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State Department review completed

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GENERAL

1. Similar Soviet objectives in Sinkiang and Azerbaijan noted--US Ambassador Smith in Moscow, commenting on US Embassy Nanking's report of political developments in Sinkiang, notes a marked similarity between the situation there and that in Azerbaijan. In both countries he believes the USSR is following a policy of political rather than military subjugation, and is exploiting each area as a means of disrupting and ultimately capturing the respective central governments. The USSR, in Smith's opinion, is incapable of maintaining a benevolent neutrality toward Sinkiang and must seek ultimate control over it, "first as an 'autonomous' province in the Chinese Republic; later perhaps as an 'autonomous' state like the Mongolian Peoples' Republic, and possibly much later as an integral part of the USSR like Tannu Tuva." Parenthetically he suggests that such a policy seems admirably suited to situations such as exist in China, Iraq, Afghanistan and, before long, India.
2. Ill effects of German Socialists' visit to UK--Embassy London reports that the visit of German Social Democrat Party leaders to the UK has had unfortunate results in that the attendant publicity and the Germans' critical remarks have offended other European Socialist parties, the French Government, British anti-Socialist elements and British officials concerned with Germany.

EUROPE

3. GERMANY: US pressure for unification alleged by French--French Zone officials have intimated to US Political Observer Mayer in Baden-Baden that the US is withholding food supplies from the French Zone and sector of Berlin in order to force agreement to a zonal economic merger. Mayer adds that, if it increased French taxes, unification would be "politically impossible" for the French Government and notes that the French Zone, unlike those of the US and UK, has a favorable balance of trade.

Soviets may grant political concessions--Acting US Political Adviser Heath has received indications that the USSR may grant political

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concessions in exchange for urgently needed goods from reparations through current production. Heath's informant believes that authorization of the SPD (Social Democratic Party) in the Soviet Zone might be possible.

4. FINLAND: President expresses anti-Soviet attitude --US Charge Hulley reports that President Paasikivi, in a recent interview with a TIME correspondent, was "bitterly anti-Russian" and asserted that the loss of Karelia to the USSR "is a wrong which must eventually be righted." Hulley suspects that Paasikivi has always been anti-Soviet but has "obviously had to keep up the front of cementing friendly relations with the USSR."

NEAR EAST-AFRICA

5. IRAN: Government begins active military operations against Azerbaijan-- US Ambassador Allen has been informed by the Iranian Minister of War that military operations against Mianeh (about 80 miles southeast of Tabriz) began 9 December and that contact had been established between the opposing forces. Allen also reports that Prime Minister Qavam will delay setting up balloting procedure and dispatching election inspectors to any of the Provinces until the Azerbaijan situation is clearer.

THE AMERICAS

6. ARGENTINA: Communist leader admits tie with French Communists-- US Ambassador Messersmith reports that Argentine Communist leader Victorio Codovilla admitted [redacted] that (a) "there are people going back and forth all the time" to maintain liaison between the French and Argentine Communist parties, and (b) no "direct connections" exist between the Argentine Communist Party and any group in the USSR. Messersmith believes that these statements may be designed to camouflage the Communists' connections with the Soviet Embassy in Buenos Aires.

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7. **CHILE: Arbitration agreement signed in Braden strike--US Ambassador Bowers reports that company officials have signed an agreement with strike leaders to arbitrate the Braden strike issues [redacted] and apparently have been assured by the President of Chile that a justice of the Santiago Court of Appeals or of a higher court will be appointed as arbitrator.**

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