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GENERAL

1. Iranian replies to Soviet notes---Qavam told Ambassador Murray on 27 March that he had not as yet concluded a final agreement with the USSR, but intended to reply that day to two of the three notes delivered by the Soviet Ambassador on 24 March (see Daily Summary of 26 March, item 1). The substance of the replies drafted by Qavam follows:

(a) On removal of Soviet troops. Appreciation is expressed for the Soviet decision to withdraw their troops and the Soviets are requested to notify the Security Council formally of this decision, omitting the qualifying phrase---"unless something unforeseen happens"---contained in the Soviet note. (According to Qavam, the Soviet Ambassador now states that the USSR would omit this phrase "as soon as other agreements were concluded.")

(b) On oil concessions. The following counterproposal is made to the Soviet request for a joint Soviet-Iranian company to exploit Iranian oil, which Qavam believes is the "real crux" of the present crisis: (1) each country should have equal participation in the company (instead of 51% Soviet and 49% Iranian as suggested by the USSR); (2) Iran would contribute land as her share of the capital but should not be required to make any financial contribution, and the USSR would provide technical personnel and equipment; (3) the joint adventure should endure for 30 years (instead of 50 years as proposed by the USSR); (4) areas of Azerbaijan contiguous to Turkey and Iraq should not be included among the areas to be exploited, in the interests of avoiding "international friction" (the Soviets proposed that exploitation should cover virtually all of northern Iran); (5) any security forces required for any purpose in connection with the exploitation should be solely Iranian.

Qavam had apparently not yet drafted a reply to the third Soviet note, in which the Soviets offered to intercede in the Azerbaijan situation. In discussing this subject with the Soviet Ambassador, Qavam had expressed his willingness to negotiate with the

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Azerbaijanis "within constitutional limits" and his desire that they send a delegation to open negotiations. In reply, the Soviet Ambassador had declared that if Qavam was prepared "to go no further than that," it was useless to attempt negotiations. Qavam told the Ambassador that he did not wish Soviet interference in the details of his dealings with the Azerbaijanis but only desired the USSR's "general moral support."

Qavam told Murray that he intended to keep his proposed agreements strictly confidential. He said that he had informed Ambassador Ala of the negotiations, but had instructed him (1) not to reveal them to the Security Council or anyone else, and (2) if asked whether an agreement had been reached, to say that he would have to inquire of his Government. Murray indicated to Qavam that such a policy of secrecy (which Murray believes is the result of Soviet pressure) might lead Qavam into serious difficulties.

Murray asked Qavam whether he considered formal Soviet assurance to the Security Council regarding troop withdrawals as sufficient protection. When Qavam asked for Murray's view, the latter suggested that Qavam instruct Ala to see that the question remained one of "continuing interest," even after present Council discussions and Soviet withdrawals. (Later that day Ala told Stettinius that his main objective is to keep the Iranian question "definitely on the continuing agenda of the Council.")

Murray believes that when Qavam reaches what he considers to be a satisfactory agreement with the USSR, Ala will be instructed to announce to the Council that (1) Soviet assurances of troop withdrawals are satisfactory and (2) provided these assurances are fulfilled, Iran considers the case closed.

2. Convocation of Paris Peace Conference--The French Deputy on the Council of Foreign Ministers recently announced that his Government had formally requested the US, UK and USSR to express their views about convoking the Paris Peace Conference on 1 May.

In previous discussions of this matter among the Deputies, the Soviet representative had indicated that the USSR (a) would try to postpone the Conference until greater agreement had been obtained on drafts of the Italian and Balkan treaties and (b) regarded the Conference solely as an occasion for the four powers charged with

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drafting the treaties to push through the drafts that they have agreed upon, limiting as much as possible any discussions by the smaller powers and any consultations with the enemy states.

EUROPE-AFRICA

3. USSR: Soviet ruling group substantially unchanged--Charge Kennan reports that the recently published lists of high Communist Party officials indicate no important change in the membership of the inner ruling group of the USSR. Within this group, however, there have been significant shifts of position and title. Foremost among these is the open recognition of the importance of Georgi Malenkov, whose position in Soviet internal affairs appears to be second only to that of Stalin. Continued Party domination of the Army is indicated by the fact that no professional military figure was admitted to high party councils. Active political power in the USSR appears to be restricted to a small group within the Politburo: Stalin, Molotov, Malenkov, Laverenti Beriya, and possibly Zhdanov, Mikoyan, and Bulganin.
4. AUSTRIA: Conflict over interim constitution--Erhardt reports that the Allied Council, Vienna, has been unable to agree on the interim draft constitution submitted by the Austrian Government. The US, British and French commanders have pressed for its adoption, but the Soviet member has objected to a number of provisions, including those giving "too many" powers to provincial and local governments rather than to the Central Government. Erhardt comments that this conflict raises doubt as to whether Western and Soviet views can ever be harmonized on any Austrian constitution.
5. YUGOSLAVIA: US note on Mihailovich--The State Department has instructed Embassy Belgrade to inform the Yugoslav Government that many US Army officers possess first-hand evidence that would bear on any contemplated trial of General Mihailovich on charges of collaboration with the enemy. The Embassy is to request information as to the date of the trial and the facilities which will be made available for US witnesses to present their evidence.

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FAR EAST

6. CHINA: Schedule of Soviet withdrawal from Manchuria requested-- The Vice Minister of Foreign Affairs has advised Embassy Chungking that on 27 March the Chinese Government had agreed to the withdrawal of Soviet troops from Manchuria by the end of April but had requested the Soviet Government to furnish a definite schedule of the withdrawals.

THE AMERICAS

7. BOLIVIA: Food and politics-- On 22 March, an agent of General Lanza (leader of Bolivia's Liberal Party) told US Charge La Paz that (a) Bolivian democrats had no chance of winning in the May elections, which were certain to be fraudulent, (b) Lanza accordingly planned "to seize power by force" sometime after June, and (c) if he should be successful, Argentina would undoubtedly stop its shipments of food to Bolivia. The agent inquired if, under these circumstances, the US would provide the food necessary to maintain the revolutionary government in power.

Three days later the Charge had a long talk with President Villarroel, who stated that, while he was no special friend of Argentina, he had to treat that country with "every courtesy" because of Bolivia's dependence on it for food. He indicated that a military alliance pact between all countries of the western hemisphere, including Argentina, was of particular importance to Bolivia, which is presently at the mercy of "avaricious and more powerful neighbors."

8. ARGENTINA: Visit of naval group to US disapproved-- The State Department has advised Embassy Buenos Aires that the contemplated visit of an Argentine Naval group to the US would not be consonant with US policy of refusing Argentina any assistance that would strengthen its armed forces (see Daily Summary of 14 March, item 6). The US Naval Attache in Buenos Aires believes, however, that a strict implementation of this policy will result in the loss of "the present and long-standing cordial friendship and cooperation of the Argentine Navy."

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