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GENERAL

1. Balkan treaties--The State Department has suggested to Dunn that the Deputies at the Council of Foreign Ministers might begin work on the Balkan treaties while awaiting instructions and committee reports on the various provisions of the Italian treaty. The Department also suggests that Dunn obtain information regarding the USSR's attitude on the economic and military aspects of the Balkan treaties.
2. Fifth Fleet to leave Japan--The Navy reports that the Fifth Fleet will withdraw from Japanese waters about 15 March. It will be relieved by a Task Group of the Seventh Fleet under the command of Rear Admiral Bennett.

EUROPE-AFRICA

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3. IRAN: Qavam reportedly considering a coup--Embassy Moscow has been told that Qavam, at the suggestion of the Soviets, may be considering a coup d'etat after adjournment of Parliament on 12 March. Qavam, after obtaining the post of President of the Iranian Republic, then would accede to all Soviet demands. Qavam allegedly postponed his departure from Moscow in order to avoid questioning by Parliament.

Soviet moves--Embassy Tehran reports that Soviet troops are being evacuated only from the area south of the Elburz mountains and are being retained on the Caspian slope and in the Tabriz area, both of which are scenes of Soviet oil-drilling operations. The troops in Azerbaijan are apparently being concentrated near the Turkish and Iraqi borders.

4. USSR: Censorship of US press dispatches--Chargé Kennan has recommended that the State Department consult at once with the home offices of American correspondents now in

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Moscow to ascertain whether they wish their correspondents to continue filing copy. Kennan emphasizes that current Soviet censorship regulations permit complete distortion of any story filed in Moscow, without the knowledge of either the correspondent or his home office.

5. POLAND: USSR grain shipments--Ambassador Lane has transmitted the text of a telegram to the UK Foreign Office from the British Ambassador stating that: (a) the Polish Government was led to believe that the Soviets would supply Poland with 350,000 tons of seed grain by mid-January; (b) the Polish Minister of Agriculture now says that only 150,000 tons will be available from this source; and (c) the Soviet Ambassador's declaration that the USSR is giving 200,000 tons of grain to Poland is untrue. So far as can be determined, 45,000 tons are coming from Germany and 110,000 tons from stocks on farms operated by the Red Army in ex-German territory. The remaining 45,000 tons are allegedly being sent from the Ukraine, which the British Ambassador questions in view of UNRRA food shipments to that area.
  
6. HUNGARY: Premier makes concessions to leftists--The Premier, following leftist threats to withdraw from the coalition Government unless the Smallholders Party is purged of "reactionary elements", told Schoenfeld that he plans to make certain political and economic concessions; since he feels that maintenance of the coalition Government is imperative to prevent either a leftist dictatorship or paralyzing strikes and unrest. He proposes to expel certain reactionary members of the Smallholders Party, concede nationalization of coal mines and initiate discussions regarding nationalization of other sub-soil resources. Concurrently, he hopes to regain Soviet confidence in the Smallholders Party, which he considers indispensable in order to cope with pending economic difficulties.
  
7. ITALY: Plebiscite decree--Allied HQ in the Mediterranean has received from the Italian Premier a draft of the decree

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now before the Consultative Assembly providing for a plebiscite on the question of the monarchy, to be held simultaneously with elections for the Constituent Assembly. Under this decree, if the voting favors a republic, the Constituent Assembly will elect a temporary Chief of State to serve until the new constitution is formulated and approved, after which a Chief of State can be appointed in accordance with constitutional provisions. If the vote goes against a republic, the regime of the Lieutenant General of the Realm will continue as at present until the new constitution comes into force.

8. UNION OF SOUTH AFRICA: Smuts requests wheat from US-- Prime Minister Smuts has sent a message through Legation Pretoria to President Truman stating that (a) there is less than two months' supply of wheat in the country, and (b) unless the 360,000 tons requested from the Combined Food Board for the remainder of 1946 are obtained, "starvation must result even among the European population." Smuts adds that South Africa must also import 700,000 tons of corn during 1946 but that a substantial portion of these imports may be obtained from Argentina.

#### FAR EAST

9. INDOCHINA: Outbreak in Saigon- [redacted] French troops in Saigon have wrecked the printing plant of a Socialist publication and have publicly beaten up the most prominent local Socialist. [redacted] the three-hour riot had the sanction of high-ranking officers and that most observers interpreted it as an Army protest against any moderation of terms to the Viet Nam Government.
10. INDIA: Congress Party worried by disorders--The State Department's representative in New Delhi reports that, [redacted] Congress Party leaders are greatly disturbed over the recent Bombay naval strike

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and accompanying disorders. As an example of the concern felt by top leaders over the growing influence of elements prone to violence, he cites Gandhi's recent plea for calm, discipline and good will lest the future state be "worse than the present."

11. N.E.I.: Sjahrir's position strengthened--Ambassador Hornbeck reports that, in the opinion of an official in the Netherlands Foreign Office, the Indonesian National Committee has strengthened Sjahrir's position by giving him full freedom (a) to form a new cabinet from candidates put forward by various political groups and (b) to conduct negotiations with van Mook without continually referring back to Soekarno for approval.

#### THE AMERICAS

12. ARGENTINA: Peron's lead increasing--Embassy Buenos Aires reports that incoming returns indicate that Democratic chances of winning are steadily diminishing.
13. CHILE: Soviet Embassy to open--Embassy Santiago advises that an Attache of the Soviet Embassy in Mexico is in Chile preparing for the arrival of the Soviet Ambassador to Chile.
14. COLOMBIA: Concern over military dictatorships--The Foreign Minister of Colombia has expressed concern over an apparent trend toward military dictatorships in American Republics. He believes that the Argentine Army, since the publication of the Blue Book, has been actively intriguing toward this end in Bolivia, Chile, Peru and Ecuador.
15. ECUADOR: Impatience for US planes--Embassy Quito reports that, in a talk with the US Naval Attache, the Ecuadoran Minister of the Interior (a) expressed considerable bitterness over the long delay in receiving planes from

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the US and (b) stated that, unless some planes arrive by the end of March, Ecuador "will wash its hands of the whole business and demand its territory back." The Attache assumes that the Minister was referring to the US base in the Galapagos Islands.

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