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GENERAL



1. Proposed discussions of German transport deadlock--According to Acting Political Adviser Chase in Berlin, UK representatives have arranged to discuss with Soviet representatives on 6 May the current deadlock over transportation between the eastern and western zones of Germany. Chase reports that General Clay will permit US participation in these discussions only if the Soviet representatives approach US representatives directly and agree to discuss military traffic as the first item on the agenda.

(CIA Comment: CIA doubts that the USSR will agree to discuss first the lifting of the recent restrictions on western military traffic.)

2. Italian entry in western defense system held inadvisable--According to US Ambassador Smith in Moscow, the Italian Ambassador there believes that it would be a mistake for Italy to enter the western defense system at present because no western state has adequate power to assist Italy in the event of a direct attack. The Italian Ambassador reportedly feels that the Italian objective should be the attainment of sufficient strength to discourage Soviet military action against Italy. Smith comments that these remarks apparently reveal a "forlorn hope" of preserving neutrality in the event of another European conflict, combined with a practical realization by the Italians that military strength is the basis of all their hopes. (Italian Premier De Gasperi has previously indicated that Italy is anxious to join a western union provided a revision of the Italian peace treaty will permit Italian armed forces to become effective for defense purposes.)

3. US urges British to extend Palestine mandate 10 days--The Department of State has informed US Ambassador Douglas in London that the US delegation to the UN will propose the following plan for Palestine: (a) unconditional cessation of hostilities

DOS Review Completed

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Document No. 029

NO CHANGE in Class.

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Class. CHANGED TO: TS S (C)

Auth: 14 APR 77

Date: 14 MAR 1970 By:

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for 10 days beginning 5 May; (b) recess of the General Assembly for a 10-day period; (c) immediate air movement to Jerusalem of a commission (composed of representatives of the Arab Higher Committee and the Arab states; the Jewish Agency; and the US, France, and Belgium) to negotiate a truce; and (d) extension of the British mandate for 10 days beyond 15 May. Douglas is instructed to request of Bevin that the British agree to extend the mandate, in order to permit the General Assembly to recommend some "more enduring, even though temporary, form of government for Palestine."

4. UK differs with US and France on German reparations--US Ambassador Douglas reports that in the London discussions on Germany the British are taking the position that four-way allocations of German reparations should be resumed and that reparations deliveries to the USSR should be continued on some basis in order to reduce the number of measures distasteful to the Soviet Government. Douglas, with full concurrence of General Clay, has emphasized that the three western powers should make no attempt at present to reconvene the Allied Control Council for this purpose, recommending instead that the western powers undertake allocations on a three-way basis, postponing indefinitely any deliveries of the Soviet share. The French delegate fully supported Douglas' position.

EUROPE

5. CZECHOSLOVAKIA: Benes reportedly planning to resign--US Legation Bern has been informed by "a very reliable source" that President Benes has prepared his resignation. Source received his information from the counselor in the president's chancery who reportedly had seen the document, signed but undated. Source believes Benes may announce his resignation near the time of the elections (30 May).

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NEAR EAST-AFRICA

6. **PALESTINE: Hagana offensive after 15 May predicted--US**
Consul General Wasson in Jerusalem reports that Hagana operations will probably remain "defensively offensive" until 15 May, after which Hagana will launch an all-out offensive to secure the frontiers of the new Jewish state and to improve the Jewish lines of communications. Wasson adds that Arab resistance so far has been ineffective and transmits the opinion of the British commander in Palestine that the Jews will be able "to sweep all before them" unless regular Arab armies intervene.

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