MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Current Situation in Berlin

Information has been received that a conference was held in
Karlsb Ost on 26 June 1945 between Russian officials, headed by
Marshal Sokolovsky, and German members of the Western
Industrial com-
mittee. Sokolovsky opened the conference by stating the German indus-
tries that influence the Eastern zone of Germany would exist
because of the blockade from the Western Zone.

A German representative stated that being cut off from the West
meant a complete collapse of production in many industries and
was already costing the West a complete closing down of industries
since the entire
railway system was received from the West and a certain discontinuation
of the Berlin
transport plan within a short time because of lack of
accumulations. Sokolovsky evidenced a great consternation at this
statement, repeating that the Russians had been led to believe the
West could be independent of the West. The Germans then stated
that the heavy industries, particularly the steel mills in Ruhr, had
not produce without the West and that other heavy industries in
the Eastern zone would be equally affected. The Russians appeared
greatly shocked, and a Russian General, in charge of trade and supply,
said, "We had no idea of this situation; Russia is suffering from
heavy droughts and is counting on German food supplies this year.
Food supplies must be maintained, once that way. If we had known this,
we would not have gone so far."

During the meeting Sokolovsky stated that three possibilities were
available:

a. Start a war.
b. Lift travel restrictions on Berlin.
c. Leave entire Berlin to West, giving them the rail line.

After the meeting Tesla, who was also present, said that war was
impossible due to bad harvest prospects and that lifting travel restric-
tions would make the Russians less free. The third possibility was that
the West would have to feed all of Berlin and would have more on their
hands than they bargained for. He stated that 20,000 tons of food would
...be needed daily to sustain the Germans in the Western sectors, but
be thought the Western Powers could feed their forces by extensive
import of concentrated foods.

(The above information has been disseminated to Mr. Murphy and
General Walsh in Berlin and to the Armed Services and State Department
in Washington. Its evaluation is: the source is very reliable and the
content is possibly true.)

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