

TOP SECRET.

Secretary of State

ALBANIA.

In a memorandum dated November 15th (Flag A) about operation "Valuable" the Department recommended that preparation for the second or insurrectionary phase of the operation should continue without interruption, the final decision whether or not to proceed with it being left over till the spring. The Secretary of State said that he would consider the question on his return to London. The argument leading up to this recommendation can be recapitulated as follows. There is no guarantee that the Communist aggression against Greece will not be renewed and it remains a desirable object of policy to disrupt the Albanian base from which the principal attacks on Greece have generally been launched. But from the more important point of view of our Yugoslav policy it is not so certain in present circumstances that the installation of an anti-Communist regime in Albania would in fact be so much to our advantage. The uncertainty arises from the fact that an upset in Albania in the spring might provide the Soviet Government with the very excuse they want in order to attack Yugoslavia; on the other hand if Tito already found himself under guerrilla attack from Albania and Bulgaria he might welcome an upset in Albania to relieve the pressure. While this uncertainty exists it would, so we concluded, be a mistake actually to cancel the preparations for the second phase of the operation.

Since this memorandum was submitted to the Secretary of State there have been one or two developments, which make it necessary for us to offer slightly different advice.

/Some .

Some of the agents infiltrated into Albania have now come out again and have made full reports. While these reports confirm the impression which we had already received about the disaffected state of the population, they also show (a) that no actual revolt is to be expected unless arms and ammunition are sent in on a fairly large scale, and (b) that the regime is surprisingly well served by its counter-intelligence system. "Phase two" (i.e. the active promotion of rebellion) would, it seems, be a more formidable undertaking than we had originally contemplated and the chance of His Majesty's Government's responsibility remaining undiscovered would be extremely small, indeed probably nil. Apart from anything else, it seems that the Greeks, the Italians and the French have all had a pretty extensive knowledge of our activities to date. The practical difficulties of preparing "phase two" have also turned out to be greater than expected.

The Americans have also begun to have cold feet; one of C's representatives who has just returned from Washington reports that we shall certainly not be able to obtain their co-operation in carrying the venture to the conclusion originally contemplated. This is really decisive because apart from the importance of keeping in step with the Americans in matters of this kind we should not have the resources to carry out "phase two" without their help. This does not ^{however} mean that we must entirely drop the idea of active interference with Albanian developments. Though we may reluctantly have to stop thinking in terms of lending military or material aid to the potential revolutionaries we can still contemplate the idea of guiding, exhorting and advising them by means of agents and broadcasts, and this we should reserve to ourselves the possibility of doing should we think that Tito's interest would thereby be served. We could certainly carry the Americans with us to this extent.

/Recommendation

Recommendation:

Thus we now recommend:

- (a) that no preparations should be made to carry out "phase two" in the sense of an operation involving the despatch of fighting men and supplies to assist a revolutionary movement in Albania, and that the idea of any large-scale operation should be abandoned;
- (b) that the present system of infiltrating agents be continued in collaboration with the Americans;
- (c) that the agents be so chosen and trained that they could if necessary be used to stimulate any movement directed against the regime.

A. Rumbold

20th December, 1949.

Mr. Bateman has minuted:-

"If recommendation (a) is accepted, I do not see much reason in recommendations (b) and (c). It will be for 'C' to explain this satisfactorily."

The British report on the results of phase I of the operation will be found at Flag B.

The American appreciation of the present situation and recommendations for future action will be found at Flag C.

I have discussed the position with 'C'.

His view is that though the Americans are clear in their minds that phase II, as originally contemplated, should not be proceeded with, they would be disappointed if we did not agree to continue operations along the lines of phase I. He thinks