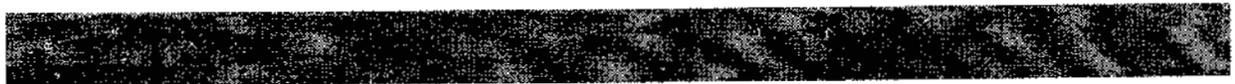


Memo

Critical Developments in French Policy
Toward Indochina

10 January 1952



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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

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10 January 1952

Memorandum for the Director of Central Intelligence

Subject: Critical Developments in French Policy toward
Indochina

As the result of the current French cabinet and budgetary crisis, a critical French reappraisal of their Indochina policy appears imminent and may have major implications for the US. Plagued by continued inflation and limited financial capabilities, all levels of French official and public opinion are rapidly gravitating toward the opinion that France itself cannot simultaneously support two major military efforts, one in NATO and the other in the Far East.

Postwar French military policy has reflected preoccupation with two needs: (a) not to be overshadowed militarily by a resurgent Germany; and (b) not to abandon the French position overseas. The French calculate that, even with projected US aid of all kinds, the cost to France of meeting these two requirements is likely to rise in 1952 to over \$4 billion -- roughly \$1 billion in Indochina and \$3 billion for NATO. They calculate, however, that their maximum practicable military budget will fall short of this figure by over \$500 million.

Since French interests in Western Europe are paramount, it appears that any retrenchment must come in the Far East. Among the signs are (a) General de Lattre's recent remarks on

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the disproportion between the expense of the war in Indochina and the French stake there; (b) Premier Pleven's recent request for early high-level conversations on Indochina in the context of the whole Far Eastern problem; and (c) indications that many French politicians are becoming converted to the belief that French withdrawal from Indochina is inevitable and should not be too long postponed. Embassy Paris estimates that the "snowball has started to form" and that, in the absence either of some form of internationalization of the Indochina problem or of substantial additional US aid, public sentiment for withdrawal will gain steadily and perhaps accelerate.

Under these circumstances the French Government has apparently concluded that the only chance of solving its problem short of retrenchment lies in convincing the US that France itself can no longer support the major burden of the Indochina war. The French have consistently argued that the Indochina struggle must not be regarded as a purely national interest but as an integral part of the over-all containment effort of the West. Consequently present French policy appears directed toward: (a) securing substantial additional US aid to relieve the French financial burden; (b) securing some form of internationalization of the Indochina war, i.e., a US-UK commitment to defend Indochina, thus acting as a warning to the Chinese Communists, plus a concerting of joint defense measures as recommended by the Singapore Conference; and (c) achieving, if possible, an armistice in Indochina on the Korean model. It appears likely that France intends to press for early decision on these issues, despite their grave implications for French colonial policy. The French Government may well consider that it must act along these lines sooner or later anyway and that it cannot afford to wait until a Chinese invasion is imminent or German rearmament is well underway.

SHERMAN KENT
Assistant Director
National Estimates

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