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GENERAL

1. Hint of Soviet-German pact--In discussing a Soviet lecturer's recent reference to "the possible emergence of a Soviet-German alliance," US Embassy Moscow comments that such a development would not be surprising. The Embassy notes Moscow's unwillingness to permit any rehabilitation in Germany except in strict accordance with Soviet plans, and calls attention to the highly centralized character of the draft constitution proposed by the USSR and to Moscow's current effort to raise the level of German industry. These developments, considered in the light of the complementary economies of the two countries, lead the Embassy to the conclusion that the Kremlin still aspires to the control of all Germany, a control which would probably be exercised through an "alliance" following the lines of present agreements between the USSR and her satellites.
2. Tito protests US "delay" in return of Danube vessels--A Yugoslav Foreign Office official, "on direct orders from Tito," has protested orally to US Charge Hickok in Belgrade that the US is apparently intentionally delaying the restitution of Danubian vessels to Yugoslavia. Hickok believes that "unnecessary delays serve no useful purpose and shed an unfavorable light on our promises."
3. Political Sovereignty not involved in Sinkiang offer to USSR--US Consul General Shanghai now reports that the Sinkiang Governor's offers to the USSR, covering joint exploitation of the Province's tin, petroleum and wolfram resources, and possibly gold deposits, do not include concessions involving political sovereignty (see Daily Summary of 20 November, item 1).
4. Soviet strategy concerning Chinese conflict--US Ambassador Smith in Moscow reports that the Chinese Ambassador believes the Chinese Government does not intend to extend its current offensives to final assaults on Harbin and Yen-an because it does not wish "to risk provoking Soviet retaliation." The Chinese Ambassador says he has advised the Generalissimo, in response to the latter's query, against taking the risk involved in the occupation of Yen-an and "consequent collapse of the Chinese Communists." Smith comments that Central Government occupation of Harbin would provoke sharp Soviet reaction but not open military intervention because the Soviets will go far even in Manchuria to avoid a direct clash with the US. Smith "suspects" that Soviet reaction to the capture of Yen-an

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would be limited to violent press campaigns and undercover aid to the Communists.

5. Soviet stand on Korean Joint Commission unchanged--General Chistiakov, in reply to General Hodge's 1 November offer to reconvene the Joint Commission on the basis of the Bunce-Balasanov formula (see Daily Summary of 14 October, item 5) has rejected the formula and has proposed alternative conditions, equivalent, in General Hodge's opinion, to the original Soviet demands presented at the opening of the Joint Commission on 20 March.
6. Repatriation of Japanese from Soviet areas--Agreement to repatriate an initial increment of 25,000 Japanese nationals from Soviet areas was reached on 26 November between SCAP and the Soviet member of the Allied Council. Japanese will be repatriated in groups of 5,000 each from designated points in North Korea, Siberia, Manchuria, and Sakhalin. The ships will arrive in Soviet ports between 4 and 13 December. A comprehensive agreement for the repatriation of all Japanese submitted on 22 November is now being studied by the Soviets.

EUROPE

7. FRANCE: Army action in event of a Communist coup--US Military Attache Paris considers that the bulk of the French Army would act against any Communist attempt to seize power in France by force. He adds that the "considered estimate" of the British Military Attache is similar to his.
8. RUMANIA: King considering appeal to Big Powers--US Delegate ACC reports that King Michael is undecided as to whether to open the Rumanian Parliament on 1 December and thereby indicate his approval of the elections. The Delegate asserts that the King is "seriously considering" making a formal request that the Government postpone the opening of Parliament pending inquiry as to whether the US, UK and USSR consider that the Rumanian Government has satisfactorily discharged the Moscow agreement concerning elections.

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9. ITALY: Recommendations for Military Missions--According to US Military Attache Rome, Admiral Stone recommends that a US Military Mission without British participation be established in Italy after the peace treaty becomes effective. The MA believes, however, that the most feasible solution would be a Joint Mission. The Italian land and air forces would likely recommend a purely US Mission but would prefer a Joint Mission rather than a solely British Mission. The MA seriously doubts the wisdom of leaving a single British Mission to represent the Western democracies.

Possible alliance of Christian Democrats with the Right--The Supreme Allied Commander reports that Piccione, Secretary of the Christian Democrat Party, has publicly hinted at an alliance of his Party with such rightist elements as "have not been compromised with fascism or neo-fascism." SACMED adds that a right-wing bloc composed of Uomo Qualunque, the Action Party, and Liberals apparently is being formed in northern Italy.

10. GREECE: Procedure on UN appeal--US Embassy Athens has emphasized to the Greek Foreign Office the importance of (a) presenting its case to the UN in a legally sound manner; (b) referring only to events warranting the attention of the UN which can be substantially proved; and (c) possibly presenting such evidence as actual Albanian and Slavic weapons, uniforms and documents taken from bandits in Greece. The Embassy recommended appeal to the Security Council rather than to the General Assembly. The Greek Foreign Office will advise its delegate to the General Assembly accordingly.

Broader Government suggested--Ambassador MacVeagh has suggested to the King's political adviser that (a) in order to make clear that the Greek case has full parliamentary support, Tsaldaris be accompanied to New York by Opposition leaders and (b) the formation of the broadest possible coalition government is a matter of urgent necessity particularly in connection with desired US assistance.

NEAR EAST-AFRICA

11. IRAN: Soviets exerting pressure on government--Allen reports that Soviet pressure on the Tehran Government was indicated by the Soviet Ambassador's recent inquiry of the Shah and Qavam as to whether the Iranian Government intended to "attack" Azerbaijan; and by the violence of Tudeh

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radio and press attacks against Qavam. The Tudeh press is also attacking the US as "the principal reactionary power."

Allen believes that, unless Soviet pressure is backed by "movements" of Soviet troops, neither Qavam nor the Shah will abandon present efforts to regain sovereignty over Azerbaijan, "particularly if they feel they are not being left to stand alone against the Soviet Ambassador."

THE AMERICAS

12. CHILE: Government threatens to operate mines--Bowers states that President Gonzalez has told officials of the Braden Copper Company to choose between arbitration and the Government's operating the mines "as you have done in the United States," but that the Company remains unwilling to arbitrate a Communist demand that would involve setting aside "existing Chilean labor code provisions."

Gonzalez has asked Bowers to ascertain whether the US "threat" to "cut off credits and assistance to Chile" is being implemented "in the midst of negotiations."

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