

18 APR 1946

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GENERAL

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1. British now believe USSR aims at world domination--According to Embassy London, the British Foreign Office no longer considers that the Soviets are interested primarily in achieving security and then concentrating on internal development, but believes instead that they are "motivated by ideas of world domination, to be achieved indirectly through propagation of Communist doctrine and directly through exertion of pressure across Soviet frontiers." The Foreign Office notes that the USSR apparently aims to disrupt the opposition by concentrating pressure against Britain, and believes that "if a stiff front is presented before it is too late," the USSR "might be deflected from expansionist plans and revert to a policy of security and internal development."

The Foreign Office Undersecretary believes that the USSR does not want to join with the other powers in seeking a general settlement but prefers to tackle problems one by one. He doubts that disagreement exists among Soviet political leaders on big issues and considers that apparently conflicting Soviet pronouncements and decisions are obscure tactical moves in carefully developed plans.

2. Soviet-Iranian economic negotiations--The Soviet Government is prepared to begin economic negotiations (aside from oil) with the Iranian Government, Qavam has informed Embassy Tehran. According to Qavam, Iran must obtain (a) free use of the dollar credits and gold held in Moscow (under the terms of the Soviet-Iranian financial agreement of 1943), or (b) the goods from the USSR which it really needs rather than those which the USSR might choose to sell.

Qavam admitted that expiration of the 1943 agreement on 2 March entitled Iran to free utilization of these credits in the world market. The Embassy's representative pointed out that this appeared to be another case in which Qavam felt compelled to negotiate with the USSR in order to obtain a right that was already his. Qavam replied: "That's the situation in which we find ourselves."

3. US position concerning Soviet troops in Balkans--The State Department on 5 April instructed Dunn to press energetically for the simultaneous conclusion of peace treaties with Austria, Bulgaria, Hungary and Rumania. The signature of the Austrian treaty would terminate the Allied occupation and eliminate any necessity for the retention of

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Soviet troops in the Balkans to maintain communication lines to Soviet occupation forces in Austria. In this connection, the US Chief of Staff has now advised the US Military Advisor to the Council of Foreign Ministers that, should the Balkan treaties be signed prior to the Austrian treaty, it is the US position that (a) the treaties should stipulate the exact nature of the maintenance troops rather than grant broad rights for the retention of forces in these countries, and (b) the Soviets need no communication lines through Bulgaria, since those through Rumania and Hungary are adequate for the support of Red troops in Austria.

4. Views on Western Germany--Belgium. Prime Minister Spaak has told Ambassador Alan Kirk that Belgium (a) disapproves of political separation for the Ruhr and Rhineland because France would eventually absorb both; (b) considers it necessary that the USSR share in the economic administration of these areas, although Soviet presence on the Belgian frontier would be "little relished"; and (c) does not object to the incorporation of the Saar within the "French orbit."

Netherlands. According to Embassy London, Prime Minister Schermerhorn has indicated to Bevin that the Netherlands (a) is interested primarily in the Ruhr; (b) opposes political separation of the Ruhr, "because it would tend to accentuate German economic distress"; and (c) is concerned lest an agreement on the issue be reached without consideration of Dutch views.

United Kingdom. Bevin told Schermerhorn that he has no cut-and-dried plan for the Ruhr, and is inclined to favor some form of international economic control rather than political separation. Bevin envisages a long period of military occupation.

5. UK to transfer carrier to France--The Commander of US Naval Forces in Europe has been informed by the British Admiralty that the Admiralty has agreed to transfer to the French Navy, late this summer, a carrier of the COLOSSUS class, probably the VENGEANCE. The transfer will be on a loan basis with provision for outright future purchase. Six frigates already on loan will be sold to the French at a devalued figure. The UK and France have agreed that sales prices will not be disclosed.

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EUROPE-AFRICA

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6. IRAQ: New defensive steps against possible attack--US Legation
Baghdad reports that the Iraqi Army is moving toward Iraq's north-eastern frontier in order to block possible aggression from Iranian Kurdistan. [redacted] Iraqi forces in the Kurdish areas may exceed 20,000 when they start "maneuvers" within the next two weeks, but Legation Baghdad questions whether sufficient food supplies can be obtained for so large a force in the inaccessible and relatively barren northern regions. Though the Iraqi Premier has stated that there is no Kurdish problem, he has advised the British that if the Soviets support the Kurds, Iraq will expect Britain to come immediately to its aid.

The Assistant US Military Attache, Tehran, on the basis of recent personal observations, reports that (a) the Kurds appear uncertain as to their future course of action in view of the recent Soviet-Iranian agreement, and (b) the Iranian military authorities now consider the military situation in Kurdistan somewhat less critical.

7. GERMANY: Anticipated results of Socialist-Communist merger in Soviet zone--Murphy expects that the United Workers Party (an amalgamation of the Socialist and Communist Parties recently effected throughout the Soviet occupation zone) may soon launch open attacks on the moderate and conservative parties as reactionary forces "which deserve no recognition in a progressive democracy." He quotes a Berlin G-2 report that local Soviet authorities favor the United Workers Party as the leader of the "battle for a classless society" in Germany.
8. USSR: Delivery of US tug boats--Ambassador Smith reports that the Soviets plan to send Soviet Naval personnel to take delivery at Point Pleasant, West Virginia, of tug boats purchased by the USSR. Smith questions the advisability of allowing the Soviets to sail these vessels under their flag through US inland waterways. He recommends that, in view of tight Soviet restrictions on US movements within the USSR, we should not "give away such concessions for nothing."

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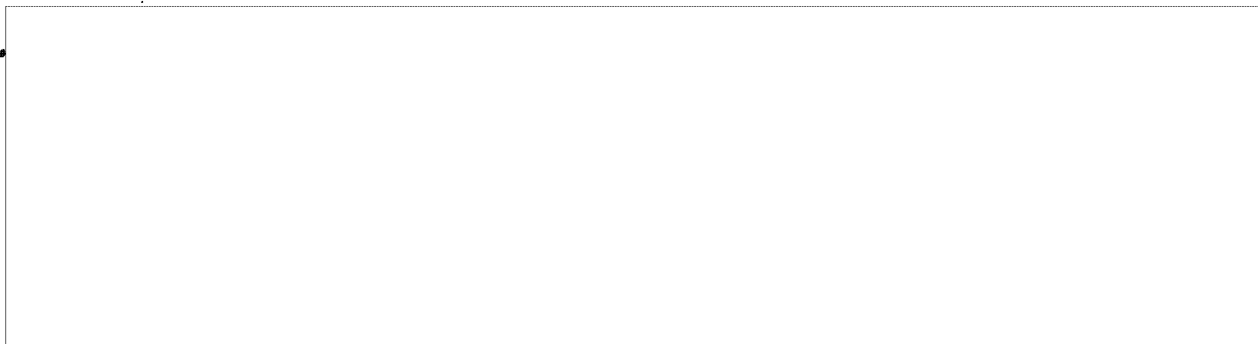
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FAR EAST

- 9. KOREA: USSR modifies stand--General Hodge reports that the Joint Commission has agreed on the text of a declaration which political parties will be required to make before they are consulted on the formation of a Korean provisional government. This declaration pledges the parties to cooperate with the Joint Commission in fulfilling the aims "of the Moscow decision on the formation of a provisional Korean democratic Government." General Hodge believes that Soviet acceptance of this formula represents a considerable departure from the original Soviet position.

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