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B. REGIONAL ACTIONS

1. U.S.S.R.

a. Political

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Authority <u>NLE 2012-70</u> Pg. 144-150 only
By <u>CJA</u> NLDDE Date <u>08/12/2014</u>

(1) Soviet power is the product of two principal elements:

The political-military-economic power of the Soviet Union and its Satellites on the one hand, and on the other the fifth column potential of its disciplined servitors and sympathizers in the world. These two elements of Soviet power reinforce and support each other. A policy designed to reduce the power of the Soviet Bloc must be directed at both elements.

(2) The courses of action proposed with respect to the Soviet Union may be summarized as a long-term series of time and sequence phased actions, all with the ultimate goal of liquidating the Soviet power position in the world, but the full scope of which is only gradually revealed as the free world gathers strength and confidence. It is proposed that in the initial phase the major emphasis in Europe should be placed on bringing about the withdrawal of Soviet armed forces from East Germany, Austria, and the Satellites; in the Far East on the prosecution of the Korean and Indo-Chinese wars to a favorable conclusion; in the world at large on a serious campaign both overt and covert directed at undermining the power of Communist ideology and inflicting the greatest possible injury to the Moscow directed apparatus of international Communism, while accelerating the consideration of free world strength. The second phase places the major emphasis on the separation of Satellites both West and East, leaving the Soviet Union itself to be dealt with in the final phase of this program for action.

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(3) This phasing of courses of action is designed to meet as far as is possible the limitations imposed on us both by our relative power relationship to the Soviet Bloc as well as by our Allies, most of whom will be timid partners in our campaign to reduce the sources of Soviet power and would be thoroughly panicked if its depth were revealed to them at the outset. Furthermore, Soviet reaction to our individual courses of action will depend in part on their estimate of our ultimate intentions. There would be little prospect of effecting the removal of Soviet forces from Germany and Austria if the negotiations were timed to coincide with the triggering of an operation on our part to subvert the Czechoslovak Government or take Albania out of the orbit. Finally, the degree of risk of general war tends to be minimal at the outset of the program and increases as they sense the depth and extent of our challenge to Soviet power.

(4) Since the end of World War II the Western World has lived under the fear of Soviet aggression and a new world war. As far as Europe is concerned, no single factor has contributed more to this unhealthy condition than the presence in Central Europe of massive Soviet occupation forces in Eastern Germany and Austria. It is submitted that despite the progress achieved in recent years in developing their spiritual and material defensive resources, it is hopeless to expect to bring along the countries of Western Europe in a more aggressive policy toward the Soviet Union as long as this very real and tangible element of Soviet power sits athwart the center of Europe. The beneficial results which would flow from the achievement of the withdrawal of these forces from their present zones of occupation would

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be very great in both the strategical and psychological fields. Western Europe would take heart to see the Red Wave recede; Germany and Austria freed of the incubus of Soviet occupation would add their resources, geographic position and influence to the side of the free world; a greater expanse of Satellite territory would be exposed to the West; the Soviet Union would at least lose the juridic excuse for the presence of its forces in the Satellite states of Eastern Europe and might even feel constrained to remove the visible evidence of their presence there.

(5) A resolution of the German question can only be acceptable if it does not inflict serious damage on our military position in Western Europe. The withdrawal of U.S.-British-French occupation forces from Western Germany, which would presumably be an inescapable condition to a corresponding Soviet withdrawal, could not be accepted unless there were worked out with the members of NATO a plan for the deployment elsewhere of those forces in a manner such as to preserve the present level of defensive strength in that theater. A settlement which permitted the eventual participation of a unified Germany in a European defense system would be the most acceptable, but the probability is that the Soviet Government would hold out for something approaching the formal neutralization of Germany with permission to develop limited national defense forces. We submit that under a policy accepting a high degree of risk in order to materially reduce Soviet power, this is a risk which might be taken, if it be tacitly understood on our part that we regarded the settlement as temporary and that once the Soviet forces were withdrawn we would feel

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under no obligation to restrain ourselves from giving German neutrality a content which in fact would put that nation securely on the side of the West. The manifold problems involved in achieving this advance are proportionate to the potential rewards.

(6) It may well be that we find ourselves today passing through a period of opportunity in this regard which will not be repeated. The population of East Germany is demonstrating its revulsion against its Soviet rulers in a courageous and daring manner unprecedented in the history of Soviet imperialism. The Soviet Government itself is hindered at home in the difficult situation of trying to resolve the struggle for the power released at Stalin's death and under the presence of what appears to be a deteriorating political and economic situation throughout the Soviet Bloc. We can be sure that the Soviet Government has, in principle, the techniques and the means, if given the time, to straighten out and bring under control the restive Eastern Germans. The issue is to preclude such a result. The moment could hardly be more favorable for us to press forward on the German question.

(7) Elsewhere in the Soviet Orbit there is evidence that the removal from the scene of the autocrat who guided the destinies of the Soviet Union and World Communism for more than a quarter of a century has led to indecision and confusion and added to the difficulties of controlling the area and coping with its problems. Moscow itself is providing a growing accumulation of evidence that it would welcome at least a superficial reduction both in world tensions and tensions at home. Yet given the inherently

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predatory character of the Soviet system, such transitory periods of apparent retreat should be probed and exploited to the utmost. It cannot be predicted how long these favorable conditions will prevail. The difficulties, both political and military, inherent in this course of action require no elaboration, but it is the basic step which must be taken if the program for reducing Soviet strength in Europe is to be gotten underway.

(8) Austria is the other important area which must be cleared of Soviet forces as soon as possible. The Soviet Government has as yet shown no disposition to reach an agreement on an Austrian State treaty, but the position would be greatly improved once an arrangement has been reached on Germany if it had not been possible to effect an Austrian settlement as a preliminary to the German. As in the case of Germany, there would be both a price and a risk involved. The Soviets would presumably hold out for compensation for German assets and seek a commitment for the neutralization of Austria. Yet as in the case of Germany it is estimated that this course of action must be pursued to a successful conclusion if one is to lay the basis for further encroachments on Soviet power.

(9) The present position with respect to Soviet armed forces in the European Satellites is that under the Balkan peace treaties and the Potsdam agreement the Soviet Union has the right to maintain Soviet forces in Hungary and Rumania to protect her lines of communication to Soviet occupation forces in Austria and similarly in Poland to protect her line of communications to Eastern Germany. No doubt the Soviet Government would arrange to find a new legal basis for continuing the presence of the forces in those

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areas once the initial justification ceased to exist, if it felt such action to be necessary. This could easily be done by bilateral security agreements, undertaken at the initiative of the individual Satellite governments concerned. On the other hand, Moscow might find it preferable for political and propaganda reasons, both internal and external, to avoid such action if possible.

(10) The presence or absence of Soviet forces in the several Satellite countries will have an important bearing on the nature of the problem which those countries will pose for the course of action intended in the second or mid-term phase, namely, their progressive release from Soviet control. Some influence may be exerted on this aspect in the degree to which we prematurely reveal to Moscow our ultimate intentions with respect to those areas. Certainly there would be an advantage if it were possible initially to convey to the Soviet government the impression that the resolution of the German and Austrian problems represented our ultimate basic objective in Europe. A grave disadvantage inherent in such an apparent policy, however, would be the blow it would deal to resistance morale in the Satellites. The damage this might do would depend in part on the length of time involved in completing phase one, plus the Eastern European and Balkan reaction to the settlement reached on Germany and the to them unwelcome fact of the emergence of that country from its present occupied status.

(11) The third or long-term phase deals with the Soviet Union itself. It is possible that successful prosecution of our proposed courses of action through the first and second phases would so encourage disruptive forces within the Soviet Union that when we were ready to launch our final

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campaign we would find ourselves confronting a Soviet Government which no longer posed a threat to the outside world, but was busily cultivating its own garden. Yet equally possible is the converse, and we would find that our successes against the extension of Soviet power beyond the Soviet borders had reacted to consolidate and strengthen the internal situation of that country. It would then be necessary to estimate what character and magnitude of assault against the U.S.S.R. itself was justified in terms of our respective power positions, in terms of the result that might reasonably be expected to flow from such an undertaking, and the probable risks and costs thereof.

(12) The pursuit of our courses of action will require coordinated and forceful activity in all functional fields. Once launched on our program we must instill respect in our Allies and adversary by the speed and determination with which we patiently pursue step by step our declared objectives in turn. We should return the greatest possible diplomatic flexibility and at all times be ready to discuss matters of mutual interest with the Soviet Government through diplomatic channels, but refuse to get drawn into unreasonably protracted conferences of the Palais Rose and Panmunjon variety unless we see a commensurate propaganda or other dividend to be derived therefrom. It is believed that our recent practice of entering negotiations with the Soviets on positions of maximum objectivity should give way for a more oriental technique of advancing the maximum requirements that can be supported, albeit over a basis of soundly developed positions and the constant awareness that only enforceable agreements have any inherent

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value. The slightly apologetic manner which has sometimes characterized our approach to Soviet problems should give way to a confidence and firm presentation of what we and everyone else must surely realize to be the essence of reasonableness and equity. There is something contagious in such an attitude, if convincingly maintained by the leading power of the free world. The political presentation of our objectives must be forceful and repetitive. Unresolved problems would not be permitted to lie weeks at a time but be kept constantly on the table. We should take the slack up in our relations with the Soviet Government, be quick to seek reprisal for any infraction on their part and equally quick to exploit any opening which affords an opportunity to advance our interests or block a Soviet move.

b. Military

(1) We should move in the military field to stop the growing Soviet encroachment on the traditional freedom of the Baltic Sea. A resumption of naval visits to Danish and Swedish ports, to be followed by regular requests for naval visits to Soviet ports, is indicated. Pressure could equally be maintained for permission to visit Soviet Black Sea and Far Eastern ports. It would no doubt be refused more often than not, but the matter might well be left before the Russians. We have a greater Navy than all the other fleets of the world put together. It would be salutary to hold this fact politely but firmly before the eyes of the Kremlin. However, once we have achieved a reasonable infrastructure platform for strategic air and NATO forces, wisdom would dictate not gratuitously pointing extra daggers at the Soviet heart, at least not in the short-term and mid-term

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phases of our program when it is under no circumstance our intention to convince the Kremlin that they have no alternative but to wage general war to avoid extinction.

c. Economic

(1) On the economic front, East-West trade should continue to be controlled to the degree that it weakens the enemy more than it weakens our Allies. Probably a highly selective embargo played so as to disrupt and confuse Soviet efforts at developing self-sufficiency in strategic items would be the most effective. Other things being equal, the political, economic and psychological return of maximum liberty of trade for our European allies is of course evident. In addition, this should result in creating administrative problems requiring policy decision.

d. Propaganda

(1) There is no propaganda target more difficult to reach than the peoples of the Soviet Union. It is a basic policy of their government to deny them access to the truth, and this policy is well implemented. In the Soviet Union all media of communication are controlled by the state, and the degree of police terrorization is so intense as to discourage anything resembling a normal exchange of news and ideas between individuals. To this must be added the fact that more than three decades of enforced exposure to the not too consistent official Soviet version of everything that happens under the sun has developed the resistance and cynicism of the Soviet citizen toward any kind of propaganda to a very high degree. Radio is the only overt medium which can regularly pass the Iron Curtain,

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but its effectiveness is seriously limited by Soviet jamming on a massive scale. The violence and intensity of Soviet anti-American propaganda in recent years is another factor which must be considered.

(2) In these circumstances, the character and quality of propaganda to the Soviet Union is of high importance. Factual accounts of world events and the explanation of U.S. actions in accordance with the general philosophy showing our devotion to freedom and the rights of the individual outlined elsewhere in this report are the most valuable subjects for treatment. Our propaganda should be prompt to exploit all appropriate opportunities to criticize and question the acts of the Soviet Government, and equally prompt to get there first with the news. It should be tailored to give maximum support to our current political objectives and not hold out promises which are unattainable or out of line with our predetermined courses of action.

(3) There is a great temptation to seek premature returns in propaganda to the Soviet Union by taking sides with the non-Russian nationalities against the Great Russians, or vice versa. This is a trap one should not fall into. A decision to make such a choice would only be called for in the final phase of our program for action or in the event of general war and only then if it could be made to support our objectives with regard to the post-war political settlement of the Soviet Union.

(4) The difficulties in the way of reaching the Soviet people should not deter us from a constant effort to keep our standard before them and draw the maximum possible profit. To judge by the enormous effort it

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expends to thwart us in this field, the Soviet Government must share this view.

e. Covert

(1) Because of the highly developed Soviet skill and pre-occupation with security matters, covert operations on any appreciable scale within the Soviet Union can only be possible after a long and arduous period of preparation. At present our assets of this character are minimal. Wisdom would dictate the desirability of an early decision to set about the careful development of such an apparatus with the clear realization that probably a decade of intense effort will be required for its preparation. Inasmuch as the all-out exploitation of such assets as would be developed would only come into consideration in the third or long-term phase of our program, nothing would be lost by reason of this long lead-time. Interim dividends in the form of intelligence and the availability of channels for black propaganda would present themselves as the organization of the apparatus progressed. The inherent difficulties in this course of action within the Soviet Union are demonstrated by the meager results obtained by the Germans and the Japanese in this field before the war, despite the magnitude of effort on both their parts.

(2) A more accessible field for covert warfare with the Soviet Union and one which is proposed for immediate exploitation is provided by the extensions of Soviet power in the world outside the Soviet power bloc. The apparatus of international Communism, the various Soviet espionage nets and other organizations under Soviet control offer themselves as targets for

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this purpose. Subtle sabotage of Soviet economic and other interests abroad would be a step in the process of hacking away at Soviet power and certainly every possibility of thwarting Soviet political maneuvers abroad through covert means should be used. It would appear that the only restraints which need be maintained in this field of endeavor are, first, that such operations remain truly covert, that is to say not attributable to the United States, and, second, that they support and not run counter to our over-all political objectives and courses of action of the moment.

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2. Satellites

a. Next in importance to the Soviet armed forces of occupation in Eastern Germany and Austria as an extension of Soviet power in Europe are the Eastern European Satellites. They augment the political, economic and military power of the Soviet Bloc and weigh heavily in the present imbalance of power on the Continent. It is proposed that they should receive the major emphasis of the second or mid-term plan of the Alternative C program.

b. For the short term, we should use all appropriate means to hamper the consolidation of Soviet control over the Satellites and to keep alive their morale and aspirations for national independence without, however, inciting them to premature and suicidal insurrection. But in addition to these courses of action, the first phase period should be devoted to a well-planned and executed covert program of underground organization in preparation for more intensive activity at a later date. We should not, as a general rule, use military force, or the active threat of use of military force, during the opening period of Phase I operations when the emphasis of our effort is directed to obtaining the withdrawal of Soviet armed forces from Eastern Germany and Austria, and while significant progress toward that end is being made.

c. The withdrawal of Soviet military forces from Germany and Austria is the basic requirement from both a military and political point of view for the implementation of a more aggressive policy toward the Satellites, designed to bring about their liberation from the control of Moscow. The success of such a policy will, of course, depend on the

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interplay of many factors, but it is not possible to envisage substantial progress along this line in the presence of more than thirty Soviet divisions in and about the area. A single possible exception is offered by the case of Albania, which is geographically isolated and has no point of territorial contact with the other Satellites or the Soviet Union itself, but the situation of that country poses certain other problems which must be resolved and will require careful preparation before its liberation can be reasonably undertaken. With the exception of that country, the Satellites of Eastern Europe are bound together and to the Soviet Union by a series of mutual defense treaties which are known to commit the signatories to go to each other's aid in the event of hostile action from without.

d. It is self-evident that the active pursuit of a policy aimed at overthrowing the Soviet regimes in these countries and bringing them out from Soviet control will involve from the outset a grave risk of general war. Of equal gravity will be the strain this will place on relations with our Allies and the world at large. Clearly the political and military preparations which must lead up to this course of action are of the utmost importance. The greater the contribution made in each case by indigenous elements nourished and directed by controlled covert operations, the less we will appear as the aggressive instigators. The choice of target areas and the methods employed to precipitate each individual undertaking will require painstaking evaluation of the local assets, of the probable reaction in countries both friendly and hostile and of the odds for success, and all this against the backdrop of the world situation, probable

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Soviet reaction, and the risk of general war. Soviet retaliation would not necessarily take the form of a general war declared by the Soviet Union. It might well take the form of military reaction through Satellites with unavowed but essential Soviet support or particularly in the case of Albania, which is not contiguous to Soviet controlled territory, by retaliatory action in an entirely different sector. However, the nature of the Soviet relationship to the regime in these countries is of a character at the present time to render probable at least direct Soviet intervention wherever their stability is threatened. It should be apparent that a marked shift in our favor in the European balance of power is an essential condition to this mid-term phase of our program unless previously precipitated by developments within the area itself.

e. At the moment there is ample evidence of a deterioration of the political and economic situation within the area. Whether the Kremlin will succeed in arresting and reversing this trend cannot be predicted, although it is a reasonable assumption that until there is some resolution of the power struggle in the Kremlin itself, the Satellite governments will not regain their former authority. It may also be reasonably assumed that even in that contingency the damage now being done to Kremlin prestige will not be repaired for many a day.

f. To consider briefly the several countries comprising the Soviet Satellites of Eastern Europe:

(1) Albania is the most vulnerable. It is a small and primitive country geographically separated from the other members of the Soviet Bloc.

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The indigenous Communist movement is not significant and Soviet control is maintained through an extensive infiltration of all the institutions of the State by Soviet Union personnel. Security is provided by the usual Communist police terror. The subversion of the country through covert means poses no insuperable problem and the country has already become in fact a sort of training ground for agents of interested governments. It is known that [apart from the U.S. and Britain,] Yugoslavia, Greece and Italy all conduct operations in the mountains of Albania. The problem here lies in the territorial ambitions of Albania's neighbors and Albanian fears that removal of the Communists would not necessarily mean independence for Albania. Agreement between Yugoslavia, Greece and Italy and their guarantee of Albanian independence are political conditions which must be met before action is taken in that area. Otherwise one might do more damage to anti-Soviet solidarity in the West than gain advantage by the expulsion of the Soviets from that sector. Nevertheless, Albania offers the least difficult point of departure for direction action against the Satellites. The new political and military relationship being developed between Greece, Turkey and Yugoslavia under the aegis of their recently signed pact of friendship and mutual assistance offers a mechanism which can be used in preparing the ground for this action. As of today operation "Albania" would seem to be indicated as soon as the necessary political arrangements can be made and the stage set.

(2) Bulgaria is the next smallest of the Satellites. Its importance to the Soviet Union is strategic and military rather than economic. Moscow has accordingly devoted special attention to building

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up relatively large and thoroughly Sovietized armed forces in the area. Although no uniformed elements of the Soviet forces are known to be in Bulgaria, the country is under the military domination of these controlled indigenous forces, backed up by the proximity of strong Soviet forces in Rumania and the Soviet Union itself. Geographically Bulgaria is flanked on the west and south by the anti-Soviet countries of Greece, Turkey and Yugoslavia. Reports indicate widespread popular resentment throughout the country against Soviet control. Despite the high degree of Sovietization of the army, it is believed the rank and file share the discontent of their relatives among the peasantry, which constitutes the vast majority of the country's population. The fact that Bulgaria has no common land frontier with the Soviet Union is an additional asset to a plan for its release from Moscow. On the negative side must be recognized its value as a strategic outpost for the U.S.S.R. It may be assumed that the Kremlin will not relinquish control of this area in the absence of overwhelming pressure, yet on balance Bulgaria probably follows Albania as the next most vulnerable target among the Satellites. It should be noted that the new Balkan entente (Greece, Turkey and Yugoslavia) has already started its psychological campaign toward Bulgaria with a public invitation to that country to free itself from Muscovite domination and join its Western and Southern neighbors.

(3) Czechoslovakia, both central in size and geographic position among the Satellites, is of particular economic importance to the U.S.S.R. The most highly industrialized country in the group, it has been

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forced to further develop its heavy industry in the service of Moscow and has suffered severe economic strains in the process. Although Slav in race and tradition, Czechoslovakia as the most developed of the Satellites is more orientated toward Western Europe. Yet it has the largest Communist party in proportion to population and one with a long history of political influence. Although no Soviet forces are stationed in Czechoslovakia, there is no evidence of true underground resistance. Popular dissatisfaction at economic conditions and the Communist manhandling of the trade unions has indeed expressed itself, but the Czechs have a long tradition of bowing to foreign power in the conviction that with time their independence will be returned to them. On the record the Czechs would seem temperamentally among the least disposed to risk much in asserting their desire for freedom. They will also for various reasons react badly in the initial period at least to the unification of Germany and its liberation from Soviet and Allied occupation.

(4) Hungary has only a short and mountainous common frontier with the Soviet Union, but it is securely held by Soviet occupation forces both within the country and in Austria and Rumania to the West and East. It has strategic value to Moscow because of its geographic position on the approaches to the Balkans and Italy and economic value as a producer of specialized light industrial products and foodstuffs. Traditionally anti-Slav and anti-Russian and without any significant popular support for the present Communist party, it is probably a receptive area for subversion although there has been little evidence of organized resistance there to

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date. Against this must be set Hungary's undoubted value to the Soviet Union.

(5) Poland is the largest of the Satellites in terms of population and territory, and is of high importance to Moscow both economically and strategically. It is the largest coal producer in Eastern Europe and among the Satellites has an industry second only to Czechoslovakia. Strategically it sits on the main approaches to Germany and Western Europe. A historic enemy of Russia, its population is overwhelmingly Catholic and pro-Western. Yet its anti-Soviet character is in part counterbalanced by well-grounded fear and distrust of Germany. This aspect is strengthened by the fact that one-quarter of present Polish territory was annexed from Germany after the war. Although the most daring of the Satellite peoples and with a long record of courageous resistance to foreign rule, the presence of Soviet troops and the efficiency of Communist police controls have precluded the underground forces which undoubtedly exist from engaging in any significant operations. It is estimated that Moscow would consider a threat to its domination of Poland as tantamount to one against the Soviet Union itself.

(6) Rumania is the key to Soviet control of the Danube basin and Balkan peninsula. To this strategic importance must be added its economic contribution to the Soviet Bloc in terms of oil and certain industrial products. The Communist party was never strong and in modern times the country has been definitely anti-Russian with a political and cultural orientation to Western Europe. Although popular dissatisfaction is

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widespread, there is no evidence of any organized Rumanian resistance. Soviet domination is effected by the ease of access to Rumania along a long common land and sea frontier, reinforced by the actual presence in Rumania of strong Soviet occupation forces.

g. Political and Diplomatic.

(1) As stated above, it is recommended that in the initial period we should use all appropriate means to hamper the consolidation of Soviet control over the Satellites and to keep alive their morale and aspirations for national independence, without, however, inciting them to premature or suicidal insurrection.

(2) American diplomatic missions still operating in the Satellites (in Czechoslovakia, Hungary, Poland and Rumania) should be retained as long as the returns therefrom in the form of intelligence, protection of U.S. interests, propaganda guidance and local contacts, official and unofficial, are deemed to outweigh the disadvantages such as apparent loss of U.S. prestige in the face of local harassment and the necessity for reasons of reciprocity of receiving Satellite missions in this country.

(3) Albania is without doubt the area most susceptible of early treatment in the second phase. As of today Bulgaria probably offers on balance the second target which should receive the emphasis of our effort. Poland and Rumania would appear to be the most difficult Satellites to separate from the Soviet Bloc.

h. Economic.

(1) Trade with Eastern Europe is at a low level because of the

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Soviet policy of developing economic self-sufficiency within the Soviet Bloc which is in turn reinforced by our own East-West trade controls. Within the limits available a flexible policy of economic warfare is recommended which will permit the exploitation of such opportunities as are offered against a particular Satellite government as will best support U.S. interests at a given time. It should be recognized, however, that the possibilities in this field are very limited.

i. Propaganda.

(1) We should use all available techniques to reach the populations of the Satellite states with the object of promoting and preserving nationalist and anti-Communist sentiment and their faith in eventual liberation, yet avoiding any commitments as to how and when this will occur and any incitement to suicidal acts of resistance.

j. Covert.

(1) Covert operations should be set in motion throughout the Satellite area with a view to building up assets which can be exploited during the second phase of Alternative C program. Earlier dividends should include intelligence information and the facilities for black propaganda designed to sow confusion among the local Communists and to support the morale of the anti-Communists.

(2) The present U.S. policy with respect to the encouragement of the defection of key Satellite personnel should continue. Similarly, support should be extended to exiled leaders and other refugees who can contribute to U.S. objectives.

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3. China

a. Communist China

(1) Communist China is the world's most populous Communist state and its Communist Party is the largest outside the Soviet Union. While its leaders were Moscow trained, the Chinese Communist Party planned and carried out its own revolution with no decisive aid from the Soviet Union.

(2) Some of the principal ways in which Communist China adversely affects the United States interests are:

(a) The threat of expansion into the Korean Peninsula with its resultant serious threat to the security of Japan.

(b) The continued challenge to the prestige of the U.S. by successfully fighting us to a "standstill" in Korea, thereby belittling our military stature and capabilities in the eyes of the world, particularly the Asian world and, at the same time, establishing herself as a major military power.

(c) Through participation in the Korean War, Communist China has forced the United States to bear the huge costs of military operations in Korea and to mal-deploy its forces so as to be at a great disadvantage if war should break out in Western Europe.

(d) It has created severe strains and tensions between the United States and its principal Allies.

(e) It has enabled the Viet Minh to conduct successful operations in Indo-China which have been a major factor in weakening French defense efforts in Western Europe.

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(f) This Communist-dominated, anti-U.S. and aggressive Asiatic power has enabled the U.S.S.R. to split U.S. efforts between two widely separated fronts -- the Far East and Europe -- without comparable expenditures of Soviet effort.

(3) Recent U.S. attempts to formulate clear, far-reaching policies with respect to the nations of the Far East, and the existence of virtual military stalemates in Korea and Indo-China, indicate that, short of waging successful global war against the Soviet Union, the U.S. must regard Communist China as the greatest obstacle to achieving its objectives in the Far East. Furthermore, the lack of past U.S. desire or ability to take effective military action against Communist China points up the need of promptly taking more effective action in all fields against her. The extent of the Asian land mass, the existence of friendly Chinese forces, U.S. mobility and control of the sea and air offers us many opportunities to harass and injure Communist China. We believe that we should promptly exploit those opportunities.

(4) The greatest problem facing the Chinese Communists in consolidating their hold on the Chinese people is that of convincing the Chinese millions of their ability to improve China economically. We believe, therefore, that our actions under our assigned policy should be designed to prevent the Chinese Communists from successfully solving this problem. We should by every feasible means weaken and isolate Communist China politically and prevent her being seated in the U.N. and other international bodies. We should take every measure to destroy her economy. To that end, we should maintain a total embargo on trade with Communist China, prohibit U.S. shipping to Communist

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b. Nationalist China

(1) The U.S. has committed itself to support the Nationalist Government of the Republic of China (NGRC) in its war with Communist China. We are also similarly committed to the U.K. and France. This creates a dilemma in our foreign policy in the Far East because of the divergent views and policies between the U.S. and NGRC on one hand, and the U.K. and France on the other. Effective U.S. countermeasures against Chinese Communist aggression have heretofore been restricted because the U.K. maintains diplomatic relations with Communist China and apparently would support a proposal to seat that Government in the United Nations; France is heavily engaged in Indo-China and is fearful of involvement with Communist China as a result of U.S. policy.

(2) The NGRC military potential, built up with U.S. aid, is an instrument capable of being used (because of the state of war which has long existed between the NGRC and the Communists) for conducting active military operations, including naval blockade, against the Chinese Communists without unduly straining relations with our Western Allies. Increased use of the forces of the NGRC for military operations will require greater U.S. military assistance and logistic support. Notwithstanding the additional costs involved,

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we recommend that the time has now come to make greater and more effective use of these forces for operations against Communist China. These forces have now been in training on Formosa for five years and are not getting any younger. They have not been in combat for years while the Chinese Communists have obtained much valuable combat experience in Korea.

(3) Operations to Recapture Hainan. In seeking a suitable objective against which to first employ the NGRC forces with minimum risk, we consider that the Island of Hainan (because of its separation from the mainland) has definite advantages not attainable elsewhere. There are only about 60,000 Chinese Communist forces on the island. They are widely scattered and cannot be easily reinforced. We do not consider that the NGRC forces are sufficiently strong at this time to undertake the more ambitious program of establishing and maintaining a lodgement on the mainland of China. They first need a limited objective operation to test their effectiveness and future value. After their past unimpressive performance on the mainland, they need a victory to bolster their morale and establish confidence in themselves. A successful operation against Hainan would be the beginning of the "march back" and would certainly have a profound psychological impact on the NGRC and the Chinese people. In addition, the capture of Hainan by the NGRC would assist greatly in controlling the sea approaches to Haiphong and Hanoi, which would contribute toward cutting off the support presently being provided by sea to Viet Minh forces in Indo-China from Communist China.

(4) Operations to re-capture Hainan would also give the U.S. an opportunity to evaluate the effectiveness of the NGRC forces ultimately to

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undertake expanded operations against the mainland. The results should go a long way toward determining whether they have the capability, with our material assistance, of being developed into an effective offensive military force or whether our future efforts in their behalf should be limited to building them up for the sole limited task of defending Formosa.

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4. Free Europe - Northwest Africa

a. In relation to Alternative C, the free nations of Europe and their Northwest African dependencies appear in three principal lights:

- (1) As actual and potential sources of Western strength in both hot and cold war.
- (2) As potential additions to Soviet strength if they were to be lost to the West.
- (3) As restraints -- some would say millstones -- upon U.S. action vis-a-vis the Soviets and other areas in the world struggle.

b. It is accordingly the task of U.S. policy to reconcile the three not-always-harmonious goals of:

- (1) Denial of the area to the Soviets.
- (2) Development and enlistment of its support for U.S. objectives, and
- (3) Limitation of the scope of their "veto" on U.S. policy and action outside their own area. This suggests that the U.S. objectives for which European concurrence or support is sought should be tightly circumscribed as to subject matter and as to level of effort sought from them -- the more nearly these objectives can be confined to the simple denial of the area to the Soviets the better.

c. The backdrop of our examination is a brutally-frank look at present-day Europe -- a Europe in which great potentialities are frustrated and confined by failure of leadership and political institutions. One cannot fail to be impressed by the striking contrast of rich physical and strategic

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resources with governmental weakness. We must fix firmly in our minds that we are dealing with a Europe of politically-weak states -- a Europe which, except for Germany, has lost its elan vital, and its leadership, and shows little sign of recovering them, yet one which cannot be allowed to slide under Soviet control. Energy and resolution in government are lacking, and the resulting lack of will and capability to act has been institutionalized in key instances in constitutions, in multiplicity of parties, and in delicately-balanced policy agreements on which coalitions are based. The recent example of France simply showed this situation in unusually striking form. Disillusionment of national societies with the good faith, competence, and value of their political agents and agencies is deep-rooted. Political action has little appeal in terms of the dynamics of a promise of economic betterment, except to those who, attracted by the Communist Lorelei, represent a threat rather than a support to the West. Otherwise, such appeal as political action has is chiefly in terms of rigid protection of the interests, programs, and policies which contending groups have had embodied in legislation and governmental administrative rulings. The picture is one of stalemated, checked and balanced political groups, unable to take the steps to develop strength or even, for example, in France, to correlate funding with approved programs.

d. Little of a dynamic nature is apparent to relieve the strains that exist. In particular, economic expansion, which through provision of new increments of resources would allow progress and improvement in selected sectors, is slowing in several countries. Possible stimulants exist, particularly in the EPU's widening of the trading market, and in the Coal-Steel pool

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which may introduce new dynamic forces into European industry at a very fundamental level. Coupled with this are indications of widening interest in business and government in increased productivity and reduction of restrictive practices, together with the emergence of at least a few younger industrialists of more expansionist outlook.

e. Other dynamic factors, however, work to increase the strains. Foremost among these are the problems of unemployment in Italy -- which, though possibly exaggerated is nonetheless of serious significance -- and the growing population pressure in the same country.

f. Except for Germany, free Europe is not an area from which greatly-expanded efforts can be expected, or even decisiveness in public affairs.

g. The gnawing concern of fear and insecurity which existed as little as two years ago has drastically reduced. The tendency to equate general war with utter ruin and loss of everything prized is still general, but is becoming less emotional than rational, and the probability of such war in any particular limited period of time seems to be rated much lower, at least in press and government, than formerly. Still, the reluctance to invest in projects of medium or long-term return is prevalent.

h. It does not appear that the Communist threat in Northwest Africa is now substantial. The main significance of the turbulence there is to harass a French Government already nearly overwhelmed by other problems.

i. A few signs of a slight recent recovery in American prestige are evident -- e.g., in military circles, at the "official" level of government and in NATO, and in certain elements of the press. The "decline" in

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U.S. prestige in 1952 was probably exaggerated in the minds of many by a mistaken assumption that the U.S., as such, enjoyed high prestige and influence prior to the decline.

j. Contrasting with these adverse factors are important, though limited, assets. The military and economic power, and the political and cultural influence of Western Europe are sufficient to constitute it a power-center. While it is unlikely that Europe will provide military forces sufficient to halt the Soviets, it is not unreasonable to expect that with U.S. end-item aid and marginal economic aid, they will provide 2/3 of this amount -- and probably more if a commensurate contribution from Germany can be obtained.

k. Industrial output is such as to enable a large proportion of military equipment requirements to be met -- particularly as expansion of munitions output aided by off-shore procurement takes place -- Europe's economy is able to provide a standard of living which is high in relation to that of Eastern Europe and Asia, and is rising, in general, at a slow to moderate rate. In basic industry such as the steel of the Ruhr, the Saar, and the U.K., the output of Europe still forms a large portion of world production. Great assets of highly skilled manpower exist, and Europe's manpower in military units is on a par with the world's best.

l. Within the scope of established governmental policies and approved plans, there is thus a sizeable strength in Western Europe. It is not, however, a strength which can be, in peace, commanded, employed and utilized aggressively under the existing free governments. There does realistically

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appear to be, however, a basis for the attainment of a rock-bottom minimum acceptable U.S. objective for the area.

m. One element of the policy of Alternative C is to "accelerate the consolidation of the Free World." An overall objective under that policy must be to deny the basic assets of the region to the Soviets, who would not suffer from the same inhibitions as we, in mobilizing and utilizing them to build up the Soviet power position. The Soviets are not bound to leave free Governments in power. Further, we should support actions tending toward integration, since the creation of larger markets may create a dynamic which could break the present network of restrictions. We should support the incorporation of Germany into the community of European nations, for the dual reason that this action would enlist the German dynamic, and at the same time tend to control it.

n. In the mid-term, we should strive to create in Europe a Defense Force, basically conventional in type, that will increase our flexibility by avoiding exclusive dependence upon atomic weapons and add to our ability to retain major areas on the continent if the Soviets attack. If by mid-term we have pressed the Soviets back to a point where they are ready to accept atomic inspection and limitation, this force could prove a most valuable element in Free World strength. In any case, it denies the Soviets the hope of easy advance over a Western Europe blackmailed into not using atomic weapons.

o. It is in the short-term, however, that concrete and definitive action requirements may be stated. The first is to get the Soviet Union

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out of Eastern Germany. Likewise, they must be gotten out of Austria. The second is to build up a considerable level of strength in the present NATO area. The level of this strength, and the elements composing it, are presented more concretely in the discussion of lines of action at a later point in this section.

p. A second major effort should be to cut down the Communist strength in France and Italy, with the ultimate goal of stamping it out and driving remaining elements underground. In the short and mid-term, effort should be concentrated on splitting off major segments of Communist voting strength, public support and labor strength that are not committed, hard-core Communists. Immediate action should include: renewal of stimulation of non-Communist labor unions, efforts to alienate the peasant vote from the Communists, further efforts to identify the Communists as "enemies of the Republic", and continued action to show up the speciousness of Communist appeals, particularly to the neutralists and near-neutralists. In addition, there should be ever-increasing harassment of the Communist party and apparatus, and a progressive series of operations aimed at the ultimate destruction of the Communist Party structure in those countries.

q. A coordinated program of action related to short-term ends, includes those listed below. (Note: These are examples. Obviously, in the short time available to this study, full staff analysis has not been possible. It is pointed out elsewhere in this report, however, that staffs must develop the capability of formulating and initiating actions of this kind in a matter of days not of months.)

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(1) Diplomatic-Political

(a) The development, among our allies, of sufficient policy agreement concerning the actions which follow to allow them to go forward, without damage to essential unity concerning Atlantic Community affairs. France constitutes a special key. Combining political weakness with intransigence on certain major issues, it has become in a sense a key to progress in Western Europe. French agreement to German rearmament must be obtained, if not through EDC then through standing aside while bilateral and/or NATO arrangements are made. Further matters for early negotiation with the French are set forth in the discussion of Indo-China.

(b) Approach the Soviets with demands that they evacuate East Germany. Press our allies to join with us. Use every kind of inducement available, especially paper inducements which need not unduly bind us later. E.g., cite the future threat to the U.S.S.R. now rapidly being created, and the forming of extremist sentiment in Germany, and offer the Soviets guarantees against German aggression. Seek to build up the idea that Soviet presence in East Germany is a source of weakness, difficulty and future threat to themselves, rather than a source of strength. These actions are coupled with a propaganda campaign described below.

(c) The ideal solution we would wish to see is a united and rearmed Germany integrated in the European Community. In the effort to achieve this we should not exclude the possibility that an agreement with the Soviet Government for the unification of Germany obtained on condition that it be neutralized, though permitted a limited national defense

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establishment, might serve as an interim stage toward this objective. Allied forces might be withdrawn into limited enclaves. The risk involved in such a strategy might well come within the terms of reference of Alternative C. Our minimum requirement for Germany is a rearmed West Germany associated with the West. As time passes our liberty of maneuver and decision with respect to this problem becomes increasingly restricted and the weight of German opinion grows. We recommend that we press forward on both courses until a point is reached compelling a definitive choice. Accordingly, we further recommend that the EDC nations be given to understand that if they are unable to institute their defense community by the end of the year, the United States will be compelled to take steps to arrange the re-arming of Western Germany on a bilateral basis.

(d) Press strongly and repeatedly for an Austrian treaty that will get Soviet forces out of Austria (as a preliminary to later clearing of Hungary and Rumania). Be prepared to withdraw allied forces if necessary to get agreement (see, however, "covert" below). Be prepared to pay the Soviets a "ransom" for Austria, and to assure Austria of continuing financial support in order to get the Soviets out.

(e) Make repeated representations, and organize repeated pressure drives in the U.N. concerning the Soviet "enslavement" of Eastern European countries.

(f) Aim for a "settlement" in Central Europe, leaving narrow loopholes for continued aggressive action against the satellites.

(g) Take no position concerning NW Africa which runs



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counter to French policies prior to the initiation of German rearmament. (This line of action does not, however, preclude the world-wide projection by the U.S. of the principle of the development of self-government for those areas and populations not now possessing it.)

(2) Military. In Western Europe such a level and kind of force should be developed, at a minimum, as will maintain the alignment of the area with the West during peace and assure its alignment with the West in war. Effort should be made by the U.S. to have as much military force as possible generated by the area itself. In this "defense-deficit" area, unwilling or unable to provide its own defense completely, the U.S. should avoid underwriting the deficit, except to the extent unavoidably essential to preventing their psychology and spirit from deteriorating to such point as to make subversion probable. Above the essential "morale-minimum", the U.S. should assist toward enabling the Europeans to approach meeting the requirements of defense as far as U.S. resources and other U.S. commitments will permit. However, it should be clearly understood that there are limits on what can be expected from these allies in peace (or war), and that, in seeking to redress the U.S./Soviet power balance there is a point beyond which the mobilization of U.S. potential and resources in the form of further allied units is no longer the most efficient vehicle for developing military power. The necessity for close military integration within the scope of the common defense undertaking cannot be over-emphasized, for if such integration is not accomplished, the military and psychological benefits of collective security will be lost. Over and above the "morale-

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minimum", the U.S. should, for strategic reasons, develop the capability of holding, with such allied assistance as may be reliably expected, a suitable position on the continent despite Soviet attack, as a base for such later operations as may be decided upon. In Germany sufficient allied military force should be maintained on the ground prior to the development of German forces to preclude a vacuum into which Soviet power on the ground (even if covert) might flow, or into which the re-entrance of allied forces might be difficult to accomplish. The potential German contribution should, of course, be realized at the earliest possible time.

(3) Economic. The U.S. should give marginal support to the economies of Western Europe where assessed by us to be necessary in order to provide the resource levels for maximum indigenous contribution to the programmed build-up and maintenance of military forces, and for civil requirements to maintain living standards at levels and with increases compatible with continued holding down of communist influence. Long-term commitments should be undertaken as an element of specific plans bringing in German participation in defense, and thus constitute a quid pro quo. Continue support of ameliorative economic and financial measures such as reduction of obstacles to trade, EPU, and other efforts to widen the European trading systems.

(4) Propaganda. A key element in our propaganda projection to Western Europe should be our disclosed attitude and policy toward Central Europe. We should build up the necessity for a settlement in Central Europe as a prerequisite to peace. We should stress the theme of "liberalization"

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