overthrows his regime in the pursuit of its own objectives.

In his efforts to maintain a middle position between East and West, and whatever his own ideological aspirations may be, Tito has been plagued by all of the traditional Yugoslav and Balkan foreign policy problems, including that posed by past and possibly present Italian aspirations in the Balkans. While the external manifestations are admittedly different due to the differing political systems, the “Italian problem” is as politically important to Tito as the “Trieste problem” is to the Italian Government. Were Tito to yield to what the Yugoslavs consider Italian efforts to regain a foothold in the Balkans, and particularly were he to do so under ostensible Western pressure, his posture as a Yugoslav patriot, and as the leader of a “national communist” ideology able to hold its own between East and West, would be destroyed. While facing this political reality, Tito has at the same time been forced to recognize that he cannot expect from the West the military and other guarantees he requires without reaching some form of modus vivendi with Italy. Given the vital importance of such assurances from the West, we are inclined to believe that Tito genuinely desires an early solution to the Trieste situation, always provided that the solution is not one which will lead directly to his downfall.

As regards timing, in view of the emphasis which has recently been placed on the Trieste issue in the West’s dealings with Tito, and particularly in connection with the military discussions between the US, UK, France and Yugoslavia, and given the Yugoslav belief that the West is irrevocably committed to support the Italian point of view, the Department is not inclined to ascribe untoward significance to Tito’s alleged desire to achieve a negotiated Trieste settlement prior to the Italian elections. In any event, although May 25 is reportedly Tito’s birthday and Prime Minister De Gasperi is expected to make a formal speech on the previous day, the magic of the date would appear to lie in its relation to the Italian elections.

In circumstantial support of our conclusion that a genuine reconciliation with Soviet communism is not in the interest of the present Yugoslav Government, and is not in fact being sought by that Government, the following may be cited:

1.) Ironically enough, the Yugoslav regime seems to be unduly sensitive to the harassment accorded their representatives behind the Iron Curtain as well as, to a much lesser degree of course, to real or fancied harassment at the hands of the West. In consequence, Yugoslav representatives have since Stalin’s death consistently maintained that the hoped “formal and correct” relations between Yugoslavia and the USSR could be established in the new
international climate. The call of the Yugoslav Chargé Djuric upon Molotov (which, coupled with Yugoslav-Rumanian negotiations concerning the Danube, apparently prompted the major share of Western speculation concerning a possible rapprochement between Yugoslavia and the USSR), was made no secret by the Yugoslavs. The Yugoslavs informed our Ambassador in Moscow concerning the meeting shortly after it took place, and published the news in both press and radio a few days later (May 4 and 5). The only suspicious element in this exchange appears to have been the role of the Soviet Union, which withheld public announcement of the visit until the news was released that the Yugoslavs and Rumanians were reaching agreement on Danubian problems at which time it might have been anticipated that it would make the maximum impression.

2.) As regards the Yugoslav-Rumanian negotiations on the Danube, we have not yet seen the final text of the agreement which was apparently reached, and therefore cannot judge as to which party to the negotiations was the more (or least) conciliatory. We have sufficient background concerning the genesis of the negotiations, however, to know that they were being planned before Stalin’s death, and to believe that they arose from purely practical considerations of resolving an economically impossible situation as regards traffic on the Danube.

3.) Although Soviet May Day slogans contained none of the usual attacks upon Tito’s regime, those of several of the satellites did, and both Soviet and satellite propaganda has continued without significant abatement, as have border incidents between Yugoslavia and the satellites.

4.) The appointment of a new Soviet Chargé in Belgrade cannot yet be evaluated. However, it is significant, we believe, that the move required only Russian initiative, that it prompted sufficient Yugoslav concern for them to call it to our attention (through the rather transparent device of inquiring whether we had knowledge of any MVD connection on the part of the chargé designate: information which, in view of the record of the individual concerned, the Yugoslavs are in a much better position to have than are we), and that such a move is much more apt to be ascribed significance by the West than to reflect any real significance so far as Soviet intentions are concerned.

5.) We have no information concerning the purpose of the recent conference of Yugoslav Ambassadors from Western Europe and the

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An account of Ambassador Bohlen’s report on the meeting between Soviet Foreign Minister Molotov and Yugoslav Chargé Djuric was transmitted in telegram 1543 from Moscow, Apr. 30. (661.68/4–8052)
Middle East. While press speculation commented upon the absence of the Yugoslav Ambassador to Washington, it is perhaps significant that he had returned to Belgrade only last fall. The circumstances of the conference, particularly its time relationship to the Italian elections, to De Gasperi’s bid for Soviet support on Trieste, and to developments in the military relations between the West and Yugoslavia, strongly suggest that the conference was as concerned with Tito’s relationship to the West as with his relationship with Moscow.

(6) It is perhaps not without significance that the USSR succeeded only a year ago in provoking disquiet, both in the West and in Yugoslavia, by tactics designed to suggest that a rapprochement between the USSR and Tito was not impossible. Given circumstances in which the USSR had ample reason to suppose that the West was bringing pressure upon Tito to yield to the Italians over Trieste, it is plausible that the USSR might well see and endeavor to exploit an opportunity to sow dissension in the West by so acting as to suggest that Tito’s “heresy” might be forgiven by the Kremlin. Such a tactic might appear to the USSR particularly opportune in view of the Yugoslavs’ uneasiness at the delay in the appointment of a new US Ambassador to Belgrade, which the Yugoslavs (and possibly also the Kremlin) tend to interpret as a manifestation of Western displeasure with Tito.

SMITH

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No. 679

768.5/6-333

The Assistant Secretary of Defense (Nash) to the Secretary of State

TOP SECRET WASHINGTON, June 3, 1953.

DEAR MR. SECRETARY: Appended hereto is a statement of the agreement which General J. Lawton Collins, Chief of Staff, U.S. Army, acting as U.S. Representative in conducting tripartite military conversations with regard to talks with Yugoslavia, reached with designated United Kingdom and French representatives on 22 May 1953. This Appendix consists of recommendations to the three Governments (U.S., U.K., France), and additional terms of reference, which favor the resumption of Tripartite-Yugoslav military conversations on a covert basis in Washington, D.C., as soon as possible after the Italian elections (7-8 June 1953). General Ridgway was consulted personally in the preparation of this Tripartite military position and account therein has been taken of his views.
The Joint Chiefs of Staff consider that this Appendix constitutes an appropriate basis for early resumption of Tripartite-Yugoslav military conversations. The Department of Defense concurs in these views of the Joint Chiefs of Staff. General J. Lawton Collins will be the U.S. Representative in these forthcoming conversations.

In view of the Tripartite recommendation favoring resumption of these conversations as soon as possible after the Italian elections, as well as the recently expressed desires of the Yugoslavs to resume military conversations at an early date, it is requested that necessary political steps be taken at the earliest practicable date to enable the initiation of the above discussions.

Sincerely yours,

FRANK C. NASH

Appendix

Agreement Between Military Representatives of the British, French, and United States Governments

TOP SECRET [WASHINGTON, MAY 22, 1953.]

TRIPARTITE (U.S., U.K., FRENCH) MILITARY TALKS WITH THE YUGOSLAVS

1. The U.S. U.K., and French Chiefs of Staff recommend to their governments that:

a. Military discussions should be resumed with Yugoslav military representatives for the purpose indicated in the Annex hereto.

b. Such discussions should take place covertly in Washington at an early date, as soon as possible after the Italian elections.

c. The ostensible purpose of the presence of the Yugoslav representatives in Washington should be to examine MSA problems affecting Yugoslavia.

d. Although no political guarantees can be given to Yugoslavia, the Tripartite Military Representatives should be authorized at the next meeting of the Yugoslav Representatives, to inform them that, at the military level, the Tripartite Powers consider the successful defense of Yugoslavia of great strategic importance. They should state that as military men, they do not believe that a Soviet and/or Satellite attack against Yugoslavia could be limited to a local war. . . .

... . . . . . . . . . . . . . . . .

g. The realistic coordination of Tripartite/Yugoslav military planning requires some mutual exchange of information between
the Yugoslavs and the Tripartite Powers, and that in the forthcoming Tripartite/Yugoslav military talks the Tripartite Military Representatives will be permitted to exchange information at their discretion regarding Tripartite troop dispositions and possible combat and logistic support to Yugoslavia in accord with the Tripartite position set forth in the Annex.  

2. They further recommend that:
   a. Urgent consideration should be given to the question of informing the Greek and Turkish (and where politically possible the Italian) governments as early and as fully as possible regarding the outcome of all future military discussions with the Yugoslavs. In the interests of military cooperation with those governments this information should be given as soon as politically feasible and, specifically as regards the forthcoming Yugoslav Tripartite discussions, the Italians, Greeks and Turks should be informed of the subject, time and place of these discussions prior to their inception.
   ... Further the Chief of Staff, U.S. Army, should be authorized to write personally to General Ridgway and invite him to select British, French and U.S. representatives from his staff to be sent to Washington on a covert basis so as to be readily available before and during the discussions to advise the Tripartite Military Representatives regarding SACEUR's views but not to attend the discussions themselves. The Yugoslavs should not be informed of the presence of the SHAPE representatives in Washington.
   3. General Ridgway has been consulted informally in the preparation of these terms of reference (Annex hereto) and account has been taken of his views.

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1Not printed.

No. 680

758.5/6-353

The Secretary of State to the Secretary of Defense (Wilson)¹

TOP SECRET

[WASHINGTON,] June 11, 1953.

My Dear Mr. Secretary: This Department has examined the recommendations to the United States, United Kingdom and French Governments, and the proposed Terms of Reference for the

¹Drafted by Marcy, Leverich, and Barbour and cleared with RA, BNI, and GTI.
next contingent military discussions with the Yugoslavs which were transmitted by Mr. Nash's letter of June 3, 1953, and is pleased to concur therein with the following comments.

We believe it desirable, in order to obviate the possibility of any misunderstanding on the part of the Yugoslavs, that the US, UK, and French military representatives at the outset of the conversations with the Yugoslavs, make it explicit that what are to follow are a series of military discussions on a contingent planning or assumptive basis, and that no commitments of any nature can be made. While this is made adequately clear in the Terms of Reference themselves, the point is sufficiently important to bear emphasis, and as a matter of strategy it would seem preferable to make it crystal clear at the outset rather than continually to reiterate the point throughout the discussions themselves.

... Once the approval of the British and French Governments has been obtained and a firm date set for the talks with the Yugoslavs, this Department would be pleased to prepare for the consideration of your Department and of the British and French Governments a suitable statement for this purpose.

In the Terms of Reference themselves, we would suggest that the word "then" in paragraph 8 be interpreted so as to give the tripartite representatives more freedom of action in the actual negotiations with the Yugoslavs.

With regard to the desire of the British Government to modify the language of paragraph 1–e of the Recommendations in order to avoid the implication that only the Yugoslavs are responsible for the lack of cooperation between Yugoslavia and Italy, and to avert discussion of the broader political aspects of the Trieste issue, this Department is informing the British Government that it agrees with the substance of the British proposal but prefers not to alter the actual language of that paragraph at this late date. The suggestion is being made to the British and French Governments that rather than actually amend the paragraph as now drafted, the three military representatives be instructed by their governments to interpret the existing language in the light of the desired amendment.

In communicating with the British and French Governments in the above sense, this Department is also informing them of its concurrence in the Recommendations and the proposed Terms of Reference for the next talks with the Yugoslavs with the indicated qualifications, and is confirming to them its approval of the date understood to have been proposed by the three military representatives for the actual resumption of the talks, i.e. June 29, 1953. Once

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²Supra.
the approval of the British and French Governments is obtained, this Department will work out with those governments an appropriate procedure for the issuance of an invitation to the Yugoslavs and will take any required action in that regard. Your Department will of course be kept fully informed.

Sincerely yours,

For the Secretary of State:
H. Freeman Matthews
Deputy Under Secretary

No. 681

INR-NIE files

National Intelligence Estimate

SECRET
NIE 93

WASHINGTON, June 26, 1953.

PROBABLE DEVELOPMENTS IN YUGOSLAVIA

THE PROBLEM

To estimate (a) the current situation in Yugoslavia and probable future developments in Yugoslav domestic and foreign policies, and (b) the effect of these developments upon the international position of Yugoslavia.

CONCLUSIONS

1. Yugoslavia remains a Communist dictatorship, with Tito in unquestioned control. The majority of the population is still opposed to the Tito regime. However, barring a Soviet/Satellite attack, there is almost no likelihood that it will be overthrown in the foreseeable future.

2. The present regime owes its strength and stability in large measure to Tito's dominant position. In the event of his death, a successor regime would probably attempt to continue the main outlines of his internal and external policies. However, it is possible that a struggle for power would develop, with results which we cannot now estimate.

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1Regarding National Intelligence Estimates (NIEs), see footnote 2, Document 635.

2According to a note on the cover sheet, the IAC concurred in this estimate on June 23, with the FBI representative abstaining since the subject was outside that agency's jurisdiction. The note also indicated that the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the CIA in the preparation of the estimate. A record of the discussion at the IAC meeting on June 23 is in INR files, lot 59 D 27, "Meeting Notes."
3. The Tito regime, with substantial outside assistance, has made some progress in overcoming Yugoslavia's many postwar economic problems. Completion of the current investment program over the next three years would lessen his dependence on outside economic aid. However, continued maintenance and improvement of the armed forces will require outside military aid for a considerable period.

4. Although Tito is aware of the scheduled cutbacks in US aid, he may not take the steps necessary to reduce his dependence on US economic aid in the hope that the strategic importance of Yugoslavia to the US would lead the US to underwrite Yugoslavia's foreign exchange deficits.

5. We do not believe Tito will abandon his policy of socializing agriculture, but the timing and execution of this policy will depend on his need to retain US support and to maintain agricultural production.

6. We do not believe that Yugoslavia will rejoin the Soviet Bloc as long as the Tito regime remains in power. The Kremlin may, however, attempt to weaken Tito's ties with the West through increasingly conciliatory gestures toward Yugoslavia and to undermine Tito's internal position.

7. Although Yugoslavia could repel an attack by a single Satellite, it does not have and will not be able to develop the capability to defend the plain of northeast Yugoslavia against a Soviet/Satellite invasion or a concerted Satellite attack logistically supported and centrally directed by the USSR.

8. In the initial stages of such a war, we believe that the Yugoslav armed forces would offer vigorous resistance to the invaders and that the Tito regime would be able to withdraw sizable organized ground units to the mountainous regions. After such a withdrawal the effectiveness and duration of organized resistance or guerrilla activity is difficult to estimate. First, a major campaign by Soviet/Satellite forces would almost certainly be able to wipe out all organized resistance, however determined, in the absence of prompt and substantial Western military support. Second, under the impact of military defeat the opportunities for popular defection would increase and the Tito regime might even lose control over some of its armed forces. In those circumstances, anti-Tito guerrilla units might be formed, thus reducing the effectiveness of guerrilla activity against the Soviet Bloc invaders.

10. Italo-Yugoslav relations, strained by the Trieste issue and the anti-Catholic policies of the Tito regime, constitute a major stum-
blowing block to closer Yugoslav cooperation with the West. Resolution of the Trieste issue will not be easy, but Yugoslavia will probably continue to seek an improvement in relations with Italy in order to reduce one of the major obstacles to fuller Yugoslav participation in European defense arrangements.

11. We believe that the Yugoslavs have no present intention of precipitating a coup against the Hoxha regime. They probably calculate that to do so would create serious risks of provoking Western disfavor and Soviet retaliation. . . .

[Here follows the "Discussion" section of the estimate, comprising paragraphs 12–36.]

No. 682

511.68/6-3058: Despatch

The Chargé in Yugoslavia (Wallner) to the Department of State

CONFIDENTIAL

No. 1042

Belgrade, June 30, 1953.

Ref: Embassy despatches 984 and 1033 of June 26, 1953.¹

Subject: Démarche to Foreign Office concerning developing pressure against US information program

The evidences of the changed attitude of the Yugoslav Government or at least of the Yugoslav Communist Party (now known as the Union of Communists) toward the foreign information services operating in Yugoslavia and particularly the USIS, clearly called for a frank talk of an exploratory nature at the top level in the Foreign Office. Consequently I took up the whole question with Dr. Bebler, Under Secretary of State, on June 24. As the attached Memorandum of Conversation shows,² Dr. Bebler, while reassuring me that no top level governmental decision had been taken directed against foreign information services and disclaiming any personal knowledge of Foreign Office planning looking toward their regulation, volunteered the statement that the new role of "education and persuasion" assigned to the Yugoslav Communist party could be interpreted by individual Communists as a mandate to discourage the propagation of western non-Communist ideas. He also agreed that this was a subject of mutual interest which should be frankly discussed before any new regulation went into effect and

¹Both despatches dealt with recent Yugoslav Government criticism of the U.S. information program and with an attack in the press specifically against information officer William B. King. (511.68/6-2653)

²Not printed.
seemed impressed with my argument that any sharp curtailment of USIS activities here could be variously and unfortunately interpreted abroad.

While US information activities in Yugoslavia have, at various times since the break with the Cominform became complete, run into varying degrees of opposition from doctrinaire Communist elements here, they have constantly expanded to where they now reach undisturbed a proportion of the population great enough to be without precedence, I believe, in any Communist and in most totalitarian countries. The thirst for greater knowledge of the western and particularly the American way of life is unquenchable in Yugoslavia among Communists and non-Communists alike, although the latter are more attracted to ideas and the former to mechanical and scientific achievements. Certainly the non-Communist majority in Yugoslavia has constituted the more avid readership, but recent developments indicate that our activities have likewise made an impression on Communists too, and the success of the program in all classes of Yugoslavs must, I think, be credited in part with causing the opposition to it which is now developing. The new role of the Communist Party is also important in recent developments, but it is doubtful that this alone would have brought them about had the program not been as successful as it is.

We have been in touch with both the British and the French Embassies on this subject. The British Ambassador made a démarche to Bebler on June 27 along somewhat the same lines as mine and while we have not had an exact account of what transpired I gather that Sir Ivo Mallet was somewhat sharper than I and Dr. Bebler replied in kind. Bebler did indicate to Mallet however that it was the vastly larger American program which was causing principal anxiety to the Union of Communists, and this perhaps foreshadows an attempt on the Yugoslav part to prevent the three Embassies from presenting a united front. The French Embassy which has a much smaller program and publishes no news bulletin is not planning a démarche for the moment, although the Ambassador is following the matter personally. All three Embassies are in agreement to resist energetically any attempt to regulate our activities here on the same basis as those of the Russian Embassy, but this question may very well not come up since it is unlikely that the Soviet Government will permit the Yugoslavs to undertake any information activities in Moscow and reciprocity will undoubtedly be applied to the Russian Embassy here.

Until further discussions have taken place with the Foreign Office in the light of the British Ambassador’s and my démarches it is not possible to predict the future much less to chart any specific course of action on our part.
As already stated, resistance to foreign information programs in Yugoslavia has occurred before, usually on the heels of party reprimands. This resistance would, in time, level off, usually in the same ratio as zeal to “revitalize” the party flags. At this stage, however, the party officials, with less demand on their administrative talents, may well channel their enthusiasm into activities designed more to “educate” than regulate. With constant reminders from the press and from party officials to generate their zeal, their actions could have a distinct influence on the work of USIS.

While the Yugoslav Government probably would not take any overt action designed to close down or seriously cripple the operation of USIS activities, the party could do a great deal to discourage their use. A close watch is being kept for press comments or other evidences that this campaign will flag, continue at the present rate, or increase.

Meanwhile I have requested USIS officers to keep—for the time being—activities at the present level and to conduct them quietly and unspectacularly in such a way as to avoid providing ammunition which might be used to give impetus to the current wave of opposition.

The Department will be kept informed of developments.

WOODRUFF WALLNER

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No. 683

EUR files, lot 59 D 233, “Yugoslavia”

The Ambassador in Austria (Thompson) to the Assistant Secretary of State for European Affairs (Merchant)\(^1\)

SECRET

VIENNA, July 10, 1953.

DEAR LIVIE: When I found that Governor Stevenson had not had an opportunity to inform the Embassy in Belgrade of his talk with

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\(^1\)Attached to the source text are three documents: (1) a letter from Bonbright to Thompson, acknowledging receipt of Thompson’s letter of July 10 and its enclosed memorandum by Stevenson, in which Bonbright noted that Stevenson’s memorandum provided “useful confirmation of some of Tito’s views which he has not previously chosen to express in such a forthright manner”; (2) a handwritten note from Bonbright to Thurston, undated, in which Bonbright stated his belief that Stevenson’s memorandum should be shown to MacArthur, Matthews, Smith, and Bowie, and that Smith might want to show it to Dulles; and (3) a memorandum of July 27 from Bonbright to Smith, drafted by Thurston, noting that Smith might want to read the attached memorandum by Stevenson and that he also might wish to show it to Dulles. This memorandum also indicated that copies of Stevenson’s memorandum were sent to Matthews, MacArthur, and Bowie.
Tito, I persuaded him to give me a memorandum of the high points of the conversation. I have sent a brief telegram today summarizing it,2 and enclose the full text of the memorandum which he gave me. He requested that this be held very closely. I am sending a copy to Woody Wallner in Belgrade.

Sincerely yours,

LLEWELLYN E. THOMPSON, JR.

[Enclosure]

Memorandum by Adlai E. Stevenson to the Ambassador in Austria
(Thompson)

SECRET

VIENNA, July 10, 1953.

Without attempting to rearrange my notes and recollections for order and emphasis I will set forth, pursuant to your request, some of the things Tito said, in, I fear, utter disorder!!

I spent about four hours with him on Brioni on June 25, 1953:

The Soviet change of tactics does not reflect a change of objectives. Russia will be aggressive as long as the internal regime and methods are unchanged. The pressures of “state capitalistic despotism” pushes the U.S.S.R. to imperialism. The West should not look to external manifestations, peaceful gestures, conciliatory moves, minor concessions for evidence of basic changes in Soviet purposes. The real signs will come from internal changes when force and violence are replaced by consent and cooperation. The West would be foolish to relax its defense effort until the Yugoslavs, who know the Kremlin’s intentions best, relax theirs. Yugoslavia is spending more of its national income—22%—on defense than any other nation.

Until domestic internal policies change with relaxation of police methods and replacement of brutal autocracy by democratic socialism in the Yugoslav pattern, Russia, it must be assumed, will race forward.

Tito favors Four-Power talks “to feel the pulse” without the expectation of accomplishing very much yet. Negotiation and “cooperation” with the Soviets are important to deprive them of propaganda weapon that West is plotting war.

Big Russian problem today is internal. To make friends at home must make friends abroad. Objectives are to save Germany from the West, divide the Allies, reduce defense efforts and increase attention to the Orient, particularly India.

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2Not found in Department of State files.
The strong arm methods of Stalin have failed at home and abroad. He was not opposed during his lifetime because his associates did not want “to go to Siberia.”

The Berlin riots are the most important post-war event except Yugoslavia’s break with the Soviets in 1948. They started as an economic protest but uncovered the bad political situation. They had to be suppressed ruthlessly or would have spread over all East Germany. The East German workers would have to put up with stern economic conditions if they had felt free and democratic socialist. But they know they are a satellite and are exploited for the benefit of the Soviet Union which takes but does not give. Russia is not Communist but state capitalism; Yugoslavia is not Communist but democratic socialist and on the right road. Communism and the withering away of the state is for the future.

European unity in terms of political federation is a desirable goal, but far in the future. Europe is not ready for it yet. There are too many old hatchets still to be buried.

India is the most interesting and important country in the world. A grouping of Russia, China and India would be very serious, but India, like Yugoslavia, is opposed to Stalinist methods and imperialism. Both are steering an independent course in foreign affairs and are misunderstood in America.

Tito knows all of the new men in the Kremlin. They are much more flexible and modern minded than Stalin who was interested only in force—an autocrat whom he compared to Ivan the Terrible.

The Balkan Pact was necessary because of the emergency. He thinks it should be enduring and, in spite of the differing philosophies of the members, be an important factor of stability in an area which has been unstable in the past. It should be attractive to the Bulgarians but he sees less evidence of internal disorder in Bulgaria than in the other satellites.

On relations with Italy he seems fully conscious of Yugoslavia’s awkward position which will be actually complicated by the necessity of maintaining forces “to protect herself from Italy.” He thinks the initiative lies with Italy which should set aside the Trieste question and discuss many smaller problems first. He doubts if any progress can be made in view of weakened political situation in Italy.

Tito wishes Cardinal Stepinac would leave the country. He has little trouble with most of the Catholic clergy, but is under constant pressure internally because Stepinac’s collaboration with the Germans and puppet Croat government was not punished more severely.

Thinks the peasants are satisfied now with the decollectivization and the ten hectare law. Also feels that the decentralization of in-
industry management, which recognizes normal incentives, is popular and will improve conditions and strengthen the regime. He hopes that Yugoslavia will need no further aid from the United States after two years. Hopes the United States will continue helping under-developed countries.

He sees little hope of political stability and strength in France, which has not had "a great jolt" and did not fight in the war.

Has little use for U.S. propaganda program—too much ideology and not enough facts. What people want is positive assurance that West has more to offer in terms of peace, security, and better living standards than the Russians.

Finally, he said he would like to visit the United States as he did England, but he did not think McCarthy would let him in.

Note: Please understand that this is desultory and confused and is merely an attempt at recording some of what he said which you thought of interest.

AES

No. 684

Editorial Note

United States relations with Yugoslavia during the period September-December 1953 primarily involved the dispute between Italy and Yugoslavia over Trieste. At the end of August 1953 the Italian Government, allegedly fearing an imminent Yugoslav annexation of Zone B of the Free Territory of Trieste, moved troops to the Italo-Yugoslav border. During September the United States, along with Great Britain and France, made various efforts to persuade the Italian and the Yugoslav Governments to avoid armed conflict. On October 8, 1953, the United States and the United Kingdom announced their intention to transfer administration of Zone A of the Free Territory of Trieste to Italy. This announcement provoked a violent reaction in Yugoslavia, which included attacks against the personnel and facilities of the United States Information Service in Belgrade. The Yugoslav Government also sent troops to the Italian border and announced that they would fight if necessary to prevent Italy from taking over control of Zone A. The Western powers did not follow through on their announced intention of transferring administrative control of Zone A to Italy, and in December both Yugoslavia and Italy withdrew their troops from the border. For documentation regarding these events, see Documents 93 ff.
During the crisis over Trieste in the fall of 1953, plans to follow up on the tripartite military talks with Yugoslavia, held in Washington August 24–28, 1953, were in abeyance.

No. 685

PPS files, lot 65 D 101, “Yugoslavia”

Paper Prepared in the Office of the Special Assistant to the Secretary of State for Intelligence (Armstrong)\(^1\)

SECRET

[WASHINGTON, January 18, 1954.]

THE DJILAS AFFAIR

The first public ideological dispute within the ranks of the Federation of Yugoslav Communists (FCY) came to a head on January 17 when a full plenum of the Central Committee (CC) stripped Milovan Djilas, No. 3 man on the Executive Committee (old Politburo) of all of his Party positions. Djilas was also forced to resign as President of the National Assembly, a post to which he was elected on December 25, 1953.

In a recent series of articles in the FCY organ Borba, Djilas attacked the organization and work of the FCY. He suggested that the FCY should “wither away” and become a corps of ideological leaders. He criticized the Leninist concept of party dictatorship and argued that “remnants of bureaucratic tendencies” must disappear and that the state apparatus, including the secret police, should operate under the law. Most striking, he condemned as “of petty bourgeois mentality” and “cliquish” the actions of wives of high party leaders who snubbed the young wife of a Yugoslav general because she did not participate in the revolution, implying that these leaders formed a new caste or aristocracy. To this he added condemnation of party operations as outmoded and proposed the elimination of cell meetings.

Djilas’ ouster came after his stand had been criticized by Tito himself who charged that Djilas sought to bring Western democracy to Yugoslavia “at any price.” He labelled Djilas’ views as “revisionist” and “reformist opportunism.” He said that Djilas sought (1) the liquidation of the FCY; (2) the restoration of capitalist forms; and (3) the shattering of party discipline. He said Djilas had caused

\(^1\)Transmitted to Bowie under cover of a memorandum of Jan. 18 from Armstrong, which stated that the paper provided more in the way of an analysis of implications than normally would be included in an intelligence report on an incident of this type. Armstrong added that he understood that this was what Bowie was principally interested in.
enormous harm to the party and the country and had brought confusion to the ranks of the Communists.

While not retracting the essence of anything he wrote, Djilas did acknowledge that he might have put things too strongly and that on some points he might not have been too clear. He admitted guilt in provoking a split within the FCY and in his "undisciplined" behavior in publishing his articles without at least discussion with some members of the Executive Committee, especially when he knew they disagreed with his views. He denied that he could ever join the "class enemy" but he did admit that "if I had continued on the same road I would have arrived at a point indicated by the comrades, that is a point in opposition to Tito's Yugoslavia."

The Djilas controversy has brought into the open a conflict that has apparently been raging in the Yugoslav Party for some time. This conflict has been between the strongly orthodox on the one hand and those who favored a departure from Soviet-type Party operations on the other. Tito and certain of the other top leaders themselves seemed to lean toward the latter group. Their swift reaction to Djilas' articles was due to the fact that these went further than anything previously said and struck at the power and prestige of the entire ruling clique. Tito and his cohorts are obviously no more interested in surrendering their power to Western democracy than to Sovietism.

The disgrace of Djilas will almost certainly not end the basic conflict in the party, although it will undoubtedly lead to greater caution on the part of those advocating change. Many Yugoslav Communists, particularly those added since the end of the war (more than 80 percent of the total) are probably sympathetic to Djilas' views. Djilas is also personally popular with the youth and with certain intellectual circles. As the No. 1 Montenegrin Communist he seems to have had a large following in that area of the country. Many Montenegrins, including a number of close associates of Djilas, have important positions in the army and security forces.

It thus appears that there are involved in the affair factors that make for instability in the Yugoslav set-up, particularly in case of Tito's death. Tito's own position will probably not be threatened, at least so long as peace is maintained. He will almost certainly take steps to insure tighter control, including far closer supervision over the activities of party and non-party people alike, new restrictions on the movement of Yugoslavs abroad, and increased utilization of the secret police. He probably will also slow down the trend toward de-Sovietizing Yugoslav Party and governmental practices. The basic cleavage will remain, however, and in case of a crisis will be a factor to be reckoned with.
While the question of relations with the West was an important element in the basic conflict underlying the Djilas affair, and while Djilas' principal crime was said to be advocacy of western type democracy, it seems highly unlikely that the move against Djilas involved a decision to modify Yugoslavia's relations with either the West or the East. Tito pointedly asserted that "it is correct that Yugoslavia is drawing closer to western democracy, not on the question of the internal system, but on the question of cooperation on the foreign political plane." He also warned that although through the Djilas incident "we suffered a huge loss, we must not make new mistakes in going to the other extreme." He said that Djilas' case should not serve as an alarm that "we must again change our course because we have made an error in following it . . ." we should be much more vigilant in pursuing it.

In the long run, however, and again particularly in case of Tito's death, it would seem that the issue of western or eastern orientation will have to be decided more definitively. Despite Tito's effort to brush the issue aside, the entire discussion connected with the Djilas affair indicates not only that the question of orientation remains very much alive but also that without a more thorough commitment one way or the other it will make for increasing instability.3

2Ellipsis in the source text.
3In a memorandum of Jan. 18 to Merchant, Barbour commented on the Djilas affair as follows:

"There is good evidence that the substance of Djilas' position has been a hot issue within the Yugoslav Communist Party for some time: to some degree it reflects the inevitable impact upon the Party of the relations developed with the west over the past four years. The fact that the conflict broke out publicly at such a high level, and that Tito himself found it necessary to deal severely with Djilas can, we fear, only have a negative result on the liberalization process around which so much of our policy towards Yugoslavia revolves. We can now anticipate a reassertion and solidification of communist party control over its membership, with consequent retrogressive effects on the momentum already generated towards acceptance of Western influences." (768.00/1-1854)

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No. 686

768.5 MSP/1-2254

Memorandum of Conversation, by the Director of the Office of Eastern European Affairs (Barbour)

SECRET

[WASHINGTON,] January 22, 1954.

Subject: Economic Aid for Yugoslavia

Participants: Mr. Vladimir Popovic, Yugoslav Ambassador,
Dr. Mirko Bruner, First Secretary, Yugoslav Embassy,
Mr. Robert Murphy, Deputy Under Secretary,
Mr. D. A. FitzGerald, FOA,
Mr. Walworth Barbour, Director, Office of Eastern European Affairs.

The Yugoslav Ambassador called by appointment made at the request of the Department on January 22. Mr. Murphy informed him in accordance with the briefing memorandum, copy attached. The Ambassador expressed the appreciation of his Government for this assistance. He went on to discuss recent developments in the Yugoslav food situation, with particular reference to wheat, noting that, while the Yugoslavs had estimated an annual wheat consumption at the rate of some 102,000 tons per month, in practice consumption had amounted to 118,000 tons, which had made it necessary to increase the Yugoslav annual requirements figure by some 190,000 tons. It was estimated that such 190,000 tons would be worth some $13,000,000 or $14,000,000.

Mr. Murphy and Mr. FitzGerald took note of this additional requirement and, without indicating whether there might or might not be any funds available for such additional assistance, stated that it would be considered with the economic mission in Belgrade and in FOA in the light of available statistical data and FOA's financial possibilities.

The Ambassador then raised the question of off-shore procurement, noting that while orders for some $5,000,000 worth of such items, principally small arms ammunition, had been let, there seemed to be considerable delay in additional orders up to the $20,000,000 estimated Yugoslav production capacity. Mr. Murphy suggested that this problem is a matter for Defense and would be brought to their attention.

Finally, it was requested that the Ambassador in talking to the press following this visit merely indicate that he had discussed general economic questions and not make public the specific $30,000,000 assistance figure which we do not intend to announce especially but will publish along with figures for certain other countries in a few days. The Ambassador concurred, although he

1Not printed; the briefing memorandum was in the form of a memorandum of Jan. 22 from Barbour to Smith, in which Barbour recommended that Ambassador Popović be told that, in light of reduced total appropriations from Congress for FY 1954 economic aid, Yugoslavia would receive $30 million in economic assistance, but that the United States planned to make available an additional $15 million for surplus agricultural commodities, although it was not possible to make a firm commitment at this time on the figure or on the commodities involved. Popović was also to be told that FOA was making an initial allotment of $20 million for FY 1954.
professed to be unconvinced that our reason for the request is merely the confusion which might result from publicizing the partial $30,000,000 figure while the additional $15,000,000 for surplus agricultural commodities is still not firm.

No. 687

Eisenhower Library Eisenhower papers, Whitman file

Memorandum of Discussion at the 183d Meeting of the National Security Council, Washington, February 4, 1954

TOP SECRET EYES ONLY

The following were present at the 183rd Meeting of the Council: The President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Secretary of Commerce (for Item 2); the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 2); the Chairman, Joint Chiefs of Staff (for Items 3 and 4); the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; Mr. Max Lehrer, Department of Defense (for Item 3); the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the chief points taken.

1. Significant World Developments Affecting U.S. Security

[Here follow a briefing by Director of Central Intelligence Dulles on developments in Indochina and a lengthy discussion.]

After this considerable digression, the Director of Central Intelligence resumed his briefing, and said that since the Council was considering a new policy report on Yugoslavia, the CIA had been

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1Prepared by Gleason on Feb. 5.
2Reference is to NSC 5406, "United States Policy Towards Yugoslavia," dated Jan. 26, prepared by the Planning Board of the National Security Council and circulated to the members of the Council under cover of a memorandum of the same date from Lay. It consisted of a Statement of Policy and a Staff Study. (S/S–NSC files, lot 63 D 351, NSC 5406 Series) NSC 5406 had been based on a draft Statement of Policy and Staff Study prepared in EUR/EE and circulated within the Department of State for comment under cover of a memorandum of Aug. 10, 1953, by Leverich. (768.00/8-1059)

NSC 5406/1 is infra.
addressing itself to the question whether the "new look" in the Kremlin had had any significant impact on Yugoslav policy. CIA had reached the conclusion that there was no likelihood of any basic change in Yugoslavia's present pro-Western orientation, and it was not thought likely that the Yugoslavs would go back into Moscow's fold.

Mr. Dulles then discussed the Djilas affair, which he described as an effort to redirect Yugoslavia along more liberal lines. Since the hard-core Communists in Yugoslavia thought that Djilas was going too far, he had been purged. As a result, we could anticipate a tightening of discipline in the Yugoslav Communist Party and a check of the recent trend toward liberalization.

In conclusion, Mr. Dulles stated that the only really disturbing factor in the current situation in Yugoslavia was the prolonged drought. This could be very serious.

Secretary Smith said that he had talked yesterday to the Ambassador from Yugoslavia, who had said that his country was going to be seriously short of wheat. Secretary Smith had intimated to the Ambassador that the United States would be willing to consider a purchase of U.S. wheat with Yugoslav currency if the Yugoslavs asked for it.3

Secretary Humphrey said that we would be delighted at the prospect of such a transaction, and the President commented that he would be glad to send the Yugoslavs all the wheat they wanted if they would agree to a settlement of the Trieste problem.

Secretary Smith warned that, unhappily, the Yugoslavs were very sensitive as to any suggestions of bribery to settle Trieste. He then discussed briefly the status of the negotiations on this subject in London.4 He believed that there was one very important factor of a favorable nature. The boundary between Zones A and B was a purely arbitrary boundary drawn by the U.S., British and French solely for the purpose of achieving a *modus vivendi*. Accordingly, the boundary could be altered in various ways which would permit both the Italians and the Yugoslavs to save face. He believed that our negotiators were getting very close to agreement on a permanent boundary.

With respect to the serious crop situation in Yugoslavia, Secretary Smith pointed out that drought conditions involved not only Yugoslavia but the Soviet satellites in the Balkans as well. It was accordingly particularly urgent that we assist Yugoslavia so that it

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3A memorandum regarding this part of Smith's conversation with Ambassador Popović on Feb. 3 is in file 868.00/2-354.
4For documentation on the secret negotiations regarding Trieste between representatives of the United Kingdom, the United States, and Yugoslavia, which began in London on Feb. 2, 1964, see Documents 163 ff.
would look good in any comparison with conditions in Rumania or Bulgaria. It was unfortunate, added Secretary Smith, that U.S. domestic pressures, notably from the Catholics, made it difficult to do this.

After this further interruption, the Director of Central Intelligence concluded his briefing with a comment on the difficulties facing the Shishakli regime in Syria, which had an incipient revolt on its hands.

2. United States Policy Toward Yugoslavia (NSC 5406 and Annex to NSC 5406; Memo for NSC from Executive Secretary, same subject, dated February 3, 1954*5)

Mr. Cutler started to explain the report which the Planning Board had prepared on Yugoslavia, by noting that the policy rested on the assumption that the Trieste issue would be settled harmoniously.

The President interrupted to inquire why, at the time that the negotiations to settle Trieste were in full swing, the Planning Board had presented a policy paper on Yugoslavia. Mr. Cutler explained that this was pure coincidence, and that the Planning Board had begun its consideration of our policy toward Yugoslavia well before the Trieste controversy had become so serious.

Mr. Cutler then proceeded to analyze the contents of the policy paper, in the course of which he pointed up the dilemma which was inherent in U.S. objectives toward Yugoslavia. Our immediate objective was to keep Yugoslavia independent and out of Soviet control even though it was a Communist dictatorship. Our long-term objective was a government in Yugoslavia freely chosen by the people of Yugoslavia. This, said Mr. Cutler, addressing Secretary Smith, represented quite a tight-rope for him to walk on. Secretary Smith replied that he had a simple formula to overcome this problem. You simply didn’t let the right hand know what the left was doing.

After further discussion, in the course of which minor revisions were made in the policy statement and the Financial Appendix was analyzed, Secretary Wilson expressed the view that when the Trieste problem was finally settled there should be a new study of our policy in this area. Pointing out that the British and French have moved out most of their forces from Austria, Secretary Wilson inquired whether it was really to the advantage of the United States to move our forces from Trieste into Austria to replace the French and British contingents. The President suggested that a brief com-

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*5This memorandum transmitted to the members of the Council a memorandum from Radford to Wilson, giving the Joint Chiefs of Staffs brief comments on NSC 5406. (S/S—NSC files, lot 63 D 851, NSC 5406 Series)
ment on the military situation in Austria be presented at next week’s Council meeting.

Secretary Smith then undertook to brief the Council on the current status of the attempt to draw an agreed boundary between Zones A and B, and indicated that he had made broad hints to the Yugoslavs that they should proceed to annex Zone B as soon as the Italian flag went up over Trieste. They seemed, however, to be afraid to undertake this action.

The National Security Council:

a. Adopted the statement of policy contained in NSC 5406, subject to the following changes:

(1) Paragraph 17: Delete “acceptable both to Yugoslavia and Italy.”
(2) Paragraph 24: Insert “military and” before “technical personnel”.
(3) Paragraph 25-c: Change “authorizing” to “recommending”.

b. Noted that the Financial Appendix to NSC 5406 should be amended by the revision of paragraph 5 thereof to read as follows:

“5. Based upon this planned program, deliveries will continue high through FY 1956, decline in FY 1957 and level off in FY 1958.”

Note: The statement of policy in NSC 5406 as amended and approved by the President, subsequently circulated as NSC 5406/1 and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

[Here follows discussion of United States objectives and courses of action with respect to Formosa and the Chinese National Government.]

S. Everett Gleason
STATEMENT OF POLICY BY THE NATIONAL SECURITY COUNCIL

TOP SECRET
NSC 5406/1

UNITED STATES POLICY TOWARDS YUGOSLAVIA

(Washington, February 6, 1954.)

(U.S. policy toward Yugoslavia may be seriously affected by the future course of the Trieste controversy. However, the following statement of policy was prepared on the assumption that its implementation would not be precluded by developments connected with Trieste.)

GENERAL CONSIDERATIONS

1. The continued denial of Yugoslavia to the Soviet bloc is of great strategic importance to the security of the Free World. Because of its geographic position and potentially strong army, an independent Yugoslavia denies important assets to the Soviet bloc and reduces the Soviet threat to the internal and external security of Greece and Italy.

2. Politically and psychologically, the “Tito heresy” has provided the West with an important asset. It represented the first defection of a Communist Government from the Soviet orbit, challenging Kremlin control of world communism as an instrument of Soviet imperialism. The continued independence of Yugoslavia offers a standing example of successful defiance of the Kremlin and is proof that there exists, for nationalist Communist leaders, a possible alternative to submission to Soviet Control.

3. The United States, and to a lesser degree the United Kingdom and France, have extended military and economic aid to Yugoslavia in order to insure the retention of the foregoing benefits through strengthening the will and ability of the Yugoslav nation to defend its independence. With short term objectives in mind, U.S. aid programs have been continuously reviewed on a year-to-year basis.

1 This Statement of Policy was one of several parts of NSC 5406/1. The other parts were a 2-page Financial Appendix; a 32-page Staff Study; a cover sheet; and a memorandum of Feb. 6 from Gleason, in which he noted that the President that day had approved the Statement of Policy, had directed its implementation by all appropriate executive departments and agencies, and had designated the Operations Coordinating Board as the coordinating agency. He also noted that NSC 5406/1 accordingly superseded the existing NSC policy papers on Yugoslavia, NSC 18/2, “Economic Relations Between the United States and Yugoslavia,” Feb. 17, 1949, and NSC 18/6, “The Position of the U.S. With Respect to Yugoslavia,” Mar. 7, 1951, neither printed.
thereby enabling the United States to influence the policies of the Tito regime in some degree. Retention of Yugoslav cooperation with the West, and maintenance and improvement of the Yugoslav armed forces, can be expected to require further outside assistance. Continued drought may further aggravate the Yugoslav economic situation.

4. Yugoslavia remains a Communist dictatorship with the strength and stability of the regime due in large measure to Tito’s dominant position. In the event of Tito’s death, a successor regime would probably attempt to continue the main outlines of his internal and external policies. However, it is possible that a struggle for power would develop, with results which cannot now be estimated.

5. The nature of the regime makes full exploitation of Yugoslav potentialities in the Western system of defense difficult to achieve. Nevertheless, under present conditions it is in the security interest of the United States to support Yugoslavia, despite its Communist regime and U.S. opposition in principle to such a regime. The balance of probability is that Yugoslavia, even if not initially attacked, would cooperate with the West in the event of general war.

6. The majority of the people of Yugoslavia are opposed to the principle and domestic policy of their Communist dictatorship, under which they perceive little hope of obtaining political and economic freedom. Nevertheless, on issues which arouse nationalist feelings the regime can count on widespread support. In the event of a Soviet or satellite invasion, there is little doubt that the Yugoslav people initially would rally to the support of Tito, and that the Yugoslav forces would offer vigorous resistance. However, under the impact of military defeats or the pressure of a long war, the possibility exists of the breakdown of organized military resistance under the Tito regime. This possibility must be regarded as an acceptable risk.

7. The death of Stalin and the apparent shift in tactics by his successors raise the possibility of a Yugoslav rapprochement with Moscow. While it would be unwise to exclude such an eventuality, it is considered unlikely as long as the Tito regime remains in power. The Kremlin may be expected to continue its efforts to undermine Tito’s domestic position and to weaken his ties with the West.

8. Although the Tito regime appears to be increasingly inclined toward greater participation in over-all European defense arrangements, the extent of Yugoslav participation is limited by such factors as Tito’s fear of alienating doctrinaire Yugoslav Communists and by his unwillingness to have Yugoslav forces serve under non-Yugoslav command. On the Western side, some non-Communist nations are reluctant to deal with Tito as an equal and an ally. Cur-
rent strained relations between Italy and Yugoslavia, aggravated as they are by the Trieste issue and by Yugoslav fear and distrust of Italy's ambitions in the Balkans, constitute a major stumbling block to realization of the full benefits of Yugoslavia's association with Western defense. . . .

9. An attack on Yugoslavia by organized Soviet or satellite forces would probably result in general war. . . .

BASIC OBJECTIVES

Immediate Objectives

12. Without jeopardizing the objectives in paragraphs 10 and 11 above, reorientation of the Tito regime in the direction of political and economic liberalization, in order to improve the basis of popular support necessary for an effective defense effort.

Long-term Objective

13. Eventual fulfillment of the right of the Yugoslav people to live under a government of their own choosing, which maintains peaceful and stable relations with neighboring states, and participates fully in the free world community.

COURSES OF ACTION

14. Continue to provide military aid to Yugoslavia, where possible and appropriate in concert with the U.K. and France, to assist in creating military forces which will:

16. Continue to furnish economic and technical assistance, where possible and appropriate in concert with the UK and France, to the minimum extent necessary to accomplish U.S. objectives. In extending this assistance:

a. Avoid actions which could be interpreted as unreserved endorsement of the Tito regime or which would undermine that regime.

d. Consider Yugoslavia as an allied European nation in evaluating requests for export licenses.

e. Continue to deny to Yugoslavia, materials and equipment judged to be for use in an advanced atomic energy program. However, give the Atomic Energy Commission discretionary authority as regards the licensing for export to Yugoslavia of reasonable quantities of materials and equipment on the AEC list obviously in-
tended for (1) basic research and instruction in the atomic energy field, (2) source material (e.g., uranium) exploration, or (3) medical use or normal industrial use.

17. Continue current efforts to negotiate a settlement of the Trieste problem.

20. As a means of strengthening Western defense and influencing the Tito regime, encourage closer ties between Yugoslavia and the nations of the free world, particularly those of Western Europe.

22. Exploit the existence, and encourage the development, of the Yugoslav-Greek-Turkish Entente as a means of weakening Soviet power in the Balkan satellites, and as an example of free association of independent Balkan nations serving as a potential alternative to Soviet rule.

23. Direct informational policy toward building Yugoslavia's will to combat Soviet encroachment, while:

a. Avoiding endorsement of the internal policies of the Tito regime and taking account of the Yugoslav people's hope for eventual attainment of greater political and economic freedom.

b. Avoiding antagonizing the Tito regime to the point of jeopardizing realization of our immediate objectives or inducing political aspirations among the Yugoslav peoples likely to produce disorder or unrest.

24. Encourage broader cultural contacts between Americans and Yugoslavs in the interest of building up influences within Yugoslavia favorable to the attainment of U.S. objectives, including both official and privately sponsored programs for an expanded exchange of students, intellectual leaders, military and technical personnel and private individuals.

25. In the event of attack against Yugoslavia by organized Soviet or satellite forces, the United States, in common prudence, should proceed on the assumption that global war is probably imminent. Accordingly, the United States should immediately:

a. Place itself in the best possible position to meet the increased threat of global war.

b. Consider a direct approach to the highest Soviet leaders.

c. Support action in the United Nations calling for the withdrawal of the invading forces and recommending appropriate action by member states against the aggressor.

d. Implement such of the plans prepared under paragraph 15 above as the situation may require and as may be decided in the light of the circumstances existing at the time. Insofar as there are
combined plans for this contingency, action should be coordinated with the other governments concerned.

No. 689

768.5 MSP/2-1954

Memorandum by the Deputy Assistant Secretary of State for European Affairs (Bonbright) to the Deputy Under Secretary of State (Murphy)¹

TOP SECRET [WASHINGTON,] February 19, 1954.

Subject: Recommendation for exchange of views with British re policies towards Yugoslavia.

Discussion:

As we now have a new policy paper on Yugoslavia (NSC 5406²) this would seem an appropriate time to review our policies with the British and French. We have not undertaken such a general review since 1949–1950, although there have been annual negotiations in connection with tripartite economic assistance. Immediately following the rift between Yugoslavia and the USSR we consulted closely with both Britain and France, conveying to them the general conclusions and recommendations of NSC papers 18/2 and 18/4.³ That consultation resulted in the tripartite approach to Yugoslav economic and military problems.

While military assistance is now largely a unilateral US affair, the tripartite relationship established in 1949–1950 led directly to tripartite military planning with Yugoslavia. In this connection, the US, UK and France will shortly be faced with the necessity of reaching decisions on the recommendations of the Washington conference of last November. While we have no reason to believe that there is any divergence of approach on this military aspect between ourselves, the British and French, the issues involved are of such far-reaching importance that we believe a general go-around to assure that we are all seeking the same objective is desirable.

On the economic side, also, such a general review of policy would seem desirable to lay the groundwork for negotiations with both the British and French regarding economic assistance for 1955 which we will wish to open shortly. In the negotiations preceding

¹Drafted by Marcy and Colbert and concurred in by BNA, WE, GTI, RA, S/P, S/MSA, E, and NEA. The source text bears the handwritten note by Murphy, “OK.”
²Presumably reference is to NSC 5406/1; see supra.
³NSC 18/2 is not printed. For text of NSC 18/4, see Foreign Relations, 1950, vol. iv, p. 1341.
tripartite assistance for FY-53 and FY-54 the British and French evidenced a somewhat different approach from ours. The British and French, perhaps largely influenced by reasons of economy, primarily direct their aid towards making the Yugoslav economy self-sufficient in order to terminate the need for aid as soon as possible. While we recognize this as an important objective, our primary purpose is to bolster Yugoslavia's defense capabilities and its will and ability to maintain its independence from the USSR, and exploit their dependence on us. There are also indications that the British and French may be reluctant to continue to furnish economic assistance in FY-55. A clarification of these issues is important since our present aid request to Congress is predicated on British and French participation in the program.

Recommendation:

That you authorize EUR to obtain the necessary intra-Governmental clearances through OCB and to exchange views on general policy with the UK, setting forth the general conclusions and recommendations of NSC 5406 along the lines of the attached draft Aide-Mémoire (Tab A"). We have no firm recommendation at this time as regards a possible similar exchange with the French, but in any case would wish to obtain British views before doing so.

*Not printed; the draft aide-mémoire varied only slightly from the text of the aide-mémoire as delivered to the British Embassy on Mar. 5. (768.5 MSP/3-554)

No. 690

The Department of State to the British Embassy*

TOP SECRET

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to refer to the Aide-Mémoire to the British Embassy on March 5, 1954. It would be appreciated if the views of Her Majesty's Government and the French Government as to their participation in tripartite economic aid to Yugoslavia in the period July 1954–June 1955 could be obtained before the submission to the United States Congress of the mutual

*Drafted by Colbert and cleared with EUR, EE, BNA, WE, RA, E/ED, and S/MSA. A note in the margin of the source text indicates that it had been delivered to Barbara Salt of the British Embassy by Leverich on Apr. 5.

*aNot printed. (768.5 MSP/3-554)
security request for that period. A parallel note on this subject is
being sent to the French Government.

The United States Government has again reached the conclusion,
in recently reviewing its policies toward Yugoslavia, that it is of
great strategic importance to the security of the free world to
maintain Yugoslavia as a strong and independent ally. The Yugo-
slav economy is not yet strong enough to support, without econom-
ic assistance, the maintenance of the military establishment re-
quired in the interest of Western defense.

In view of the need to submit a firm request to Congress for ap-
propriations, the British Government will understand that the
United States Government, in seeking its agreement to participate
in a tripartite program of assistance, would also appreciate know-
ing the amount of the projected British contribution for the period
July 1954–June 1955. It is the preliminary view of the United
States Government that, taking into account the previous pattern
of tripartite contributions, the minimum amount of a British and
French contribution consistent with a realistic sharing of the
burden would be $10 million, which would mean a British contribu-
tion of the sterling equivalent of $6 million, based on the concep-
tion valid in the past that the ratio of the British to French contri-
butition would be three to two.

Present plans are to ask the United States Congress to appro-
priate funds which could be made available to Yugoslavia as the
United States contribution to tripartite economic aid in the
amount of $35 million. The amount is conditional upon legislative
approval and appropriation.

The United States Government proposes that, if the British and
French Governments agree to make this sum available, the proce-
dural arrangements under which the tripartite program are to be
administered should continue in the present form.

The British Government will understand that an early indication
of its views will be appreciated to facilitate planning of the United
States appropriation request.

WASHINGTON, April 5, 1954.
CONFIDENTIAL

BELGRADE, April 9, 1954.

No. 689

Reference: Department’s instruction A-165, March 26, 1954.¹

Subject: Proposed Catholic Relief shipments to Yugoslavia.

Pursuant to the Department’s Instruction A-165, March 26, 1954, I had a lengthy interview with Mr. Vladimir Popovic on April 8 in which I urged him to influence his government to make a favorable response to the representations made on February 3, 1954 by the Under Secretary in connection with the desire of the American Catholic Bishops to send certain relief supplies to Catholic functionaries in Yugoslavia.² In presenting this matter forcefully to Mr. Popovic, I took occasion to underline the fact that Congressional hearings on Foreign Aid for the next fiscal year had just commenced and it was important to find a solution for this problem at the earliest possible date. I reminded him that our ability to take a favorable view of Yugoslavia’s needs and requirements would certainly be affected by what I would call political realities in Congress. I said I was certain that Mr. Popovic, as a result of his extensive experience in the United States, would easily comprehend the extent and nature of these political realities and that I thought he was in a good position to explain them to his government. I recalled that according to Yugoslav officials the estimates on cereal requirements for Yugoslavia had steadily increased in the last few months and that to my surprise, in view of the good crop last year, the requirements had more than doubled in the short time I had been in Belgrade and were now estimated at more than 800,000 tons of wheat. I said that the Yugoslav authorities were pressing us almost daily to hasten the wheat shipments under the latest $10 million allocation and that if the needs were as great as explained to us it was difficult to comprehend why the Yugoslav Government should be so rigid on a comparatively small relief shipment by the Catholic Bishops. I emphasized that it would be difficult to defend

¹In this instruction, the Department of State requested Riddleberger, in light of the forthcoming Congressional hearings on economic aid for FY 1955, to press the Yugoslav Government for a favorable response on the matter of the Catholic Bishops’ proposed relief shipments. It suggested that Riddleberger seek out former Ambassador Vladimir Popovic regarding the matter. (868.413/3-2654)

²A memorandum of the conversation between Smith and Vladimir Popovic on Feb. 3 is in file 868.49/2-554.
additional wheat shipments for Yugoslavia while at the same time his government was refusing to permit the same type of supplies to come in merely because of their destination. It seemed to me it could well be argued that any additional supplies going to designated recipients would automatically free other supplies for general distribution. Therefore, I would urge with the greatest earnestness that an exemption be granted to the customary rules and that this shipment be permitted. I concluded by emphasizing once more that we should not underestimate the influence in Congress of persons who desired voluntarily to contribute to the relief of certain Yugoslavs with whom religious ties existed.

Mr. Popovic replied that he was sure I was familiar with the reasons which had determined the Yugoslav attitude to date. I said I was familiar but that I did not think the reasons were good enough in the light of all the political circumstances. He then said he had not been able to give a reply in Washington before his departure as he had not received instructions from Belgrade. He said that he comprehended the logic of my remarks and that he would immediately take up this matter again with high Yugoslav authorities. In his present capacity he was not in a position to commit the Yugoslav Government but that he thought he could say to me personally that some way would be found to get the proposed shipments to the Catholic functionaries in Yugoslavia. I said in that case perhaps he would be good enough to urge the suggestions which he, himself, had made in the interview of February 3 in Washington. The U.S. Government naturally preferred an exemption so that the shipments could be made as originally proposed but that in any case it was essential in my view to find a solution for this problem. He thereupon promised me he would take up the matter urgently and again said that some compromise arrangement could be found.

James W. Riddleberger
SECRET

AIDE-MÉMOIRE

In an Aide-Mémoire communicated to the British Embassy by the State Department on the 5th of April, the United States Government explained the reasons why they were seeking the agreement of Her Majesty's Government to participate in a further programme of economic assistance to Yugoslavia and suggested that the British contribution in the period July, 1954 to June, 1955, should be the sterling equivalent of six million dollars.

In the Aide-Mémoire on policy towards Yugoslavia which was communicated to the State Department on the 5th of April, it was stated that Her Majesty's Government had decided that United Kingdom economic aid to Yugoslavia, of the kind given for the years 1951-1954, should cease on the expiry of the present tripartite aid programme on the 30th of June, 1954. Mr. Eden has carefully considered the arguments adduced by the State Department for the continuance of tripartite aid for a further period, but has come to the conclusion that no alteration can be made in the decision referred to above.

The primary object of the tripartite aid programme was to enable Yugoslavia to switch the direction of her economy from East to West and to keep her afloat during the transition period which necessarily accompanied this change. In the opinion of the Economic Mission attached to Her Majesty's Embassy at Belgrade this task has been accomplished, and Yugoslavia should now be able, by improving the price and quality of her goods, to stand on her own feet in international trade.

The secondary object of the aid programme was to help Yugoslavia to develop her own resources and to make her economy viable, and with this end in view, the greater part of the United Kingdom portion of the 1953/4 grant has been directed, as the State Department are aware, towards the improvement of Yugoslav agriculture. Mr. Eden considers that Her Majesty's Government have contributed as much as they can afford to the attain-

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1The aide-mémoire was delivered by Salt to the Department of State on May 14. A memorandum of her conversation on that occasion with Leverich and Colbert is in file 868.00/5-1454.

2Document 690.

3Not printed. (768.5 MSP/4-554)
ment of this object, and that the aid already given should enable Yugoslavia to increase her agricultural exports, and thus substantially improve her balance of payments position.

As the two above-mentioned objects have, in the opinion of Her Majesty's Government, largely been achieved, and in view of the paramount need for curtailing public expenditures, Her Majesty's Government do not believe that they would be justified in contributing to a further tripartite programme of grant aid on the lines pursued in the past three years. They realize, of course, that the Yugoslav economy still lacks strength. This weakness is in great part due to the burden of the external debt. In this connexion, the Yugoslav Government have recently proposed to the tripartite representatives in Belgrade that a conference of creditors should be held in order to arrive at an agreed schedule of debt repayment designed to satisfy Yugoslavia's creditors as far as possible without overstraining her economy. Her Majesty’s Government believe that their co-operation in such a scheme would provide the most effective form of economic aid to which they could contribute in the present circumstances, and they hope to communicate their detailed views on this Yugoslav proposal very shortly to the United States and French Governments.

Her Majesty’s Government appreciate that the Department of State may attach value to keeping a united front in Anglo-American economic policy towards Yugoslavia. In this connexion it should be recalled that Her Majesty’s Government have decided, provided that a settlement of the Trieste question can be reached in the near future, to contribute two million pounds to the cost of building a new port and communications in the neighbourhood of Trieste. This estimate will almost certainly be presented to Parliament as a continuation, for one more year, of economic aid. Consequently, on the assumption that a Trieste settlement can soon be concluded, it should be easy to demonstrate that the solidarity of Anglo-United States policy towards Yugoslavia has not been impaired.

An indication of Her Majesty’s Government’s position as outlined in the first five paragraphs above is being conveyed to the French Government by Her Majesty’s Ambassador in Paris.

WASHINGTON, May 13, 1954.
CONFIDENTIAL

BELGRADE, June 23, 1954—6 p. m.

1343. I saw Vladimir Popovic today upon receipt Deptl 1361,1 and in addition to points made by Department I added some of my own which I thought might be effective. I went after him very hard on the basis of general proposition that it was foolish to refuse an exemption for the bishops relief shipments while at the same time Yugoslav Government was constantly pressing us for additional aid, particularly foodstuffs. I underlined what a difficult situation this created for Department in dealing with the Congress and expressed my disappointment that following our conversation of April 8,2 Yugoslav Government had not even seen fit to give an answer.

Popovic replied that he personally comprehended fully our point of view, was sympathetic to it and had urged a favorable decision. He said the decision had even been discussed with Tito who also was favorably inclined. Our request had, however, raised quite a storm inside Yugoslav Government and consequently, a decision had been postponed. Reason for this controversy was fact that exemption for shipments would indicate both moral and material support for religious groups who oppose Yugoslav Government’s policy of attaining greater national unity. (At this point Popovic went off into a discussion of US-Yugoslav relation which went on for an hour and a half and is being reported separately.)3 He said he would again attempt to get a favorable decision but seemed pessimistic.

As Popovic is thoroughly informed on Trieste, I replied by citing to him all of the economic assistance which US has recently given, including offshore procurement and asked him if it would not be possible at least to adopt his suggestion of February 34 that Yugo-
slav Red Cross be permitted to distribute relief supplies to persons designated by bishops. I said this was certainly a reasonable compromise and asked him to urge Yugoslav Government to accept it. He said he would do so and would endeavor to get an answer in the near future.

Riddleberger

No. 694

768.06/6-2354

The Ambassador in Yugoslavia (Riddleberger) to the Assistant Secretary of State for European Affairs (Merchant)

TOP SECRET

BELGRADE, June 23, 1954.

DEAR LIVIE: With reference to our telegram No. 1343 of June 23,1 I am sending you an account of my second intervention with Vladimir Popovic following the Department’s instructions on the Bishops’ relief shipments2 which developed into a discussion of far wider scope.

Popovic said he had now been back in Yugoslavia for several months, had reestablished contact with Yugoslav high officials, with parliamentary opinion and with public opinion as a result of having made addresses throughout the country. He said he had encountered various trends which had disturbed him; and although he could not now give me a favorable reply on the Bishops’ shipments, he welcomed this opportunity to discuss with me a number of matters which he would do with frankness. He said that as an ex-Ambassador to Washington he well recognized the complex and difficult problems which faced the Eisenhower Administration, and in what he was to say there was no lack of understanding. He thought, however, that Yugoslavia had a number of problems that were not perhaps fully comprehended in Washington and on these he would give me his candid opinion.

As he traveled throughout Yugoslavia he encountered a certain nervousness about American policy, particularly the course of events at Geneva. He said the impression was growing that U.S. policy was somewhat reckless and enhanced the danger of war. I said that in face of the repeated examples of Soviet imperialism that this belief was wholly unwarranted and that our basic policy was one of defense for the free world. We could not pretend that

1Supra.

2These instructions were contained in telegram 1362 to Belgrade, summarized in footnote 1, supra.
the aggression in Southeast Asia was imaginary, and certainly there was every indication that our policy was one of consultation and not of go-it-alone irrespective of our allies. He did not press it further; and I think this was merely an introduction for what was to come.

Popovic then stated he had some remarks on US-Yugoslav relations and with renewed apologies for frank speaking said that amongst the top Yugoslav leaders there was real concern and increasing discussion on U.S. reaction to Yugoslav policy. He had two points particularly in mind: (a) press and public reaction to Balkan military alliance and (b) the Secretary’s highly negative reply to the correspondents’ query on the possibility of a Tito visit to the U.S.³

On the military alliance, Yugoslav leaders found our attitude hard to understand. Yugoslavia, it seemed to them, was doing what the U.S. had urged many European states to do, i.e., make heavy sacrifices for the common defense. The U.S. endured no end of delay on such matters as the E.D.C., had pleasant words even for those who were most reluctant (probably an allusion to our messages to the French Government⁴), took account of Italian susceptibilities, but could find nothing good to say for a country like Yugoslavia which was now trying to formalize defense arrangements in Southeastern Europe. The Balkan military alliance was for the common good, the Yugoslav people made heavy sacrifices to maintain military strength, the Yugoslav Government had to all intents and purposes accepted the October 8 decision⁵ in the common interest and had come to an agreement with the U.S.–U.K., but the general refrain from the U.S. was critical and questioning for Yugoslav defense policy that should receive warm endorsement from the U.S.

With some circumlocution but unmistakably, Popovic made it clear that Yugoslav sensibilities had been severely wounded by the Secretary’s reply on the question of the Tito visit. He said the flat negative tone had led to a painful reaction among Yugoslav leaders

³At his press conference on June 8, Dulles was asked whether he knew of any plans to invite Tito to the United States and he replied, “No, I don’t.” A copy of this verbatim excerpt from the press conference is attached to a memorandum of July 30 from Barbour to Murphy, in which Barbour said that EE had noted at the time of the press conference that the major newspapers in the United States failed to pick up the comment. Barbour concluded that the Yugoslav reaction had been prompted by the report which must have been sent to Yugoslavia by a Yugoslav press correspondent. (EUR files, lot 59 D 233, “Yugoslavia”)

⁴For documentation concerning the U.S. assurances to the French Government in connection with EDC, see vol. v, Part 1, pp. 571 ff.

⁵Regarding the announcement by the United Kingdom and the United States on Oct. 8, 1953, of their intention to transfer control of Zone A of the Free Territory of Trieste to Italy, see Documents 98 ff.
who compared it to his consideration for Italy (no doubt an allusion to the Secretary's trip to Milan). The Yugoslav leaders felt that their country deserved some consideration also, but the U.S. attitude seemed to be one of avoidance. No American personality of political stature had visited Yugoslavia in spite of the flow of high American officials to Europe, and there seemed to be no desire to see high Yugoslav officials in the U.S.

The Trieste dispute, Popovic continued, had had far-reaching and unfortunate effects in spite of the Yugoslav decision to accept the October 8 decision as the basis for a settlement. The military conversations in Washington had not been followed up and there was no indication that anything was planned. At the very time when there should be the closest consultation between our governments, the U.S. has shown a chilly and critical attitude toward Yugoslav policies which seem to accord with basic U.S. policies and desires. Whether justified or not, this reaction has taken place amongst Yugoslav leadership and led to a debate on future Yugoslav policy.

This debate, said Popovic, was assuming forms which worried him considerably. Some leaders had begun to doubt the basic American attitude toward Yugoslavia, to fear that U.S. support was wavering, that there was no hope of an equitable settlement for Trieste on the basis of the U.S.-U.K.-Yugo agreement, that Yugoslav military policy does not seem to be fully understood or its sacrifices appreciated by the U.S., that future economic and military support seems unclear, and finally that perhaps Yugoslavia must re-assess its policy to take account of the lack of U.S. support, material and moral. This would not imply any lessened determination to defend itself, but if adopted would lead to many changes within Yugoslavia.

At this point Popovic said that after his return to his native land, he had been impressed anew by the strong Yugoslav feeling of independence and belief amongst the people that they could somehow survive. He said perhaps this is difficult to understand in the U.S., particularly in view of the grave economic difficulties facing his country. Nonetheless, many Yugoslav leaders believe that Yugoslavia can exist without U.S. help, although he was the first to pay tribute to what the U.S. had done for Yugoslavia. This help could never be underestimated and all Yugoslav leaders recognized it. He would ask us to remember that a state of mind existed

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6 For a description of Secretary Dulles' conversation with Prime Minister Scelba in Milan, May 3, see Document 189.
7 A summary report concerning these conversations, which took place Aug. 24-28, 1953, is in file 611.68/8-2453.
which thought that by tightening the belt and reducing the standard of living, Yugoslavia could become less dependent on the U.S. Popovic concluded with a plea for more understanding and more contact. He hoped that U.S. could be most forthcoming in discussing common questions with Yugoslav officials. At this point he asked me suddenly where I would be in July. When I said I would be in Belgrade he was obviously relieved and said he had been on the point of making the suggestion that I remain here. He hoped that I would be authorized to have discussions of common problems with the high Yugoslav officials and that these should not be delayed. There should be a more intimate contact in which the U.S. could show its understanding of Yugoslav problems and indicate where it could give support to a foreign policy which essentially corresponded to that of the U.S.

I gave appropriate replies to the foregoing explaining how great had been U.S. material support and citing the various reassurances which I had been authorized to make since my arrival. I said that in the case of Trieste, the U.S. Government certainly recognized how far Yugoslavia had gone in making a settlement possible. I said that the U.S.-U.K. and Yugoslavia had come to an agreement on what would be an equitable settlement and that surely his Government would grant us time to negotiate with the Italians. We were just as desirous as the Yugoslavs to reach a settlement and the latter should not be too upset about what appeared in the Italian press. I then reviewed the whole economic aid picture for FY '54, including the off-shore contracts which are being or have been signed this week, and emphasized that all this certainly represented an understanding of Yugoslav needs. On the question of visits, I said that top-level visits always presented certain difficulties and problems of timing, but that I would recommend to Washington that, when possible, some high American officials visit Belgrade. I said I thought that the conclusion of the Balkan military alliance would inevitably result in closer ties, and perhaps more extensive relationships than some of his own colleagues yet realized. Once the incubus of Trieste were removed, I foresaw the development of a closer relationship in many fields. I concluded by referring to the long-term interest of the U.S. in building up the defenses of the free world and what sacrifices we had made and would continue to make to this end. I assured him that, pursuant to this aim, he would find that our attitude on the Balkan military alliance would not be disappointing to Yugoslavia. Certain problems of timing and NATO arose in this connection, but my démarche to Koca Popovic

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8Reference is to the démarche Riddleberger made to Popović on May 22; see footnote 2, Document 192.
had not meant that they were insoluble. Patience and tolerance both on Trieste and Balkan military arrangements would benefit us both in the end. I concluded by saying that I would do my best to further discussion of common problems with frankness and I was certain that the Department would approve. He then suggested several high Yugoslav officials whom I should see more often including, somewhat to my surprise, Rankovic.

In reflecting upon this conversation, which was obviously planned and cleared in advance, I do not believe for a moment that Tito is planning any basic change of policy. But I am equally sure that on the top-level the Yugoslavs are aggrieved. They are beset with economic difficulties and are again appealing to us for support. (See Tempo-Killen conversation reported separately\(^8\)). Because of our concentration on Trieste, our démarche on the Balkan military alliance, the long wrangles on aid, the Yugoslavs have had cold comfort from the Embassy since my arrival here last November. It is true that in these eight months, and because of the fact that we had to get a Trieste solution approximating the October 8 decision, my interviews have been hard, tough arguments in which kind and sympathetic words have not been the rule. This has been necessary for obvious reasons, and I believe our tactics have been successful. It has left some scars, and perhaps the time has come to apply some balm.

I shall, therefore, make the effort here to establish a relationship of greater reciprocal confidence, where all high level contact is not confined to biting argumentation. I hope that the final stages of the Trieste business will not be too bitter, but I am looking farther ahead. The Balkan Alliance will be signed whether Trieste is settled or not, and this will be an important step in the integration of Yugoslavia into the Western collective defense machinery. If Trieste is also settled, the machinery through which this integration will take place will no doubt be NATO machinery. In a thousand ways, both pleasant and unpleasant to the Yugoslavs, contacts and relations on both military and political planes will be closer. I believe that we should begin to anticipate this closer relationship. In Washington, I should recommend that we be more careful not to offend Yugoslav sensibilities in our statements and that we balance our encouragement to Italy with appropriate gestures here which need not always be public. I recommend once Trieste is settled, that some high State Department official should make a visit and we should consider what high Yugoslav official could be invited to the U.S. I realize fully this presents difficult problems this year,

\(^8\)This conversation, June 18, is described in despatch 864 from Belgrade, June 24. (868.00/6-2454)
but perhaps it is not too early to consider it. Occasional messages from the Secretary showing sympathetic interest would also help and, of course, from the President.

The Tito visit is a separate thing. Tito wants more than anything to be invited to the U.S. This, of course, would round out and crown his return to international society and label him as a fully accepted member of the club. Its importance to him makes it important to us, too. I think that we should accept the fact that it is desirable in the not too distant future and start to think about its timing. I know the complications and dangers of such a visit and I doubt that it should take place before, say, next March, which would place it exactly two years after Tito's state visit to England. On the other hand, I wonder if it would be wise to defer the planning date beyond this span. In the meantime we can do some exchange of lesser visits and, at an appropriate time, hint that the Tito visit is not too far in the future.

I should like to hear your views on all this. I am afraid I have gone into greater length than I intended.

I am sending a copy of this to Bob Murphy.

With best regards,

Sincerely yours,

JAMES W. RIDDLEBERGER

10No record of a response has been found in Department of State files.

No. 695

368.00/7-154: Despatch

The Ambassador in Yugoslavia (Riddleberger) to the Department of State

TOP SECRET

No. 5

Ref: Desp. 8641

Subject: Tempo Proposals

This is Joint FOA/Emb message.

1. The most significant feature of the Tempo proposals is the implicit request that the United States develop its aid program in terms of Yugoslavia's needs for the next several years, rather than the next year only, and design the instruments of aid to meet the special exigencies of the Yugoslav scene.

1Despatch 864 summarized a conversation between Killen and General Tempo on June 18. (368.00/6-2454)
2. In some ways, Tempo makes a much more realistic approach than has heretofore been the habit of the Yugoslavs. His proposals, although contemplating the $35 million in FY 55 for which Congressional approval is being sought, are unique in that they do not ask for more grant aid as such. His request for US support in a debt conference and with the IBRD on prewar debts does not involve the outlay of more appropriated funds as grant aid. His proposal for 3-4 year wheat grants is an amplification of what the YuGov has already been told of certain possibilities. Lastly, his solicitation of a long-term loan to write off short-term debt may, and undoubtedly does, stem from (a) our denial of the recent request for additional aid and (b) Mate's following of the Congressional pressures for translating grants into long-term loans.

3. Each of these requests, assuming (a) the passage of "surplus disposal" legislation which would permit approval of the wheat proposal, and (b) the availability of loanable funds in the Ex-Im Bank, probably lie within the present ability of the United States without special legislation or additional earmarking of funds for grant assistance. On these assumptions, the question would seem not so much whether funds are available as whether the United States feels the acceptance of Tempo's concrete proposals and the implications of the talks he suggests would serve our interests. This is fundamentally a political question, and as all such questions, has strong overtones which concern military and economic matters as well.

4. Here we are prompted to review our basic objectives in the military and economic fields. The military goal is simple and clear cut: to build-up and maintain a defensive strength in accord with proscribed levels and for agreed purposes.

5. The economic objectives can be stated as:

(a) to build up the economic basis of the Yugoslav economy in order to develop a capacity to support the desired military establishment, and

(b) to effect the reorientation of the Yugoslav Government and the Yugoslav economy toward a greater measure of liberalization as an inducement to popular support for the defense effort.

Our economic assistance is justified, in the economic sphere, only to the extent these objectives are advanced.

6. Yet the volume of economic assistance is of necessity only a relatively small part of the total resources available to the Yugoslav Government and may be largely negated by the inefficient utilization by the Yugoslavs of their other resources. A significant and meaningful purpose of assistance, therefore, is to encourage the Yugoslavs to so allocate their total resources as to maximize their constructive impact on Yugoslavia's defense potential. In the face
of Yugoslavia’s “propensity” to invest in a utopian autarchy, only distantly related to Yugoslavia’s defense potential, and the ideological stumbling blocks in its agricultural policy, the effective use of our grant aid requires that we exercise a moderating influence on many aspects of Yugoslav internal economic affairs. A chief tactical objective, therefore, is to obtain maximum influence with minimum outlay of assistance.

7. This question of maximizing influence is also closely tied in to the Tempo proposal that the two Governments jointly consider Yugoslavia’s economic problems for the period of the next 3 to 4 years. . . .

8. During the early years of our aid program in this country, there was considerable uncertainty on our part as to the reliability of the Tito regime as an anti-Cominform Government. This well-founded skepticism inevitably gave birth to the “short-tether” approach. Although it has served well during the last three years, Yugoslavia’s closer bonds with the West and the continued and increasingly confirmed divorce from old Cominform ties appear to warrant a cautious extension of the time period over which we formulate our policy vis-à-vis Yugoslavia. If the Congress, by legislative enactment, authorized a three-year program of agricultural surpluses disposal the instrument for extended programming is ready at hand. Some reasonable assurances on this score would go far towards removing a chronic disequilibrium from the Yugoslav scene. In the same manner, US consideration of Yugoslavia’s debt problem as it will affect its economic development over the years immediately ahead, and the readiness to give a reasonable measure of assistance in ameliorating that burden would release resources for a more rapid development of Yugoslavia’s economic defense potential.

9. These are not unrealistic proposals. They do not run afoul of the need for annual Congressional appropriation of funds for the mutual security program. They do not pose a request for commitments beyond the competence or authority of the Administration. They do call for a willingness to relax our close rein on our stated intentions towards Yugoslavia.

10. We believe such a course would (a) further secure the resources of Yugoslavia for Western defenses; (b) induce additional steps by Yugoslavia towards closer political, military and economic ties with the West and particularly with the United States; (c) expedite the growth of the economic defense base in Yugoslavia; (d) enhance the influence of the United States in Yugoslavia’s external and internal affairs; and (e) facilitate a more effective utilization of Yugoslavia’s resources.
11. The United States has invested approximately one billion dollars in military and economic aid to Yugoslavia since 1950. The gradual reorientation of the FPRY has been slow, difficult and at times frustrating. But substantial progress has been made towards our political, military and economic objectives. We believe that the Yugoslavs, given the necessary encouragement, are now ready to take another step towards greater collaboration with the free world, or, in other words, towards the achievement of our stated objectives. Success in ultimately drawing Yugoslavia away from her past Cominform associates and securely aligning its strength beside that of the free world would mark not only a success in military strategy, but perhaps more significantly, a victory for Western ideals.

12. In determining the answer to the Tempo proposals the following considerations are worthy of attention:

(a) The strategic location of Yugoslavia.

(b) The determination of the Yugoslavs to maintain their national independence. (This determination is not confined to the members of the Yugoslav Communist Party.) The Cominform link was broken on this particular issue in 1948 and the likelihood of any return to a "satellite" status is most remote.

(c) The Yugoslav armed forces, numbering approximately 400,000 in uniform, with 800,000 trained reserves; accustomed to hardships, the Yugoslav soldier is tough and a first-class fighter.

(d) The growing development of the Turkish-Greek-Yugoslav Alliance holds promise for full integration of Yugoslav forces into an effective system of collective security in the Mediterranean-Southern European-Middle Eastern front, fully consistent with NATO objectives.

(e) The growing industrial potential of Yugoslavia. While it is too early to make any firm judgment concerning the ultimate results of this Yugoslav effort, sufficient evidence is already at hand to indicate that we should not sell short future Yugoslav industrial capabilities and their worth to the Western military and economic build-up.

(f) The growing tendency of the Yugoslav Government to orient itself towards the democratic countries of Western Europe in both internal and international relationships.

(g) The expanding areas of economic activity in which the Yugoslav Government is seeking U.S. advice and assistance. The remnants of the earlier resentment against consultation on internal Yugoslav developments are rapidly disappearing.

(h) The disquieting effect on the bordering satellite states of a healthy Yugoslavia, with a steadily rising standard of living. This would add fuel to the existing embers of discontent within the Soviet orbit.

(i) From a longer-range point of view, the build-up of a healthy productive economy in Yugoslavia, maintaining the present trend away from totalitarian control and improving the abnormally low
living standard of the people in Yugoslavia, would go far towards the elimination of this historical Balkan “tinder-box”.

13. Many arguments can be made concerning the sins of “omission and commission” of which the Tito regime is guilty. However, the U.S. program here has not been without effect in encouraging more realistic and liberalizing attitudes toward political and economic problems. There is reason to believe that these attitudes can be cultivated and expanded through the continued and judicious use of U.S. influence, advice and assistance.

14. We therefore recommend that the Ambassador and Director/USOM be authorized to advise the appropriate officials of the Yugoslav Government that the U.S. would welcome the requested “talks” and will communicate further with the Yugoslav Government concerning the time, place and agenda of such discussions.

For the Ambassador:

JAMES S. KILLEN
Counselor of Economic Affairs

No. 696

868.00 TA/6–854: Telegram

The Secretary of State to the Embassy in Yugoslavia

TOP SECRET

WASHINGTON, July 6, 1954—5:06 p.m.

18. Reference: Belgrade 1297.\(^2\) Joint State–FOA cable. We have been giving serious consideration your request additional aid. We are particularly concerned avoid emergence conditions at this time which would impair (1) Yugoslavia’s economic stability and (2) consequent contribution Yugoslavia to stability Balkan area. We have therefore been exploring all possible sources funds which might be made available cover emergency needs envisaged refetl. However, there has been no possibility secure additional aid for Yugoslavia out of defense support or other funds appropriated for FY 1954. All available funds previously committed for high priority country programs. FYI nevertheless we continuing seek fund sources. Will advise further developments. We hopeful $10 million Section 550 allotment June 28 will suffice current urgent needs.

DULLES

\(^1\)Drafted by Colbert and cleared with Barbour, Thurston, Kalijarvi, Alexander (APS), Ross (ED), Nolting, FitzGerald, and Leverich. Repeated to London.

\(^2\)Not printed. (868.00/6–854)
The Ambassador in Yugoslavia (Riddleberger) to the Department of State

TOP SECRET

BELGRADE, July 7, 1954—1 p.m.

15. 1. Vukmanovic-Tempo asked me to call July 5 at which time he reviewed with great frankness Yugoslav B/P position and plans of Yugoslav Government for action on its part. Although Tempo laid great emphasis on plans for increasing agricultural production, he covered largely the same subject reported in Embdes 864,1 on which we commented in Embdes 5.2

2. New element injected is question of time. Tempo said Yugoslav Government did not have money to meet United Kingdom credit of 1,000,000 pounds now due but extended for short period. Furthermore, as debts matured increasingly urgent to take decisions about debt conference. Logically, would be preferable to hold debt conference after bilateral talks with United States as aid possibilities, particularly if United States could promise wheat over several years, would materially affect what Yugoslav Government could propose for settlement. Immediate problem was whether Yugoslav Government should only discuss medium term credits or whole B/P situation at debt conference. If Yugoslav Government could get specific information from United States then could plan for conference. In any case, Yugoslav Government would be grateful for opportunity to discuss its present position bilaterally with United States.

3. I said Yugoslav Government requests had been transmitted to Washington but I was not yet in position to give reply. I pointed out difficulty for us at this time before aid legislation had been enacted. This led into general discussion of Yugoslav Government difficulties and possible remedies on which he was careful to make no commitments. At close of discussion I assured Tempo that we were giving Yugoslav Government problems thorough study and thanked him for his assurances on agricultural policy.


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1See footnote 1, Document 695.
2Document 695.
5. Agenda for debt conference and content preliminary four-power talks will certainly be influenced by United States action on Tempo proposals reported Embdes 864. Yet we cannot give indication to British and French of these proposals pending determination of our answer. This consideration plus Yugoslav need for relief and factors cited Embdes 5 make early United States answer to Tempo highly desirable.

6. Even if precise United States position in requested talks cannot yet be determined because need for legislative action, could we advise Yugoslav Government that United States agrees to talks as soon as legislative hurdle cleared. Newspaper reports indicate agricultural surplus legislation now enacted. This might permit immediate consideration this element of Tempo proposals. Our earlier assurances to Yugoslav Government indicate possible desirability this step.

7. We repeat our awareness interlocking complexity this problem but I would appreciate indication Department’s/FOA reaction to Yugoslav Government proposals to guide us here even if complete position not yet feasible.

RIDDLEBERGER

No. 698

868.00/7-754: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, July 23, 1954—9:14 p. m.

102. Ref: (1) Belgrade despatch 864, (2) Belgrade despatch 5, (3) Belgrade tel 15.2 Joint State–FOA message.

1. Following is preliminary answer above refs. Fuller elaboration follows by pouch.3 Your views requested.4 Discussion these questions with Yugoslavs should not be initiated until Washington–Belgrade views concurred. At that time, question relationship these talks to Trieste and Balkan Alliance negotiations can also be considered.

1Drafted by Gonlitz and Scoll (E/ED), Kleine (FOA), and Colbert and cleared with Fitzgerald (S/MSA), Turnage (OFD), and Marcy and Katz (EE). Repeated to London and Paris by pouch.

2Regarding despatch 864, see despatch 5, Document 695. Telegram 15 is supra.

3The Department of State elaboration on its views regarding the question of possible bilateral economic discussions with Yugoslavia is in CA–897 to Belgrade, Aug. 5.

4The Embassy in Belgrade submitted its detailed comments in despatch 103, Aug.

18. (868.00/8–1854)
2. Re level of participation and situs talks. Our present thinking is that discussions be handled most satisfactorily Belgrade by Ambassador and Chief OM/Y with Tempo, Crnobrnja and other YuGov officials. Note para 2 ref 1 Tempo indicated he be chief spokesman. We would keep Mates advised of progress.

3. Yugos tactic seek bilateral discussions with US for economic aid and other assistance as preliminary, if not condition, to debt conference, not received sympathetically here. Believe YuGov acting against own best interest in seeking assurances US financial assistance in advance debt conference in order determine Yugo position at conference vis-à-vis creditors. Basic continuing purpose US aid is to strengthen Yugoslav economy. Creditors at debt conference should be persuaded provide terms their debts consistent this objective. As matter of principle, use US aid to relieve Yugo creditors of burden granting more lenient terms medium-term debt objectionable to US.

4. Even if bilateral talks economic aid held, do not consider debt conference should be delayed pending their outcome. Status of economic aid FY 1955 not likely change in near future. YuGov was informed during Trieste negotiations proposed FY 1955 assistance, achievement of which depends on final Congressional action. Current expectation re mutual security legislation is for little if any latitude permit increase illustrative FY 1955 figure and in fact, reduction illustrative figure more likely. Possibility, if any, for upward revision not be known until some months current fiscal year have elapsed.

5. Applicability of Agricultural Trade Development and Assistance Act under study. FYI Three year commitment sales surplus agricultural commodities for local currency might be possible under Title I if such sales are for quantities of commodities which are in addition to usual consumption of such commodities. Additions to stock considered expanded consumption provided such additions 1) are used to maintain permanently higher stock levels or 2) will themselves be used for expanded consumption in the future. However, no such commitment can be given YuGov pending general policy determination and examination applicability Yugo case under Act. End FYI

6. Re proposal ref 1. Ex-Im grant loan to fund short-term debt. Question basic wisdom YuGov substituting dollar obligation for present soft currency debt. We and Ex-Im Bank opposed to this type refinancing and Ex-Im Bank considers it contrary to purposes and spirit of Ex-Im Bank Act.

7. Re para 5 (a) ref 1. US prepared in principle give strong support at debt conference to Yugo proposals for rescheduling by creditors of short and medium-term debt.
8. Re para 5 (b) ref 1. We anxious avoid becoming involved on Yugo behalf in prewar debt problem. Prefer leave matter Yugo, IBRD and private creditors.

Dulles

No. 699

760.5/8-1254: Telegram

The Ambassador in Yugoslavia (Riddleberger) to the Department of State

TOP SECRET

BELGRADE, August 12, 1954—7 p.m.

121. Reference Embassy telegram 11, July 5. Following from Bled:

1. Foreign Secretary informed me last night that Tito had received Soviet Ambassador yesterday to give reply to latter's démarche several weeks ago regarding normalization relations. Foreign Secretary therefore informing United States, United Kingdom, Greek and Turkish Ambassadors as follows.

2. Tito told Valkov, Yugoslav Government willing normalize relations with all countries, including USSR. Recognized that the normalization had been slow, but this could be accelerated if USSR now willing solve several problems with Yugoslav Government. Tito referred particularly to such problems as economic relations, Yugoslav children retained in USSR, treatment Yugoslav citizens in USSR. Yugoslav Government now willing discuss these problems and to move along path of normalization, but at same time made it abundantly clear that Yugoslav Government would maintain its complete independence and in addition intended to continue the close relations developed with its allies and Western friends.

3. Foreign Secretary said that Yugoslav Government had decided to defer its reply to Valkov démarche until after signing Balkan Alliance. He said that problems cited by Tito might give some indication of sincerity Soviet intentions in this field. He asked that this information be kept confidential.

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1 Repeated for information to Athens, Ankara, and Moscow.
2 Telegram 11 reported on Tito’s meeting with the Soviet Ambassador several days previously. (768.5/7-554)
3 Riddleberger was in Bled during the final negotiations leading up to the signing of the treaty by Greek, Turkish, and Yugoslav representatives.
4. I asked if Valkov had given any response and Foreign Secretary replied he had made only very general observation regarding desirability normalizing relations.

RIDDLEBERGER

No. 700

768.00/8–1854

Memorandum by the Chairman of the Operations Coordinating Board Working Group on Yugoslavia (Thurston) to the Deputy Assistant Secretary of State for European Affairs (Elbrick)\(^1\)

SECRET

[WASHINGTON,] August 18, 1954.

Subject: OCB Working Group recommendations for action vis-à-vis Yugoslavia.

Pursuant to urgent instructions of the OCB, the OCB Working Group on Yugoslavia has prepared the attached recommendations for action vis-à-vis Yugoslavia. A preliminary outline of a background study of this subject was circulated a short while ago.\(^2\) The Working Group, after making amendments to that outline in line with suggestions from the Department and from the other agencies concerned, decided that in view of the urgent nature of the OCB requirement it would be preferable to submit recommendations which it believes are self-supporting, without producing a formal background statement to be attached thereto.

The attached recommendations are the product of the OCB Working Group, and are being circulated at this time by the various members within their agencies for comment and/or approval. When comments have been received, in the present instance by the State Department member, the Working Group will compile a revised paper to incorporate the views of all the agencies involved which will then be submitted upward in the OCB organization.

It is requested that the addressees comments be communicated on an urgent basis to Mr. Nickels, who is assuming the Chairmanship of the OCB Working Group Yugoslavia.

\(^1\)Drafted by Marcy.

\(^2\)This preliminary outline was circulated to the members of the OCB Working Group on Yugoslavia under cover of a memorandum of Aug. 5 from Thurston. A copy of the preliminary outline and Thurston’s memorandum were attached to a memorandum of Aug. 17 from Tyler to Thurston, in which Tyler commented on the preliminary outline and presented WE’s view that the outline may have gone a little far in implying that Yugoslav suspicion and dissatisfaction toward the United States was well-founded. (Italian Desk files, lot 58 D 357, “OCB 1954”)
SECRET

[WASHINGTON,] August 13, 1954.

Problem

To reaffirm and reinforce lagging Yugoslav confidence that the West (specifically the US) is dealing fairly with Yugoslavia/Tito, appreciates the actual and potential contribution Yugoslavia is making and can make to the attainment of those objectives we have in common and—within that frame of reference—is not discriminating against Yugoslavia because of our political differences, preconceived predilections for other nations, or a "colonial" approach derivative from Yugoslavia's relative backwardness or dependence on the United States.

Recommendation

The following actions are believed feasible and their immediate implementation is recommended.

On the Part of the Department of Defense

1. Initiate planning on an urgent basis, initially within the United States Government and later if found to be desirable together with the UK and France, for the early resumption of military planning talks with the Yugoslavs with regard to . . . .

A. Once agreement in principle as to the scope and timing of the discussions with the Yugoslavs has been achieved so inform State, which will then inform the Yugoslavs in an appropriate manner that planning is actively going forward with reference to a resumption of talks.

2. Plan a formal naval courtesy visit to an appropriate Yugoslav port at the earliest possible moment.

3. Initiate planning for visits of high ranking US military personnel to Yugoslavia. Explore, in conjunction with developments vis-à-vis the Balkan Alliance, the possibility of a visit by General Gruenther in his NATO capacity on the pretext of exploring and developing the necessary relationship between the Balkan Alliance and NATO.

4. Continue and further the current JCS study of the possibility of extending the Facilities Assistance Program to Yugoslavia.

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3Drafted by Marcy.
4Not further identified.
On the Part of the Foreign Operations Administration
1. Perfect plans for Mr. Stassen to visit Yugoslavia this fall (October now understood to be contemplated), and so inform the Yugoslavs at the earliest possible moment.

2. More actively encourage, particularly with our allies as necessary and appropriate, Yugoslav participation in such European organizations as EPA and ultimately OEEC.

3. As soon as administrative details permit, work out with the Yugoslavs procedure for Yugoslav participation under the ATDA Act to cover at least a three year period.

4. Actively proceed with negotiations looking towards the high level economic conversations requested by the Yugoslavs, to be held preferably in Belgrade with the participation on the US side of an individual of both economic and political stature (should these discussions coincide with Mr. Stassen’s visit, consideration should be given to having him participate in at least some of the sessions).

6. [sic] Develop, within present budget limitations, such long range programs as that currently being negotiated between FOA and the University of Kentucky for the exchanges of persons.

On the Part of the United States Information Agency
1. Seek appropriate occasion to make public acknowledgment of Yugoslav contributions to our common objectives.

2. Exploit, with due regard to other essential factors, occasions to emphasize the aggressive character of international communism and Yugoslav actions in opposition thereto.

On the Part of the Department of State
1. Actively plan a visit by the Under Secretary of State, or by his Deputy, to Yugoslavia this fall in order to have an immediate impact on the current Yugoslav attitudes which we are endeavoring to correct, to allay the immediacy of Tito’s desire to visit the US, and to lay the necessary groundwork amongst American public opinion for an eventual visit by Marshal Tito to this country.

2. Inform the Yugoslavs, as soon as the necessary clearance in principle has been obtained within this Government, that we are actively working on plans for the resumption of military conversations.

3. Work closely with Defense in preparing, and later in arranging the terms of, the resumption of the military conversations, including exploration of the possibility of bringing Italy in at this juncture.

4. Prepare, for transmission at the time the Trieste settlement is achieved and announced, messages from the President to Scelba and Tito capitalizing on the Trieste solution to encourage full cooperation between Yugoslavia and Italy in defense matters.
5. Explore with AEC and such other Governmental authorities as may be involved, the possibility of including Yugoslavia amongst those nations to cooperate in the President’s proposed organization to exploit the peaceful uses of atomic energy.

6. Include Belgrade in the Secretary’s itinerary on the next appropriate occasion.\(^6\)

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\(^6\)Regarding the possibility of Dulles visiting Belgrade, probably in December 1954, see Documents 241 ff.

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No. 701

[WASHINGTON,] September 11, 1954.

Dear Monsignor Tanner: I greatly regret the delay in answering your letter of August 17,\(^2\) but I did so in anticipation of a reply from the Yugoslav Embassy to our numerous representations on the American Bishops’ relief project—a matter which you discussed at some length. This reply was given to us on September 2,\(^3\) and while it is unsatisfactory, we at least know where we stand.

The Yugoslavs refuse to grant the Bishops an exception to their customs law to permit the duty free entry of the items which the Bishops wished to send via bulk shipments to designated Catholic institutions in Yugoslavia. The Yugoslavs claim that they gave a similar refusal to an American Protestant group several years ago, and that they are not prepared to discriminate in favor of Catholics as against other religious groups. After the refusal, the Protestants allegedly went to the Yugoslav Red Cross, which has duty-free entry privileges for its imports, and worked out an agreement whereby the Red Cross distributed 75% of the Protestants’ shipment as the Red Cross chose, and 25% as the Protestants directed.

This latter course, say the Yugoslavs, is open to the Bishops, who might theoretically negotiate a somewhat more favorable ratio from the Red Cross, although the Yugoslav Embassy Counselor per-

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\(^1\)Drafted by Mark.
\(^2\)Not printed. (868.49/8-1754)
\(^3\)The Yugoslav reply was given by Nicola Mandić, Counselor of the Embassy in Washington, to Thurston, who assured Mandić that the Department of State was not linking the Bishops’ project to the current Yugoslav request for large-scale wheat shipments. Thurston, however, pointed out that many Congressmen would connect the two matters and this would not make it any easier for Yugoslavia to obtain the assistance it was seeking. (868.49/9-354)
personally supposed that such an eventuality was unlikely. In addition, the Yugoslavs reiterated that the Bishops can carry out their project with a payment of customs duties, or that they can revise their project (as to packaging, consignees and delivery dates) so as to bring it within the free entry provisions of the December 1952 American Yugoslav Gift Parcel Convention.

I have reached the reluctant conclusion that under prevailing circumstances there is nothing further to be gained by attempting to continue a discussion of this case with the Yugoslavs. Apart from numerous lower-level interventions over the past 16 months, Under Secretary Smith and I have gone over the problem thoroughly several times with two successive Yugoslav ambassadors, and Ambassador Riddleberger forcefully presented our point of view at a very high level last April in Belgrade. We have told them time and again that their conduct in this and similar matters prejudices the Yugoslav cause with the American people and the Congress, but they are adamant. They indicate clearly that this question involves an issue of internal policy which they are determined to carry out.

Perhaps we can have a discussion of this matter at the “patio supper” which you so kindly suggest. It would be a great pleasure for me to be your guest on an evening in the near future for which we are both free.

With warmest personal regards,

Sincerely yours,

ROBERT MURPHY

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*A memorandum of Smith’s conversation with Ambassador Popović on Feb. 3 regarding this matter is in file 868.49/2-354. Murphy also raised the issue with Ambassador Mates on July 14; a memorandum of this conversation is in file 868.49/7-1454.

*See Document 691.*
The Ambassador in Yugoslavia (Riddleberger) to the Department of State

SECRET

BELGRADE, September 18, 1954—9 a.m.

222. From Murphy. During lengthy conversation with Tito September 17 preliminary to discussion of Trieste Tito commented inter alia as follows:

1. Germany. In his opinion German sovereignty should be restored and West Germany should be given right to re-arm. This should not be done on a hasty improvised basis but according to a carefully planned program. We should comprehend that USSR is determined dominate West Germany. At same time we should have no illusions that restrictions on German freedom to re-arm once established over period of time will prove more symbolic than real. Lengthy maintenance of US forces in Germany essential to success as is command by American SACEUR in NATO.

2. Soviet Union. Since Tito's break with Stalin in 1948 he has followed evolution of Soviet policy closely. He professed to have no illusions regarding it. He declared that Soviet methods change but not Soviet aims. Among their present aims is continued interference in the internal affairs of other countries including Yugoslavia. Stalin's death had not changed this fundamental Soviet policy he said.

3. Soviet-Yugoslav relations. Soviet Ambassador Valkov had approached him recently in August with many questions how Soviet-Yugoslav relations could be improved. Tito said that he told him that relations could be normalized but only on basis of no pressure on Yugoslavia, no interference in Yugoslav internal affairs and no change in friendly relations with Western Powers. Tito said he is not deceived by these overtures. There is a difference in Moscow in that since Stalin's death USSR operates as a committee but the design is about the same. In his opinion however, USSR has abandoned military aggression for the time being and is skillfully ex-

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2Deputy Under Secretary of State Robert Murphy left Washington on Sept. 11 and arrived in Belgrade on Sept. 15 after brief stops in London, Frankfurt, and Bonn. He brought with him a letter from President Eisenhower to Tito, dated Sept. 10, and instructions designed to resolve the few remaining differences between Yugoslavia and Italy regarding Trieste. He left Belgrade on Sept. 18 and proceeded to Rome where he conferred with Italian officials regarding a Trieste settlement. Regarding Murphy's mission to Belgrade and Rome, see Documents 253 ff.
3Murphy's discussion of the Trieste issue with Tito is described in Document 276.
exploiting western weaknesses and indecision playing especially on French fear of the Germans.

4. Italy. Tito expressed hope for better relations with Italy.

5. India. He is looking forward to his trip to India, which was probably inspired by Mrs. Pandit’s visit to Yugoslavia in June.  

RIDDLEBERGER

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4See footnote 3, Document 720.

No. 703

788.5 MSP/3-1854: Telegram

The Ambassador in Yugoslavia (Riddleberger) to the Department of State

SECRET

BELGRADE, September 18, 1954—6 p. m.

227. This is joint Embassy-USOM cable.

1. Following conference of Bebler, Murphy and Riddleberger September 18, Killen called on Vukmanovic and advised as follows:

(a) US Government had given serious consideration to Tempo proposal of June 18 for bilateral talks on general economic problem of Yugoslavia;
(b) US Government had also studied proposal of Vukmanovic of August 31 that, due urgency of wheat problem, this matter be discussed separately and at earliest possible time;
(c) US Government recognized the desirability of the talks proposed by Tempo on June 18 and hoped they could take place this fall;
(d) US Government recognized the growing urgency of Yugoslavia’s wheat needs and, in answer to Tempo’s August 31 request, was prepared to make 400,000 tons available as soon as possible to meet winter consumption needs;
(e) 150,000 tons would be provided from FY 55 economic aid funds and 250,000 from ATDA resources;
(f) 125,000 tons of the ATDA supplies would be a grant, requiring no local currency payment. The US Government reserved the right to utilize the local currency from remaining 125,000 tons in any manner it may find desirable and would be prepared to discuss such uses in any bilateral talks that may occur.

2. Tempo said he first wanted to express his thanks to the US in the name of his government and the Yugoslav people. Then he

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1See Document 277.

2Vukmanović-Tempo’s proposal is described in despatch 864 from Belgrade, June 24. (688.00/6-2454)

3Reference is apparently to the proposal Kopco made on Aug. 31 described in telegram 175 from Belgrade, Sept. 1. (750G.00/9-154)
laughed and said he now could give the Russians an appropriate answer. He said this would ensure adequate supplies through the winter which was the greatest concern.

3. Tempo asked re timing of shipments and Killen replied that shipments would be undertaken as quickly as possible. He recognized the limitations of Yugoslav wharving and transport facilities and time would be required to make necessary shipping arrangement. He hoped shipments could start arriving by November 1 or earlier.

4. Tempo then asked about the timing and location of bilateral talks. Killen replied that he could give no firm answer to either but suggested that talks probably should not occur prior to Governor Stassen’s visit to Yugoslavia, tentatively set for October 21 and 22. Some time would be necessary to make proper preparation for talks. Tempo voiced hope talks could take place in Washington shortly after Governor’s visit here. He cited some of matters he hoped to discuss and Killen said US side, too, had several matters which we desired to place on table. He suggested possible desirability of preliminary discussions in Belgrade of some items US Government would like to explore in talks. Tempo reacted favorably.

5. Yugoslav Government officials were advised of importance that US action on wheat be kept strictly confidential until further advice from US Government. This was agreed.

6. At end of visit, Tempo again voiced his appreciation this action of US, saying it meant a great deal to his country.

Riddleberger

No. 704

Memorandum of Conversation, by the Director of the Office of Eastern European Affairs (Leverich)

SECRET

[WASHINGTON,] September 28, 1954.

Subject: Mr. Murphy’s recent trip to Europe.

Participants: The Yugoslav Ambassador\(^1\)
   Mr. Murphy, GIM
   Mr. Leverich, EE

By appointment made at his request the Yugoslav Ambassador called on Mr. Murphy this afternoon. He said that there were two matters upon which he wished to comment briefly, in the light of

\(^1\)Leo Mates.
Mr. Murphy’s recent trip to Belgrade and Rome, namely, wheat for Yugoslavia and Trieste.

With regard to the former, the Ambassador had been pleased to learn upon his return to Washington this morning from the UN that it would be only a matter of a few days before the 150,000 tons of wheat under the FY-55 aid program would begin to move and that his people had been successful in chartering ships to handle it. He was appreciative of the promptness with which we had acted to meet the acute problem facing Yugoslavia as a result of the short crop and now ventured to hope that there would be only a minimum delay in arranging for the 250,000 tons of wheat under ATDA (Agricultural Trade Development and Assistance Act) which Mr. Murphy had discussed in Belgrade. The Ambassador was sure we were familiar with the seasonal factors rendering urgent the early shipment of this wheat.

Mr. Murphy was gratified that shipment of the 150,000 tons was under way and said that we were pushing the matter of the 250,000 tons as hard as possible. He explained that there was bound to be some delay since the ATDA was a brand new law in which several agencies, including the Department, were involved, and consequently new procedures had to be worked out for its implementation. This of necessity would require a little time. He wished to assure the Ambassador, however, that we were well aware of the urgency and that the 250,000 tons would be forthcoming as rapidly as possible. He suggested that the Ambassador wire his government in this sense if he so desired. Mr. Murphy requested Mr. Leverich to telephone the Ambassador personally in New York, where he is presently serving as a member of the Yugoslav Delegation to the UN General Assembly, as soon as the procedures and timing for making the 250,000 tons of wheat available have been worked out.

As regards Trieste, the Ambassador voiced the fervent hope that at last the settlement of this very tough problem was actually at hand and that it would be finalized very soon. Mr. Murphy, commenting on the sincere, statesmanlike desire to conclude the Trieste matter which he had encountered during his trip on the part of both Yugoslav and Italian leaders, stated that as far as he could see all major obstacles to a settlement had now been eliminated and there remained only to wind up the tag ends of the negotiations in London. He hoped and believed that this could be done quickly, since announcement of a Trieste settlement would be particularly advantageous for both the Yugoslavs and the Italians at this time.
The Acting Secretary of State to the Embassy in Yugoslavia

TOP SECRET

WASHINGTON, September 29, 1954—3:31 p. m.

PRIORITY


1. Favor continuance tripartite program on political and economic grounds, and gratified indications French favorably disposed participate (also see Department’s memorandum conversation September 8, 1954³). In April we solicited participation British and French Governments in economic program for FY 1955 and suggested French contribution equivalent four million dollars. While British publicly announced June 30 their decision not furnish further aid to Yugoslavia and consequent termination tripartite, at same time British have advised Yugoslavs and French they intend grant Yugoslavs two million pounds upon Trieste settlement being concluded. To maximum extent possible we have sought in press handling to dissociate our aid, including $20 million from FY 1954 funds for port reconstruction, from Trieste settlement and understand London telegram 5518⁴ British have same intention re their two million pounds. Cover for British contribution for Trieste settlement would be continuance tripartite program. There is also important financial basis (in terms Yugoslav needs and our limited resources) for continuance general economic aid Yugoslavia by UK and France. Belgrade has indicated (Embassy telegram 1303⁵) considerable portion British two million pounds might be available over and above port and construction costs, for general economic needs Yugoslavia.

2. Department suggests procedure that, immediately following Trieste settlement, Embassy Belgrade, in coordination with British

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¹Drafted by Colbert and cleared with EE, WE, BNA, EUR, E, and FOA. Repeated for information to London and Paris.
²Telegram 245, Sept. 24, reported that officials at the French Embassy in Belgrade had indicated that the French Government was favorably disposed toward the continuation of the tripartite aid program for Yugoslavia, and that if the British Government did not wish to continue the tripartite program, the French Government might be persuaded to proceed on a bilateral basis with the United States. (768.5 MSP/9–2454)
³This memorandum describes a conversation between Ruffin of the French Embassy and Scoll and Colbert, during which Ruffin made it clear that France had in no sense precluded the possibility of furnishing some economic assistance to Yugoslavia. (868.00/9–854)
⁴Dated June 4, not printed. (750G.00/6–454)
⁵Dated June 9, not printed. (868.10/6–954)
Embassy, reply to French Embassy approach, pointing out that our basic position remains as stated in our Aide-Mémoire April 5. This will keep discussion in usual Tridel channel. In interests securing formal indication French concurrence it might be appropriate propose French make reply our Aide-Mémoire with copy to British. Believe in view time element and relative magnitudes involved you should seek agreement in principle to continue participate through contribution of approximate amount which we suggested. Do not consider fourth tripartite conference necessary to secure French and British contribution. If French persist in ratio 3 to 2 to British to which previously adhered (i.e. 3.73 million dollars) this would still be material addition our aid.

3. Comments addressees requested soonest before approach British for their views.

SMITH

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Document 690.

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No. 706

Editorial Note

On October 5, a settlement of the Trieste dispute was reached when representatives of Italy, the United Kingdom, the United States, and Yugoslavia signed in London a memorandum of understanding and certain other agreements. For text of the memorandum of understanding, see Document 293.

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No. 707

661.68/10-1354; Telegram

The Chargé in Yugoslavia (Wallner) to the Department of State

SECRET

BELGRADE, October 13, 1954—8 p. m.

293. I took occasion my first call on acting Foreign Secretary since Trieste settlement to ask him about apparently accelerated pace of normalization relations between Yugoslavia and Soviet bloc. He agreed that things had moved with astonishing rapidity in last few weeks culminating in a request by Soviet Ambassador to Tito, October 11 that Yugoslavia send high level trade delegate to

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Moscow to negotiate one year government-to-government trade agreement. Tito had been expecting this request and had agreed.

Bebler then reviewed parallel activities of satellites which had sent or were sending commercial representatives to Belgrade to negotiate barter agreements. When all short-term barter agreements had been terminated, Bebler said he expected satellites would follow Russian lead in suggesting government-to-government agreements on longer terms, with possible exception Hungary and Albania. Hungary had unfavorable balance with Yugoslavia and in addition had unsettled reparations debt and Bebler said that if Hungarians did not follow others soon Yugoslavia might nudge them but would take no initiative vis-à-vis Albania.

Among Soviet gestures of reconciliation in other fields, Bebler mentioned voluntary closing down of the “clandestine” Radio Free Yugoslavia located in or near Bucharest from which Yugoslav Cominformist émigrés had regularly broadcast to this country, abolition of the various press organs of the Yugoslav Cominformist emigration, the recent moderate tone of the Soviet press vis-à-vis Yugoslavia and the Soviet reaction to the Trieste settlement. (Re Trieste see separate telegram.) He also observed that for first time Embassies of Chinese People’s Republic were acknowledging presence Yugoslav diplomats and had in some cases invited them to nationalist day parties.

Bebler recalled that Soviet Ambassador had been talking big about normalization for over year; Yugoslavs had been waiting for action; and action was suddenly appearing. I asked him if Russians were insisting on reciprocity. I was unsuccessful in drawing him to any change in Yugoslav policy toward use satellite émigré groups in this country. He said Yugoslav Government had acceded to two Soviet requests: (1) For visa for representative Soviet film enterprise negotiators to negotiate for reciprocal distribution of Soviet and Yugoslav films and (2) For overflight Soviet planes in Yugoslav air space. He added that request for latter had been pending for more than a year and in view overflight permitted to Western airlines and recent Soviet gestures it had been decided to give favorable answer.

I asked Bebler whether his government detected in all this, taken in conjunction with other Soviet actions of recent weeks, any basic change in basic Soviet policies. He did not answer directly but indicated his government attached greater significance to such Soviet actions as dissolution joint enterprises in satellites, principally Rumania, and Sino-Soviet agreement re Port Arthur.

Wallner

Wallner’s discussion of Trieste with Bebler was described in telegram 292 from Belgrade, Oct. 13. (750G.00/10-1354).
Memorandum by Raymond L. Thurston of the Office of Eastern European Affairs to the Deputy Assistant Secretary of State for European Affairs (Elbrick)\(^1\)

SECRET

[WASHINGTON,] October 26, 1954.

Subject: “Normalization” of Yugoslav-Soviet relations.

Problem:

To evaluate the significance for US policy-making purposes of the recently accelerated pace of “normalization” of relations between Yugoslavia and the Soviet orbit.

[Here follow a recapitulation of recent developments, background of the Yugoslav-Soviet split, and a “Discussion” section.]

Conclusions:

1. Nothing that has occurred to date gives any real indication that the assumption on which American policy vis-à-vis Yugoslavia is based is no longer valid. On practical matters involving Yugoslavia’s security and regional defense against possible aggression, Tito’s cooperation with the West is likely to be undiminished.

2. Yugoslavia will probably continue to respond favorably to Soviet bloc overtures in the economic, diplomatic and cultural fields as long as this is in Yugoslavia’s own interest, does not jeopardize Yugoslavia’s economic, cultural and military ties with Western nations, and does not interfere with the continued receipt of essential economic and military aid from the U.S. Cooperation with the Soviet orbit beyond this point could only be induced by a fundamental shift of Moscow’s policy of dominating its satellites.

3. In Western European and world (including United Nations) diplomatic and political affairs, Yugoslavia will attempt to play a more vigorous role which may not be responsive to specific United States foreign policy goals. This is not particularly disturbing since US policy has never bargained on (and has frequently not received) Yugoslav political or diplomatic support in these questions.

4. To determine the extent to which Tito’s re-evaluation of Soviet intentions and of the changed East-West cold war situation will

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\(^1\) Drafted by Mark. Copies were sent to Belgrade and Moscow and distributed to various offices and bureaus within the Department of State. This memorandum is also presumably the one referred to by Merchant in his brief letter of Oct. 29 to Allen Dulles, in which he wrote that the attached memorandum, dated Oct. 26, concerning the present situation in Yugoslavia, was the one he had mentioned to Dulles in the Secretary of State’s office that noon and that it seemed to coincide closely with CIA’s estimate. (EUR files, lot 59 D 233, “Yugoslavia”)
affect Yugoslavia's actual collaboration with the West on the pragmatic basis evolved since 1949, US approaches to Belgrade with new proposals in the economic and military cooperation spheres might draw out the Yugoslav position on that country's prospective relations with the West during the next few years.

5. In the unlikely event that the foregoing approaches indicate the existence of Yugoslav tendencies for excessive free-wheeling between East and West or for a desire to sacrifice ties with the West in order to cultivate links with the Soviet bloc, US programs involving aid for Yugoslavia, if continued at all in these circumstances, might produce more results if applied on a discreet short-term, short-tether basis which intentionally aimed at preventing complete Yugoslav viability in the economic and military fields.

No. 709

611.68/10-2854

Memorandum by the Special Assistant to the President for National Security Affairs (Cutler) to the Secretary of State

SECRET

WASHINGTON, October 28, 1954.

Admiral Fechteler had a conference with the President this morning, on more or less general matters.

He expressed a very warm regard for Ambassadress Luce's service and qualifications. He agrees with her view that although we have now happily settled the Trieste matter, the process of bringing the Yugoslavs and Italians closer together will take a good deal of time and patience. He expressed the view that probably the best way to bring about such a rapprochement was through meetings at lower levels, rather than forcing the issue at a high level. I understand that this view, with which the President seemed to agree, is shared in the State Department.²

The President went on to say that, from the political point of view, he thought it was desirable to increase gradually the feeling of mutual friendliness between NATO military personnel and Yugoslav military personnel. He was not passing on the question of

¹In a handwritten note in the margin, William K. Scott of S/S indicated that no action was necessary on the memorandum, as Defense had already passed it to the JCS and to the U.S. element in the NATO Standing Group for guidance. This information, he noted, had been obtained from Colonel Anderson. A covering memorandum from Scott to the Secretary of State, dated Oct. 29, indicates that copies were sent to Hoover, Murphy, Bowie, and Merchant. A handwritten notation in the margin indicates that the Secretary of State saw this memorandum.

²A handwritten notation in the margin here, presumably by Scott, reads, "Is it?"
whether at this time, or some future time, it would be desirable for Yugoslavia formally to join NATO. He was addressing himself to measures to foster friendly feeling between the Yugoslav and NATO military. For example, why should not NATO let Yugoslav military personnel see routine NATO equipment and routine NATO military formations (without going into the nuclear or strategic fields). He felt that by such acts of courtesy, where there was no embarrassment to the country in which the courtesy was shown, the desirable goal of keeping Yugoslavia friendly to us would be fostered.

He asked me to pass this view along to you. I am sending a copy to Admiral Fechteler, and to the Secretary of Defense.

ROBERT CUTLER

No. 710

Editorial Note

The subject of Yugoslavia's relations with the Soviet Union was briefly discussed by Director of Central Intelligence Dulles at the 220th meeting of the National Security Council, October 28. Dulles said that it was now clear that Yugoslav-Soviet relations were becoming more and more normalized. This development, he stated, might require a new look at United States policy toward Yugoslavia, although he made it clear that he was not saying that Yugoslavia was likely to abandon the West and return to the Soviet bloc. Dulles indicated that he meant that the developments simply required careful consideration. The memorandum of discussion at this meeting is in Eisenhower Library, Eisenhower papers, Whitman file.

That same day President Eisenhower, in a memorandum to Secretary Dulles, asked, "Is there not some diplomatic, economic or other action that we might now take aimed at preventing any real rapprochement between the Kremlin and Tito?" Eisenhower wrote that it seemed to him that "some of the best men we can find should urgently specialize on this matter; that we must be prepared to do almost anything to keep Tito not only outside the Kremlin orbit but—so far as possible—actively on our side." (Eisenhower Library, Eisenhower papers, Whitman file)

In a memorandum the same day to Assistant Secretary Merchant, Dulles quoted verbatim Eisenhower's memorandum to him and added the following paragraph:

"I would like to have you get together with Bob Bowie and whoever else in the Department you think can make a real contribu-
tion and give this matter some preliminary thought and then report to me. I think it might be worth considering calling in some qualified outsiders as idea men, and I would like your recommendation on this score also."

A line was drawn through this paragraph, which may have indicated that it had been deleted from the memorandum. (EUR files, lot 59 D 233, “Yugoslavia”)

No. 711

33.1100 ST/11-154

Memorandum by the Director of the Foreign Operations Administration (Stassen) to the Secretary of State

TOP SECRET

[WASHINGTON,] November 1, 1954.

Subject: Yugoslavia Trip—October 24–26, 1954

I. From my conferences with Marshal Tito2 and other officials of the Government of Yugoslavia, which have been reported in Embassy cables from Belgrade, and from my talks with the United States country team in Belgrade, I have the following impressions:

A. The Trieste settlement is looked upon as opening the way for cooperation with Italy in economic, cultural, military, and other matters on a mutually advantageous basis, moving step by step beginning with a November economic conference.

B. There is a deep conviction in the present government that the break from Soviet domination in 1948 has proven to be in the best interests of Yugoslavia, and that its neighbors, Hungary, Rumania, and Bulgaria, have not fared well under Moscow.

C. Yugoslavian agriculture is rapidly being de-collectivized and returned to private property, and the regime intends to continue to move in that direction with gradual liberalization of small business employing no more than three employees, and some easing of opposition to religion, all while maintaining a status as a “Communist regime” working toward a “Socialist system.”

D. Tito looks upon the apparent reversal of Soviet attitude toward Yugoslavia as an admission of error by the Soviet under Stalin in 1948 and considers that this will increase Yugoslavian in-

1Also addressed to the Secretary of Defense, the Special Assistant to the President for National Security Affairs, and the Chairman and Executive Officer of the Operations Coordinating Board. Stassen also visited Italy Oct. 26–27 and Spain Oct. 27–29. For memoranda reporting on his visit to Italy and Spain, both dated Nov. 1, see vol. vi, Part 2, pp. 1707 and 1993, respectively. Stassen summarized the conclusions in each of the three memoranda in a separate memorandum to President Eisenhower, which he personally gave to the President on Nov. 1. (Eisenhower Library, Eisenhower papers, Whitman file)

2Stassen’s conversation with Tito, Oct. 26, is summarized in telegram 335 from Belgrade, Oct. 26. (768.11/10-2654)
fluence among the Balkan satellites, which influence he feels is already strong and underestimated by the West.

E. Yugoslavia has at this time a strong defense position in the mountains of central Yugoslavia, has located new defense industries in these remote areas, and will never adopt any defense plan which does not include the central mountains fortress concept, the area of successful resistance in World War II.

F. Yugoslavia will be reluctant to take any step which would be interpreted to the East as reducing Yugoslavian independence and sovereignty and reducing Yugoslavian claimed influence to the East.

G. If the Western European Union develops economic objectives or programs, Yugoslavia would support a relationship of the Balkan pact group (Turkey, Greece, Yugoslavia) to this Brussels pact group in such economic matters, but not, at least in the near future, in military matters.

H. The Yugoslavian objective might be described as a “Third position through national strength,” which, although different from India’s “Third position through softness,” nevertheless attracts Tito to visit India and talk with Nehru.

I. Tourist travel from the West is expanding and will be increasingly welcomed by the government which now recognizes its foreign exchange earning potential.

II. From these observations, I suggest informally for such consideration as may be deemed appropriate the following courses of United States action:

A. That the United States encourage Yugoslavian-Italian bilateral military talks on joint defense, with United States MAAG officials of the two countries sitting in, and perhaps with United Kingdom and perhaps French military attaché also present, and that the first such talks should not be under NATO auspices.

B. That the joint planning include both the Ljubljana gap defense and the central Yugoslav fortress defense with the development of plans for Italian units to enter Yugoslavia in the gap under certain circumstances and with Italian resupply of the central fortress from the Adriatic by sea and air.

C. That those elements of the Yugoslavian economy which are freed be assisted by the United States, through its regular assistance program, in being successful, and that the total Yugoslavian economy be assisted in a successful development in contrast to the neighbors to the East.

1. For this purpose, extend United States good offices toward the refunding of Yugoslavian debt to Germany, United Kingdom, France, and Switzerland on a long term basis, and toward the extending of additional development credits by these countries on a long term basis.

(The balance of resources and population in Yugoslavia is favorable, and an economically sound long term program can be carried out on a loan basis over a long term of years.)
D. Steady but not sharp or heavy United States pressure be applied on granting internal religious freedom.

E. The exchange of persons program for technical information be maintained and be oriented toward the significant leadership potentials within the country.

F. Regular visits to Yugoslavia by United States officials such as Robert Murphy for the purpose of continually informing, drawing out, influencing, and satisfying prestige urge, of Marshal Tito and his principal associates.

G. Tourist travel should be encouraged.

III. General Comment.

A. Two major dangers from a United States standpoint are suggested.

1. Tito and his regime may become overconfident of the strength of their position, may gradually relax their vigilance and lower their guard, and a successful violent internal blow may be struck by the Kremlin in a sudden reversal of their current “sweet words” tactics.

2. A change in Soviet leadership which removes from influence those responsible for the original policy leading to the break, and an invitation by such new leadership to Tito to take one of the top world Communist leadership positions along with Mao Tse-tung, and to revise Soviet economic policies along the lines of Yugoslavian policy, might attract Tito more than anything the West would offer.

B. There is one major favorable prospect.

1. A successful gradual evolvement of the Yugoslavian economic, political, social, and religious system in the direction of freedom, accompanied by increased flow of information and ideas from Yugoslavia to the Soviet and the Soviet bloc, might become an important factor in a favorable evolvement of the entire Soviet system over a period of years, without a world war.

C. The percentage chance of the dangers and of the asset are all considered to be small, but the implications are so far-reaching that they should be kept in mind nevertheless.

HES
Memorandum by the Assistant Secretary of State for European Affairs (Merchant) to the Secretary of State

TOP SECRET

[WASHINGTON,] November 2, 1954.

Subject: Memorandum to the President on Soviet-Yugoslav relations.

Attached is a draft memorandum to the President (Tab A) on the "normalization" of Soviet-Yugoslav relations and its implications for US programs vis-à-vis Yugoslavia which has been prepared in EUR at your request. The first three paragraphs of the memorandum dealing with developments in the "normalization" process and analyzing their import for US policies have been informally coordinated in substance with the Office of National Estimates, CIA, through R.

[Tab A]

Paper Prepared in the Department of State

MEMORANDUM FOR THE PRESIDENT

Subject: Effect of the "Normalization" of Soviet-Yugoslav Relations on US-Yugoslav Relations.

The intense and bitter Soviet-directed campaign from June 1948 through 1952 to subvert the Tito regime in Yugoslavia and to have it replaced by one subservient to the Cominform has been gradually dying out since mid-1953. This diminution of overt Soviet hostility has also been accomplished by a slow build-up of positive gestures pleasing to Yugoslavia from the Soviet orbit. These Soviet moves to curry Yugoslavia's favor have taken place in many fields and their temp has accelerated markedly in recent months. The only positive Yugoslav counter-gesture, however, has been to allow some Soviet-orbit planes to overfly Yugoslavia to and from Albania.

1Drafted by Mark.
2Dulles' memorandum of Oct. 28 to Merchant making this request is described in Document 710.
3Drafted by Mark. A handwritten notation on the source text by Roderic L. O'Connor indicates that the memorandum was not sent to the President, but that the Secretary talked to President Eisenhower along these lines on Nov. 16. No other record of Dulles' conversation with Eisenhower, Nov. 16, has been found in Department of State files or Eisenhower Library.
To Tito the switch in Soviet tactics is welcome both as a sign that he has won out over Russia’s efforts to unseat him and also as a portent of more normal Yugoslav relations with neighboring states in the Soviet bloc, which could in time perhaps lead to a substantial easing of Yugoslavia’s difficult economic picture. Tito believes that the so-called “new look” in Soviet foreign policy has been forced on the Russian leaders by the compulsions of their domestic problems. In his view, this has very greatly lessened the danger of Soviet-sponsored aggression in Europe. It thus opens the way for further concrete steps to reduce East-West tension and for additional efforts to evolve new forms of collaboration among Western European countries to build a strong region acting more independently of the US than formerly.

Tito’s reactions appear partly sincere and partly an attempt to provide him with a little leverage in his dealings with the West. At the same time, he has explicitly stated that many important substantive issues from the past are still unsettled between Yugoslavia and the Soviet bloc, that relations cannot be restored to their pre-1948 status, that there is no sign that basic Soviet strategic objectives have changed, and that, in any event, he does not intend to sacrifice Yugoslavia’s ties to the West established since 1948.

Although we must recognize that the situation calls for continuous close watching, the foregoing developments to date do not justify questioning the US policy assumption that Yugoslavia will prove an element of strength in Western plans for the defense of Southern and Southeastern Europe. Continued US action along established lines would avoid any sign either that we have allowed Moscow’s unilateral gestures to stir up our suspicions of Tito and to cause us to reassess our policies towards Yugoslavia or that we are increasing our beneficence to Tito to purchase his future cooperation with the West. At the same time, it is important that following the Trieste settlement we pursue our planned programs vigorously lest any doubt enter Tito’s mind that firm ties to the West are essential for the security and prosperity of Yugoslavia.

In the military sphere, the settlement of the Trieste dispute has removed the chief obstacle to the further integration of Yugoslavia into Western defense planning. At present, active consideration in the US Government is being given to pleas for bringing the NATO into closer association with the Balkan Alliance, in which Yugoslavia is the only member not also belonging to NATO. This framework should permit a greater degree of working level cooperation in military planning for the area of Southern and Southeastern Europe.

In the economic sphere, discussions of US-Yugoslav economic relations are scheduled to start in Washington on November 12 be-
between Governor Stassen and Under Secretary Hoover on the one side and General Vukmanovic, Vice President of the Federal Executive Council, on the other. These talks will cover a wide range of Yugoslavia’s domestic and foreign economic problems including the imbalance in its foreign payments, its heavy debt repayment obligations, and current and future US assistance. Our chief talking point during the discussions will involve the possibility that we may be able to offer to ship the Yugoslavs sufficient quantities of wheat under the Agriculture Trade Development Act to meet the requirements which they are expected to set forth.

While the foregoing line of action should provide convincing evidence for Tito of the positive US interest in maintaining close relations with his regime, we hold, as a reserve trump card, an invitation to Tito to visit the US. As we know from abundant indications from the Yugoslavs, this, more than anything else, could cement official relations between the two countries for a substantial period. Because such a trip, following Tito’s journey to London in 1953, would mark his full acceptance into the councils of the Western world as an equal, it would also raise problems in the US due to the opposition of many Americans to according him any such recognition. Apart from the question of his personal safety thus engendered, his visit might well bring to a boil all of the relatively quiescent hostility felt in this country for a Communist dictator whose authoritarian and avowedly Communist regime is still repressing civil liberties and persecuting many clerics.

To justify the risks implicit in an invitation to Tito, very tangible advantages for the US would have to lie in prospect. Since in the present intermediate stage of US programs vis-à-vis Yugoslavia, when the outcome of military and economic discussions on future programs is not known, there are no top-level problems crying for solution, we do not face any urgency in reaching a decision on a Tito visit. However, as a move of lesser import to establish greater personal rapport between the two Governments, I am considering a visit to Belgrade as a follow-up to the highly successful visits of Governor Stassen and Mr. Murphy. In addition to discussing any major problems which might have come to the fore by the time of my visit, I would also be able to broach the subject of a trip by Tito to the US, if it then seems on balance to provide net advantages to the US.
President Tito to President Eisenhower

BELGRADE, November 5, 1954.

DEAR MR. PRESIDENT: My close associate and Vice-President of the Federal Executive Council Mr. Svetozar Vukmanović-Tempo is coming to the United States to discuss the economic co-operation between our two countries. I believe that these discussions will lead to the materialisation of the very beneficial exchange of views which we had on this matter with your associates and our mutual friends, Mr. Harold Stassen and Mr. Robert Murphy. Relying on your understanding and sympathies towards our people, I have asked Mr. Vukmanović to acquaint you personally with our viewpoint regarding this question.

There is no doubt that, in the past critical year, the co-operation between our countries in the economic and military fields has greatly contributed to the maintenance of peace and the prevention of aggression in this part of the world. The valuable aid which your country has been rendering to Yugoslavia, has contributed not only to the strengthening of our security, but also to the overcoming of the great economic difficulties we had to face due to the grave upheavals caused by the last war, to the unparalleled economic pressure to which we were exposed from the East, and to a series of elemental misfortunes suffered by our country in the course of the past few years.

However, regardless of these difficulties, my country and its Government have devoted and will continue to devote the necessary attention to its armed forces which, in the as yet unsettled world conditions, are the safest guarantee of independence and security. I need not emphasize, I am sure, the old truth that, in the final analysis, the military efficiency depends on the economic and political stability.

In this regard, we have exerted all our efforts and will continue to do so. As regards our economic development, we have made the

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1This letter was brought to the United States by Vukmanović-Tempo, who apparently forwarded it through the Yugoslav Embassy in Washington to the Department of State for transmission to the President. The letter was an enclosure to Dulles' letter of Nov. 12 to Eisenhower, in which Dulles indicated that Vukmanović-Tempo wanted Eisenhower to see the letter on Nov. 17 before he met with Eisenhower that day. No record has been found of a meeting on Nov. 17 between Eisenhower and Vukmanović-Tempo.

Vukmanović-Tempo arrived in the United States in November at the head of a delegation which included Stanislav Kopcok and Kiro Gilgorov.
utmost effort and are prepared for further privations so that the
existing favorable prospects may be realised as fully and complete-
ly as possible. In the political field we have achieved an all-sided
and constructive co-operation with our allies, Greece and Turkey.
And, as you have stated yourself, we also exerted considerable ef-
forts and made great sacrifices for the Trieste settlement. I believe
that this process of political and military stabilization has to a
great extent forced the Eastern European countries to change their
policy of pressure and gradually to normalize their relations with
us and our Greek and Turkish allies. However, although this de-
crease of tension creates certain new possibilities for the preserva-
tion of world peace, it is our opinion that it will be necessary to
continue to make great efforts to achieve more lasting solutions
and therefore we still must devote great attention to the require-
ments of security.

Having in mind your devotion to the cause of peace, security and
prosperity in the world, I am deeply convinced that I may count on
your personal support for the success of Mr. Vukmanović's mission.

With my warm personal greetings and best wishes,
Sincerely,²

²The source text is not signed.

No. 714

760.5/11-1654: Telegram

The Ambassador in Yugoslavia (Riddleberger) to the Department of
State¹

SECRET

Belgrade, November 16, 1954—7 p. m.

397. For Hensel.
1. Following my consultation in Washington and Paris, I asked
for an interview with Tito upon return to Belgrade. This was
promptly accorded and I spent over an hour with him today. I had
in mind, of course, both Dept. 2523 to London and Rome’s 1844 to
Department² as well as previous telegrams re Yugoslav association
to Western Defense Organizations, and therefore did not urge any
action on Tito but rather tried to ascertain his thinking.

2. I opened discussion by expressing our gratification at Trieste
settlement and hope that it will lead to closer Italo-Yugo collabora-

¹Repeated for information to Ankara, Athens, London, Paris (for USRO and
Gruenther), and Rome.
²Neither printed.
tion in many fields. I expressed thanks for the cordial reception given Stassen here, and offered some general comment on the Tempo visit. Re latter Tito said that corn crop had not been as good as expected and that, as we knew, the wheat situation was serious. Tempo would give comprehensive explanation in Washington.

3. On normalization, I informed Tito of nature of press comment in US, said that some had been adverse, but it was also recognized that Soviet overtures represented a back-down of anti-Yugoslav campaign and is thus a tribute to Yugoslav policy. I recalled what Tito had said to Murphy and me at Brioni re long-term Soviet policy (Emtel 222, September 18) asked what his present opinion was. Tito replied that Soviet possibly would like to give normalization another connotation and imply Yugoslavia was returning to where it formerly was. That was by no means Yugoslav conception of normalization which wanted no such relationship and there should be no apprehensions that Yugoslavia would return to former status. Yugoslav Government is realistic in dealing with Soviets and has received several painful lessons in course of its earlier relationship, including such matters as trade. Furthermore, in response to my inquiry of effect of normalization on Balkan military alliance, Tito said Yugoslav policy would not waver. He thought that Yugoslav determination to resist any return to an earlier relationship might cause USSR to react unfavorably but Yugoslav Government had no sentimentality in dealing with Soviets and fully intended to maintain its independence and security.

4. This brought us to latest Soviet note proposing a conference and Tito jocularly characterized it as a “hurried job”. He said Yugoslav Government had not yet received an official text but from reading it in the newspapers he was struck by fashion in which all the ingredients were spelled out as in a recipe and the only thing to do was to cook the dish in accordance with Soviet ideas. Furthermore anyone could see that such a conference would be impossible to convoke on such short notice. But there was a change in USSR and West should not refuse proposals without considering every aspect of them. I recalled here what Secretary had said on November 9 about how Soviet would regard conference. Tito thought that correct but said he was convinced that internal conditions were having their effect on Soviet foreign policy. He added somewhat wryly that Yugoslavia from its own experience knew some of the bills that were now coming in for past mistakes.

... With reference to possibility of informal liaison arrangements, he was planning to discuss this with his military chiefs and

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3Document 702.
consequently had no immediate suggestions. When I asked about possibility of low-level military changes between Yugoslavia and Italy, he laughed and said let's keep this to cultural affairs at present.

6. Tito then volunteered information that there will shortly be important meeting of Defense Council where discussion of defense budget will come up. He said I was no doubt aware of the pressures to cut defense spending in view of Yugoslav economic difficulties, but that he was not ready to cede. I replied this news would be welcomed in Washington. He then referred briefly to military conversations in Washington in summer of 1953 and said this question was also coming up in Defense Council and Yugoslav Government would be in touch with us later.

RIDDLEBERGER

No. 715

093.6811/11-1854: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET WASHINGTON, November 18, 1954—7:23 p. m.

PRIORITY 491. Embtel 405. Opening meeting afternoon Nov 12 plus two meetings Nov 15 and one on morning Nov 16 were given over lengthy Tempo presentation Yugo econ situation including general review postwar developments, wheat supply situation, urgent problem short and medium-term debts, investment policies in immediate future and general balance payments prospects. There was little discussion these matters between two sides except for few questions on details and some exchange with Killen on future USOM procedures and programs Belgrade.

Our offer was presented meeting afternoon Nov 16. We proposed sale for dinars (title to go to US) of 450,000 tons wheat, ten million dollars worth cotton and one million dollars tobacco under Title One Agriculture Trade Development Act. We offered utilize dinar proceeds roughly as fol: 21% for purchase strategic materials Yugo; 10% for purchased Yugo goods for delivery third countries; 9% for miscellaneous US govt purposes; 19% for long-term dinar loan to

1Drafted by Mark and cleared with Leverich.

2Telegram 405, Nov. 18, described a Tanjug despatch which had appeared in Borba claiming that the talks in Washington were not going well and that the Yugoslav negotiators would shorten their stay and probably return to Yugoslavia on Nov. 19. The Embassy requested guidance as to how it should answer press queries which might be raised regarding these points. (033.6811/11-1854)
Yugos for internal econ development; 38% for purchase milit equipment in Yugo as grant to Yugo army (this not to displace MDAP dollar grants); and 3% for promotion agricultural trade. In addition, we stipulated Yugos must be ready buy 125,000 tons wheat from private US traders, and Yugos must also agree not use our wheat to depress their market prices. On medium-term debts, we advised them continue bilateral negotiations but said we would participate creditors conference if called and help Yugos to extent possible at conference. We made no comments on problems short-term debts, new OSP contracts or new IBRD loans or other loans for investments.

Tempo reaction was sharp and bitter. He characterized offer as new loan to cover current Yugo food needs which govt determined avoid if possible. He deplored lack US help or even response on other items and mentioned preference for reinstitution compulsory collections and rationing to new debts via our offer. He said our opposition to having Yugo incur new debts for investment while dictating new debts for food was "not friendly".

At meeting afternoon Nov 17 with Murphy in chair Tempo refused be persuaded our offer favorable to Yugo. He announced he and del flying from Washington Nov 18. On return Belgrade he promised present offer fairly to govt but vowed do all in his power prevent its acceptance. He stated he was returning with empty hands as Yugos had from Moscow in 1948 and implied our offer might jeopardize Yugo econ independence.

"Social meeting" arranged for evening Nov 17 with Gligorov, Kopcok and Embassy counselor Vodusek turned into intensive exploration situation. Yugos very upset because we allegedly failed appreciate gravity their econ situation, offered no help pressing debts problem, did not cover total amount wheat requested (680,000 tons), presented offer in entirely new framework of conditions and suggested terms aggravating their balance payment difficulties. We told Yugos that we willing discuss terms and urged them get Tempo call off quick departure and allow further exploration situation.

They apparently did so since plane reservations cancelled and Kopcok, Gligorov and Vodusek in working level meeting this afternoon. Too early tell revised Yugo reaction situation but Tempo level talk with Murphy and Stassen now scheduled afternoon Nov 19. In any event likely that discussions will wind up Nov 20.\footnote{At the Secretary's staff meeting, Nov. 18, Murphy reported that the Yugoslav negotiators were especially annoyed by the U.S. proposal that $1 million be used to purchase U.S. tobacco. Murphy said that the Yugoslavs had implied throughout the talks that they would have to "look elsewhere" if they could not obtain satisfactory}
Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Merchant)

CONFIDENTIAL

[WASHINGTON,] November 20, 1954.

Subject: Yugoslavia

Participants: Premier Mendes-France
Ambassador Bonnet
The Secretary
Livingston T. Merchant

Mendes-France\(^1\) mentioned to the Secretary that French relations with Yugoslavia were on the whole good. He said that he had had feelers at different times regarding a visit to Paris by Tito and now that the Trieste matter had been settled they proposed to invite Tito to visit Paris in the near future. He also mentioned that there were some tentative plans for a state visit by the Italian President to Paris soon after the turn of the year.

The Secretary then took the opportunity to describe the current economic negotiations which we were having with the Yugoslavs. M. Mendes-France seemed interested and appreciative. He mentioned the difficulty they were having over the matter of the short term credit to Yugoslavia which is in private hands. He said the Yugoslavs were behind on their amortization and the French citizens holding the obligations were making it embarrassing for the French Government to continue its contribution to tripartite aid to Yugoslavia. The Secretary indicated generally that anything the French could do in the Yugoslav financial situation would be helpful.

\(^{\text{arrangements with the United States. Dulles said that if the tobacco point was of great importance to Yugoslavia, the Department of Agriculture should get the Department of Agriculture overruled on this point, going to the President if necessary. (Secretary's Staff Meetings, lot 63 D 75, "November 1954") No record has been found in Department of State files or the Eisenhower Library that this point was raised with the President.}}\)

\(^{1}\text{For documentation regarding the visit to the United States of French Premier Pierre Mendès-France, Nov. 17--20, see vol. vi, Part 2, pp. 1139 ff.}\)
CONFIDENTIAL

WASHINGTON, November 23, 1954—8:12 p.m.


I. At final meeting with Yugo delegation\(^2\) following U.S. proposal presented:

A. Wheat and Cotton Assistance (PL480)

1. U.S. will grant 450,000 tons wheat Yugoslavia (in addition to 400,000 tons already committed) under terms similar to those applicable to previous grant aid, namely 90\% for Yugoslav uses and 10\% for U.S. uses. 90\% counterpart will be used for purposes consistent with economic cooperation, bilateral agreement and applicable provisions PL480 which are similar to bilateral agreement. 10\% portion will be utilized by U.S. in same manner as such counterpart has heretofore been utilized.

2. U.S. will, during the month of February 1955, review Yugoslav wheat availabilities prior new harvest in 1955. If these amounts inadequate meet essential minimum needs Yugoslavia, U.S. will then give friendly and careful consideration to additional wheat grant.

3. 125,000 tons under Title I in original 400,000 ton commitment will be handled on the basis outlined in para 1 above.

4. Loan provision not applicable to local currency generated by sale agricultural surpluses under Section 402 of PL665. Dinar proceeds these sales will be utilized under current counterpart procedures in accordance 90\%-10\% distribution pattern.

5. If Yugoslav Government wishes, it may purchase cotton for dinars up to amount of $10 million. This transaction at option Yugoslav Government and would be separate transaction from grant wheat offered above. Proceeds of such cotton sales would accrue in dinars to U.S. account for such uses as U.S. may determine. U.S. will, in considering possible expenditures of these funds, take into account current balance of payments situation of Yugoslavia.

B. Other Comments

1. Offshore Procurement. U.S. impression that Yugoslav performance under existing contracts excellent. With respect future contracts, U.S. must take into account reduced limits set by Congressional authorization, distribution product facilities throughout

\(^{1}\)Drafted by Kleine (FOA) and Colbert and cleared with Scoll, Killen, Ohly, Kaplan, and Stassen. Also sent to Paris by pouch.

\(^{2}\)This meeting took place on Nov. 22. For text of the joint communiqué issued at the conclusion of the talks on Nov. 22, see Department of State Bulletin, Dec. 6, 1954, p. 869.
Europe, and ability potential producers meet standards of price, quality and delivery schedules. Yugoslav capacity produce off-shore procurement materials will be kept under constant review and it is expected Yugoslavia will continue participate in this program.

2. Short-term Debt. Yugo delegation has explained in general terms its proposal for Export-Import Bank loan to enable Yugoslav-ia liquidate short-term debt. U.S. understands this is difficult problem for Yugoslavia. As a matter of procedure, details this proposal should be presented initially to Exim Bank for consideration. Under study made by Exim Bank, not possible indicate what decision will be. FOA/W will provide assistance, if desired, as regards procedures and methods. It was emphasized that procedure will require considerable time.

3. Creditors' Conference. Re proposal creditors' conference, U.S. understands large part Yugo medium-term foreign debt held by private commercial enterprises, which are probably unable or unwilling fund these obligations on long-term basis. Inasmuch no such obligations held in U.S. we feel this technical problem should be handled between YuGov and those governments whose enterprises hold these obligations.

U.S. representatives have participated in talks in Belgrade, exploring problems and procedures concerning such conference. We are prepared to continue to explore these matters with YuGov in endeavor to be helpful.

4. Other Issues. Re other issues raised U.S. feels these will be basis further friendly talks in usual channels. These matters will be dealt with in cooperative and friendly manner.

II. Tempo stated several times U.S. assistance offered will be great help Yugoslavia and not inconsistent Yugo.

A. Concerning (1) wheat, he stated belief amount wheat offered insufficient because doubted possibility increase internal supplies. Will however explore all possibilities to meet shortfall. (2) cotton, Tempo reiterated B/P problems involved in offer. YuGov will reply after consideration. (3) medium-term debts. Tempo will be exploring refunding with UK, France (on return trip Belgrade) and Germany and hopes solution can be found. (4) short-term debts, he hopes U.S. will provide more than procedural assistance in obtaining Exim loan.

B. Tempo reported IBRD seemed sympathetic to Yugo request for loan assistance for agricultural development and Mission will be sent Belgrade to explore possibilities.

STASSEN
The Ambassador in Yugoslavia (Riddleberger) to the Department of State

CONFIDENTIAL

BELGRADE, December 22, 1954—11 a.m.

485. Reference: Department instruction A-88. This is joint Embassy/FOA cable.

1. Our cable 449 sent following initial submission draft agreement to Kopcok, who raised only minor questions of language. We therefore assumed agreement quickly attainable.

2. Two days thereafter Kopcok reported vigorous Tempo reaction to sales principle, allegedly based on use of word "grant" in Stassen statement of November 22. Tempo has made wild assertions about being "deceived" and "a denial" of US assurances given in Washington. Reaction of US representatives has, we fear, exceeded bounds of diplomatic language and following fireworks, discussions have resumed more normal course.

3. We have sought to develop language reflecting statements of Governor Stassen as accurately as possible, at same time maintaining very clearly basic concepts of Title I and legislative intent. We have repeatedly cited record of discussions, especially those of November 19 and statements by Tempo and Mates to illustrate clarity of Yugoslav Government understanding at that time.

4. Yugoslav Government now considering our revised draft proposal, copies of which forwarded in letters Kleine and Colbert December 20.

5. Killen expecting to see Tempo again next day or two.

1Instruction A-88, Dec. 2, authorized Riddleberger to negotiate an agreement with Yugoslavia covering the sale of wheat and cotton under Title I of P.L. 480. The agreement was to cover 425,000 tons of wheat and such cotton up to $10 million worth which the Yugoslav Government might wish to purchase for dinars. A copy of the draft agreement, concurred in by the Departments of Defense and Agriculture and the Foreign Operations Administration, was attached. (411.6831/12-254) On Dec. 6, a copy of the draft agreement was given to an official of the Yugoslav Embassy in Washington, who said that his government would accept the U.S. offer to sell $10 million worth of cotton. A memorandum of this conversation is in file 411.6831/12-654.

2Telegram 449, Dec. 8, reported that Riddleberger had submitted the draft L/C agreement to the Foreign Office and that he anticipated no difficulty in obtaining approval. (411.6831/12-854)

3See Usfoto 115 to Belgrade, supra.

4The Nov. 19 meeting was described in telegram 498 to Belgrade, Nov. 20. (033.6811/11-2054)

5Neither the letters nor the revised draft proposal has been found in Department of State files.
6. We believe Tempo, in short session with Tito, immediately on return from states and on day Tito’s departure for India, gave less than full account of Washington talks and now finds himself in difficulty. Simultaneously wheat crisis approaching Yugoslav Government door step.

7. Will keep you advised.

RIDDLEBERGER

No. 719

768.00/12-2754: Despatch

The Ambassador in Yugoslavia (Riddleberger) to the Department of State

SECRET

BELGRADE, December 27, 1954.

No. 320

Ref: Embtels 483 and 496

Subject: Revival of the Djilas controversy.

In the week before Christmas in Belgrade the ghosts of things past and possibly also of things to come appeared as the case of Milovan Djilas, who was read out of the party councils on January 16 and 17 of 1954, was revived. Until noon of December 27 no word of this renewed controversy had appeared in the Belgrade press or on the Yugoslav radio, and the regular Foreign Office press briefing scheduled for December 24 was cancelled, presumably because the spokesman was not prepared to answer the inevitable questions from foreign correspondents about the significance of these recent events. On the other hand, the foreign correspondents have been extremely active and a great number of stories and interpretations of events have been cabled out of Belgrade, some of which have been reported back to Yugoslavia by foreign broadcasts. The account which follows is based largely on reports made to various Embassy officers by correspondents who have interviewed the principals in this affair.

Sequence of Events

It will be recalled that at the plenum of last January Djilas and his views were defended most vigorously by Vladimir Dedijer, and in a less explicit fashion by his ex-wife, Mitra Mitrovic. Also involved was Peko Dapcevic, though less directly due largely to the

1Copies were sent to Ankara, Athens, Bucharest, Budapest, London, Moscow, Paris, Prague, Rome, Warsaw, and Zagreb.

2See Document 685.
fact that the particular article of Djilas which brought down the wrath of the Central Committee was devoted to a defense of Dapcevic's wife from the alleged snobbery and cliquish exclusiveness of the ruling group. At the time observers speculated whether Djilas' exclusion from party councils would be followed by disciplinary action against the above three, but as the months went by no direct action materialized. But Vladimir Dedijer particularly was subject to various types of discrimination, such as failure to mention him as the author of Tito's biography, avoiding personal association on public occasions, and generally placing him in Coventry. Recently, however, Dedijer seemed on the road to rehabilitation when Mosha Pijade criticized the press for failure to mention his name in connection with the Tito biography and he was given a lectureship at the University of Belgrade.

Always a chronic invalid due to wartime injuries to his skull, Dedijer was recently convalescing in a sanitarium in Ljubljana when he was summoned to appear before the control commission of the Central Committee on December 17. According to Dedijer's own account, Mitra Mitrovic was also summoned at the same time and they were both asked to explain whether they still held to the views which they had expressed at the January plenum when they had appeared to be defending Djilas. Again according to Dedijer's accounts, he challenged the competence of this particular body to sit in judgment upon him, claiming that only the Central Committee as a whole constituted an appropriate forum for his case. Again according to Dedijer's account, he left the meeting after some heated exchanges and has no knowledge of what further proceedings were undertaken against Mitra Mitrovic or what her reaction thereto was. From other accounts, however, it is assumed that Mitra Mitrovic acknowledged the competence of the control commission, retracted the views she had expressed at the time of the January plenum, and, supposedly, has completely submitted to party discipline.

Presumably, Dedijer mulled over the significance of these events for three days and then approached the Associated Press correspondent in Belgrade through an intermediary with a request that the main facts of his case be made known to world public opinion without directly quoting him. This information constituted the basis of the Associated Press dispatch filed on December 20. The only additional information which the Embassy obtained and which did not appear in the dispatch was that Dedijer had cabled an appeal to Tito in India. This cablegram was returned to Dedijer a few days later, unsent.

After the original dispatch Dedijer saw a number of other correspondents who had received the inevitable call-backs and elaborat-
ed somewhat on the original information. According to various sources, Dedijer interpreted this move against him as a part of the process of normalization of relations with the USSR. He ascribed particular significance to the fact that the control commission was presided over by Krsto Popivoda, a brother of the Major General Popivoda who had escaped to the Soviet Union at the time of the break with the Cominform and had been paraded by the Soviets as a sort of head of the Yugoslav party in exile. Dedijer's interpretation, as relayed to us by correspondents, assumed that after normalization between the governments this was a natural sequence in an attempt to normalize relations between the communist parties of the Soviet Union and Yugoslavia respectively. Since none of the three hauled up for disciplining by the party played major roles in the Cominform break, this interpretation seemed a bit strained.

In an attempt to obtain clarification of the significance of these events, several correspondents obtained interviews with Milovan Djilas himself, who is living in semi-seclusion and complete isolation here in Belgrade. Djilas promptly and emphatically scotched the theory that these events had any connection with the process of normalization of relations with Russia. To Djilas this represented a normal procedure for a communist party attempting to re-establish its monolithic character. The question of Dedijer's attitude after the Djilas case had remained equivocal. The fact that he, while still a member of the Central Committee in name, no longer enjoyed the confidence of his associates (as is indicated by the fact that he was not even invited to attend the meeting of the plenum immediately preceding Tito's departure) required clarification. Although the absence of Tito and Rankovic, who were known to be friendly toward Dedijer, may have made the time more propitious for taking this action, Djilas was convinced that it had been taken with the full knowledge and consent of both Tito and Rankovic. Djilas was of the opinion that, if Dedijer had submitted and had fully endorsed the party plenum's position regarding his (Djilas') views, the case would have been closed and Dedijer would have been on the road to rehabilitation. The fact that Dedijer chose, however, to challenge the competence of the control commission and to make his predicament public to the world press has served to revive the entire controversy. Djilas describes Dedijer as a man of considerable personal courage of an emotional type, but he is convinced that Dedijer will probably be given the same "deep freeze" treatment which he himself has received.

Djilas also believes it quite possible that Peko Dapcevic will be called before the Committee to clarify his stand. If this is not considered satisfactory, Djilas considers it quite possible that certain
punitive action will be undertaken against Dapcevic. Rumors are already widespread in Belgrade that Dapcevic is to be relieved as Chief of Staff after serving 23 months in that capacity and is to be given command of a field army.

Progress in Djilas' Views

Incidental to the light which he could cast upon the Dedijer case, the interviews with Djilas reveal a progression in his views from the position he took last January which are probably more significant for the light they cast on the internal party situation than the facts about the Dedijer case. The complete answers given by Djilas to the questions put to him by the correspondent of the New York Times as taken down by him through an interpreter are enclosed. The New York Times correspondent was offered a choice by Djilas of either submitting his questions in writing and receiving in return written answers from Djilas or submitting his copy for review by Djilas before it was transmitted. Because of the time element, the New York Times correspondent chose the latter course, and the rough copy of this despatch as corrected by Djilas throws some interesting sidelights on the current situation.

The most significant changes of view by Mr. Djilas are:

1. He has come to the conclusion that freedom of discussion within the communist party of Yugoslavia is no longer possible.
2. The Yugoslav communist party has become Stalinist in form but not in method.
3. A new socialist party is necessary in Yugoslavia and will inevitably come, due to the basic Western orientation of the Yugoslav people.
4. Yugoslav economy is at present in a terrible mess and will not be improved until a degree of political freedom is introduced.
5. While acknowledging Tito's skill as a politician and his complete domination of the party and the country, Djilas has begun to lose some of his devotion to his former idol.

Significance

It is too early to form any firm conclusions as to what course events may take. There does not seem to be evidence of a revival of the Djilas views to the point where such views could have a marked effect upon the policy of the party and, as Djilas himself recognized, there are no organized groups outside of the party which could be the standard bearers of a new political movement. It would appear that Dedijer's precipitous action in challenging the competence of the control commission and his subsequent revelation of this incident to the press has, either by accident or design, given renewed opportunity for Djilas to spread his views before the

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9Not printed.
world outside of Yugoslavia. Certainly Djilas, in his present state of
isolation, is no longer a political influence either within the party
or in the country. There is no evidence that the party intends to
give him an opportunity to again become one. The question re-
mains whether the party will feel itself compelled by the publicity
given to these views abroad and the eventual repercussions at
home in taking measures to effectively silence him. In the eyes of
the party, he is undoubtedly a discredited politician who has lost
his right to be heard in the party councils and who, in a totalitar-
ian country, will not be given the opportunity at this time to create
a movement outside of the party.

There is already considerable reaction among Foreign Office
press officials, whom the foreign correspondents have queried
about this matter, that the Western press is engaged in a plot to
artificially create a case of political persecution. It remains to be
seen whether the regime, in the absence of the strong hand and
sage counsel of Tito, will be able to handle this situation in such a
way as to avoid a retrogression to the more drastic methods nor-
mally employed by their Soviet communist counterparts.

For the Ambassador:
EDWIN M. J. KREITZMANN
First Secretary of Embassy

No. 720

768.00/12–2954: Telegram

The Ambassador in Yugoslavia (Riddleberger) to the Department of
State

SECRET

BELGRADE, December 29, 1954—7 p. m.

509. Embassy’s telegram 505. Last night after dinner at Tempo’s
house he raised the subject of the Dedijer–Djilas affair. He spoke in
indignant terms of Djilas’s taking advantage of Tito’s absence from
country and violating Yugoslav law. He referred to Djilas as “for-
eign agent” and said that such actions tend to impair unity of
country and are not to be tolerated. He expressed particular con-
cern that Dedijer and Djilas have been treated in foreign press,
which he said he had studied carefully, as if they were the ones in

1 Repeated for information to London, Paris, and Moscow and pouchéd to Buda-
pest, Bucharest, Prague, Warsaw, Ankara, and Athens.

2 Telegram 505, Dec. 29, summarized the events of the previous day relating to the
Djilas–Dedijer affair. (768.00/12–2954)

3 Tito left Yugoslavia on Nov. 29 for an extended trip, including visits to India and
Egypt.
Yugoslavia who were pro-Western and complained that thus the Government has been put in position of seeming to be Cominformist, and would even more be put in such an unfavorable light if it takes measures against Dedijer and Djilas which they deserve. Vladimir Popovic broke in at this point to say, obviously for effect, that "90% of Yugoslav people" would like to see Djilas shot but that of course this would not happen. Tempo concluded by saying that policy of Yugoslavia toward West will not be affected by actions of press.

I took several occasions during discussion which, with Kopcok interpreting, must have lasted nearly an hour, to say that in view of developments of last year in which Yugoslavia's international position had been improved by Balkan Alliance, Trieste settlement, and Soviet moves toward normalization, news of this nature from Yugoslavia was bound to hit the headlines in Western press. I replied, in answer to a remark by Tempo about irresponsibility of Western press, that they did not start this controversy, it was initiated by Dedijer and that it was inevitable in nature of things that from then on press would seek to make most of it. I point out, however, that these things are often three-day sensations and are forgotten as quickly as they start and that Yugoslav Government had missed opportunity to present its case by cancelling Foreign Office press conference on December 24. I went on to say that obviously Dedijer and Djilas are individuals without an organization and constitute no threat to the regime. I emphasized that although the affair is world news, it is also exclusively an internal Yugoslav matter. After this disclaimer, I said every country faced problems of this character and added a word or two on the practical virtues of a tolerant handling of such matters.

It is obvious that governing group is exasperated and outraged by Dedijer's and Djilas's maneuver at this time, taking headlines away from Tito's trip and, more important, daring publicly to challenge regime and even briefly getting away with it. They show a definite exasperation at restraint which they feel is imposed upon them by considerations affecting their relations with West and I have no doubt that if these considerations did not exist they would promptly have disposed of Dedijer and Djilas in manner indicated both by Balkan custom and Communist practice. (Raymond of New York Times confidentially quotes Dedijer as saying, "If it were not for foreign press I would be hanging from the Terazija"—part of main street) Tempo's outburst was certainly calculated. It seems to have been a mixture of sounding me out and bawling West out, as well as to reassure us that their foreign policy will not be affected. He showed throughout an incapacity to understand Western reactions and way Western press behaves and is clearly judging both by
[garble] standards. I am in some doubt whether naivete of his reverence to tendency of Djilas's challenge to impair unity of country reveals a sense of insecurity on part of regime or whether it is simply typical Balkan concern over face and prestige. Perhaps two are not far different.

If Tempo's remarks represent a political Yugoslav Government decision there is good chance that both Djilas and Dedijer will receive severe jail sentences.

RIDDLEBERGER