

25 APR 1946

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60

GENERAL

1. No evidence of Soviet treaties with Syria and Lebanon--Smith reports that "there has not been the slightest indication in Moscow" of the existence of alleged Soviet treaties with Lebanon and Syria.
  
2. French views on investigation of the Spanish regime--According to Stettinius, France objects to the Australian proposal that a committee of the Security Council investigate the Spanish issue on the grounds that the committee is given unlimited authority. French delegate Bonnet considers that the committee should be restricted to an examination of "the material" which has been placed before the Council, and the preparation of recommendations. He rejects the Polish claim that "international friction" exists along the French-Spanish border, and will disagree to (a) investigations in the border areas or (b) reception by the committee of information from "non-government sources."  
 British delegate Cadogan stated that the French "would not be unhappy" to be left off the committee, and that his Government prefers not to be a member unless the US is represented.
  
3. Italian economic memorandum deemed inaccurate--The Italian Government has submitted to the Council of Foreign Ministers a "Memorandum of the Economic and Financial Questions Connected with the Peace Treaty." Dunn reports that the document "grossly exaggerates" (a) Italy's contribution to the war and (b) the post-armistice financial burden imposed on Italy. Dunn believes that the memorandum could be used by the Soviets to claim that the UK, France, and US already have received reparations. The US has informed the Italians that (a) their memorandum does not make a clear "economic argument" against reparations; (b) the US will probably attack the present memorandum, if it is discussed in the Council; and (c) a more detailed statement might be prepared outlining the consequences of reparations in terms of standard of living, needs of reconstruction, and balance of payments.

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Date: 14 MAR 1978 BY: 011

- 1 -

~~TOP SECRET  
CONFIDENTIAL~~

~~TOP SECRET~~  
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EUROPE-AFRICA

4. USSR: Increasing emphasis on "encirclement"--According to Embassy Moscow, an authoritative Communist Party spokesman, P. F. Yudin, recently delivered a public lecture in which he revived the doctrine (proclaimed by Stalin in 1939) that the USSR must preserve the institutions of the state and army as long as "capitalist encirclement" of the USSR continues. (According to Marxist theory these institutions would be made unnecessary by the achievement of "full Communism.") Yudin asserted that (a) surrounding "capitalist" countries "are constantly sending in a stream of diversionists and spies" and (b) therefore the USSR must have an army stronger than those of all its "enemies put together."

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6. GREECE: Soviet Ambassador disapproves election report--Embassy Athens reports that the Soviet Ambassador to Greece has informed the Allied Mission for Observing Greek Elections that he cannot share its view on the Greek elections. (The Mission's report of 11 April stated that the elections "represent a true and valid verdict of the Greek people.")
7. VENEZIA GIULIA: No major disorders expected on 1 May--The US political representative at Caserta reports that both Yugoslav and Italian supporters are making plans for elaborate demonstrations in Trieste on 1 May. General Harding, XIII Corps commander in the area, reports that (a) neither side apparently intends to engineer disorders on a large scale, but (b) minor incidents will probably occur.
8. GERMANY: US desires immediate discussion of Kommandatura--The State Department has approved Murphy's proposal to discuss the Kommandatura's jurisdiction over political parties at the Coordinating Committee meeting on 26 April. The Department feels that Soviet

- 2 -

~~CONFIDENTIAL~~  
~~TOP SECRET~~

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unilateral approval of the Communist-Socialist Party merger in the Soviet Sector of Berlin (see Daily Summary of 18 April, item 7) threatens seriously to undermine the Kommandatura's quadripartite control of Berlin.

9. AUSTRIA: Clark's views on the food situation--General Clark reports that (a) he is "very worried" over the food situation after 1 June and (b) the individual daily ration outside the US Zone may drop to 250-450 calories. Clark urges that UNRRA use every means at its disposal to provide food, since the Soviets will doubtless obtain food "from some source" to meet the crisis, and thus acquire an important political weapon.
10. AUSTRIA: US position regarding local elections--The State Department agrees with the US Political Advisor that the US should not press for immediate local elections, but it "does not necessarily agree" that the elections should be indefinitely postponed or tied to such long-range objectives as the withdrawal of occupation forces. The Department considers that elections should be held as soon as all four occupying powers agree that fair and uniform elections are possible. The Department also considers that (a) elections should be held simultaneously on a uniform basis in all four zones, (b) an effort should be made to break down zonal compartmentation by pressing for uniform social and economic conditions throughout Austria, and (c) democratic procedures, consistent with the 1945 elections, should be established in local areas.
11. BELGIUM: Communist moves on wheat--A member of the Belgian Premier's office has informed Embassy Brussels that the Communist Minister of Food supported the 100,000-ton loan of Belgian wheat to France in the expectation that (a) France would not be able to repay and (b) the resultant shortage in Belgium would enable the USSR to offer assistance. The Soviet Ambassador in Brussels subsequently suggested to the Government that the Soviets might be willing to supply Belgium with wheat as they have supplied France.

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~~TOP SECRET~~  
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FAR EAST

12. INDIA: Constitutional issue approaches showdown--The Commanding General, India-Burma Theater, reports that discussions between the British Cabinet Mission and various Indian political leaders have now reached the stage at which the Congress and the League must agree on a form of interim government or be confronted with a solution devised by the Cabinet Mission. The Mission would probably propose an interim government based on provincial representation.

The US Commissioner, New Delhi, detects in informed circles a new, faint hope for a compromise agreement which he attributes to a growing realization among Indian politicians (a) that the British are determined to reach a settlement, whether or not the Indians agree among themselves, and (b) that in default of agreement these politicians must carry out their threats to resort to violence.

(The Viceroy told the US Commissioner on 24 April that (a) although he sees no indication of a Congress-League agreement, he is "hopeful of a settlement" and (b) if and when an interim government is established it will be set up "quickly.")

The Commanding General foresees that if, in default of an agreement, the British adopt a position favorable to the Congress, intense disorders may ensue, the issue depending principally on whether Jinnah is guided by the interests of India or chooses to become a martyr to the Muslim cause in India and the Middle East. The situation is highly inflammable.

13. CHINA: Soviet views on Manchurian "trophies"--Embassy Moscow reports that Vishinsky, in replying to the US protest on the disposition of Japanese industrial enterprises in Manchuria (see Daily Summary of 6 March, item 10), reiterates the Soviet view that these enterprises are "trophies" and have no connection with reparations. Vishinsky claims (a) that the Soviet position on Manchurian "trophies" fully corresponds to the definition of "trophies" given in the Bulgarian and Hungarian armistice agreements to which the US and UK were parties, and (b) that the USSR cannot agree with the US view that the Soviet-Chinese agreements for the exploitation of Manchurian industries would lead to a disregard of the interests of the US and other Allies.

- 4 -

~~TOP SECRET~~  
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~~TOP SECRET~~  
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14. KOREA: Soviets continue exclusion attempts--General Hodge reports that the Soviets are using the same arguments to exclude individuals from consultation by the Joint Commission as they formerly applied to parties. US delegates consider that a Soviet proposal, to exclude those Koreans who have compromised themselves by opposing the Moscow decision and the Allies, is a violation of the 17 April agreement. (The agreement provides that all parties are to be consulted if they pledge cooperation with the Commission; see Daily Summary of 18 April, item 9).

#### THE AMERICAS

15. PERU: Political situation grave--Ambassador Pawley and US Military Attache, Lima, report that the efforts of the strong political party APRA to gain complete control of the Government are likely to precipitate a crisis in the near future.
16. ARGENTINA: Military scholarships--US Military Attaches report that Argentina has offered military scholarships to the members of the armed forces of Bolivia, Ecuador, Panama, Honduras, and Mexico. Argentina is prepared to defray a large percentage of the cost.

- 5 -

~~TOP SECRET~~  
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