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GENERAL

1. US position on Italian cables--The State Department has advised Embassy London that the US sees no reason to oppose British retention of cable terminals now in British territory, assuming British concurrence in US policy, which favors return of Italian cables to Italian control (see Daily Summary of 19 April, item 5).
2. British views on investigation of the Spanish regime--According to Stettinius, the British Foreign Office considers "dangerous" the Australian proposal that the Security Council appoint a committee to examine the Spanish issue. The British, however, will not object to the proposed action if it is supported by the US (Stettinius has been instructed to support the Australian proposal). The British feel that a committee investigation would (a) create tension along the Spanish-French border and between Communists and non-Communists in south France; (b) embarrass the French and play into Soviet hands by compelling examination of Spanish charges that Communists in south France, with French help, were preparing for armed intervention; and (c) would permit Franco to proclaim his public acquittal when the committee finds, as the British have assumed, that Spain is no threat to the peace.

EUROPE-AFRICA

3. POLAND: US credit in return for Polish election pledge--The State Department plans to exchange on 24 April official notes with the Polish Government under the terms of which (a) the US will grant Poland a limited credit of \$40 million for the purchase of coal cars and locomotives to be used for shipping coal to Western European countries, and (b) the Polish Government will declare that its proposed referendum (on the question of whether the Polish Parliament shall be composed of one or two houses) will be held "this summer" and will be followed "this year" by elections held in accordance with the terms of the Potsdam agreement. The Poles (a) have promised to give full publicity in Poland to these commitments, and (b) have indicated that they will seek further substantial US credits. The State Department has made clear to the Poles that no further credits will be available if they do not implement their political and economic undertakings to the US.

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4. HUNGARY: USSR refuses three-power economic plan--Embassy Moscow reports that the Soviets have rejected a US proposal that the US, UK and USSR work out a joint plan for the economic reconstruction of Hungary. The Soviets (a) claim that such a plan falls within the competence of the Hungarian Government; (b) deny categorically the US allegation that Soviet reparations demands and the presence of Soviet occupation troops in Hungary exercise "any serious influence on the economic situation of the country"; and (c) accuse the US of failing to improve economic conditions in Hungary by refusing to return Hungarian property removed by the Germans to the US zone of Austria.

US representative Schoenfeld reports that "the economic charges imposed on Hungary by the USSR in the form of reparations, provisioning for occupation forces, looting, requisitioning, economic penetration, interference with internal economic affairs, and restrictions on economic relations with countries outside the Soviet sphere" are largely responsible for the rapid deterioration of the Hungarian economy and the value of US business interests in the country.

5. AUSTRIA: Soviets assume control of additional "German" property--US Political Advisor Erhardt reports that Soviet military authorities in Lower Austria and their sector in Vienna have assumed "under Potsdam" complete control over some ten important factories in at least three of which bona fide German interest is "doubtful." There are no indications that the Soviets have demanded the removal of machinery. The Soviets apparently desire to establish joint Austrian-Soviet ownership corporations for these plants.

FAR EAST

6. JAPAN: Soviet views on reparations--Embassy Moscow has been informed that the Soviet Government is not opposed in-principle to the establishment of an Inter-Allied Reparations Commission for Japan. The Soviets believe that reparations should include (a) all Japanese property subject to removal from Japan in accordance with the Potsdam Declaration; and (b) Japanese property located on former Japanese or Japanese-occupied territories, except that property "which enters into

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the category of war trophies.”

THE AMERICAS

7. NICARAGUA: Opposition to President Somoza continues--Ambassador Warren and US Military Attache, Nicaragua, report that the political forces opposing the Somoza regime are attempting to organize public opinion into a movement which will force the President from the political scene. If peaceful efforts fail, the opposition plans to stage a revolution.

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