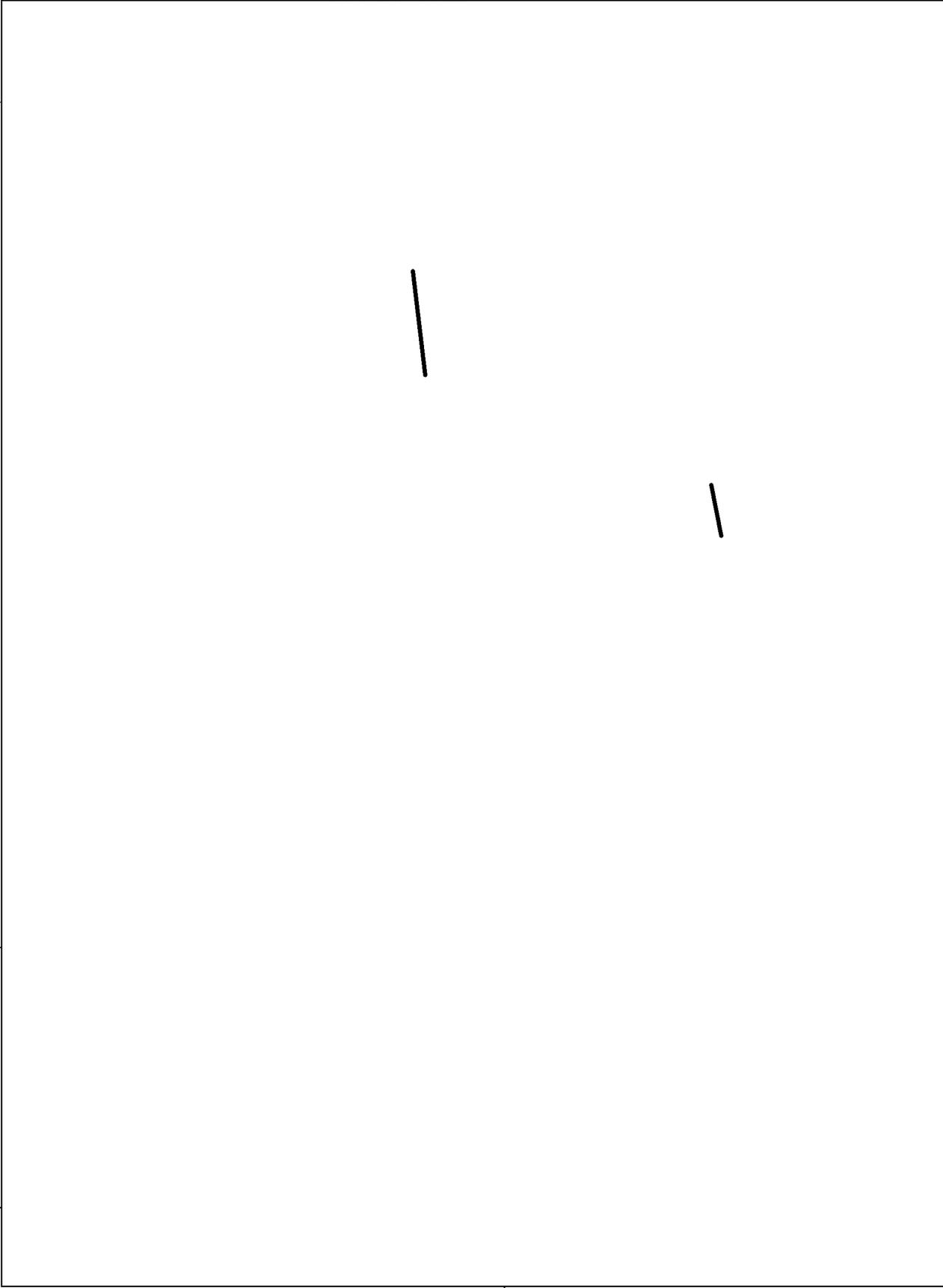


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~~Per E.O. 12065, Sec. 3.4~~

Re-released ~~1995~~

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8 August 1947

MEMORANDUM TO: Director,  
Central Intelligence Group

SUBJECT: Evaluation of Attached Paper

1. While an astute analyst might readily have produced a similar paper, the author's presentation has an undeniable ring of truth. Lacking information concerning the source, especially the motivation which resulted in the submission of the paper and the date submitted, it is analyzed on its contents and the conclusions it produces in the informed reader.

2. The paper is an excellent presentation of the problem which is undoubtedly still confronting the Politburo-- shall the USSR maintain her present intransigent foreign policy until the inevitable U.S. economic crisis risking almost certain <sup>economic</sup> isolation from the Western powers. In attributing championship of the two major divergent ideas to Molotov and Vishinsky on the one side as opposed to the team of Mikoyan and Voznessensky, the author makes a plausible case-- we have no factual intelligence to either support or refute his arguments. Molotov, as a proponent of intransigence, would have the desirable backing of the MVD; Mikoyan and Voznessensky, being sound economists, must realize that a prolonged period of economic isolation from the west will seriously delay or even endanger the attainment of their ~~sta~~ economic superiority. The effect on the USSR of such isolation, as attributed to Mikoyan's team, is especially clear-cut and convincing.

3. Whether or not designed to produce such effect, the reader, if he believes the contents, <sup>comes</sup> to the conclusion that economic containment of the Soviet State will contribute materially to its deterioration, and that Mikoyan's stand, now supported as it is by the prospects of success of the Marshall proposal, will meet increasing favor with Stalin and the Politburo.

4. It is not believed that the paper is a plant, since there is no course of action indicated to the US which might result in advantages to the U.S.S.R.--in fact, the author points out two dangerous pitfalls on page eleven.

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There is a possibility, however, of an attempt to build up Mikoyan as the front man of a new approach if the decision be made to reopen economic negotiations.

5. That the source, if in a position to know about conversations and "bitter struggle" in the Politburo, would pass on this information, seems almost incredible, but further exploitation certainly is indicated. Examination of the style, spelling, and idioms makes it apparent that the paper either was written in English by some one thinking in the French language or was translated literally from the French.

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## RUSSIAN INTENTIONS

The orientation of the foreign policy of the URSS is at present, in Moscow, the subject of a bitter struggle between two tendencies that are working for the same end but that differ in the means of arriving at that end.

### THE MOLOTOV-VICHINSKY TENDENCY

The Molotov-Vichinsky Party, supported by the General Staff, by the generals commanding the Soviet armies of occupation, and by the Communist Parties of Central Europe, has as its end the maintenance of the present international policy of intransigence. This Party believes that Soviet politics should remain on its present basis, without concession, for at least two or three years more. At that time (1949-1950) the American economic crisis, which is expected, should occur. Such a crisis will considerably weaken the influence of the USA in the world and will be the sign of the collapse of the Capitalist System, in Europe, and in the semi-colonial countries.

The Party's aim is to guard intact Soviet conquests and Soviet jumping-off bases in Europe, in the Far East and in the Near East, until the beginning of 1949. According to the Soviet experts, it is at this time that the expected American economic crisis should produce direct effects capable of undermining the power of Washington.

Therefore, it is necessary to keep the iron curtain on Central Europe lowered until that time and not to evacuate, militarily, the Balkans before that time. First, to keep the Balkan "glacis" and the jumping-off bases of Soviet influence. Then, to prevent the danger of an anti-Soviet military

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THE MOLOTOV-VICHINSKY TENDENCY cont'd.

crusade, which idea might occur to America as a means of saving the USA from the economic debacle.

The Molotov-Vichinsky tendency does not believe in the success of the Truman Doctrine. This manifestation of American imperialism must clash fatally with the contradictions of the international capitalist system and in very first place with British imperialism, and with the other colonial and European nationalism and powers. Finally, the coordinated action of the various Communist Parties and of the various Leftist Groups of the European powers will be able to hold in check American influence until American influence decreases by itself.

At that moment the URSS will be able, without risk, to raise the iron curtain and to assume in Europe and in the colonies the influence lost by the Americans. To be sure of this, the URSS now must hold all possessions which it now has and must re-enforce itself by all means possible, politically, militarily, economically, as well as by the increase of Russian industrial potential.

THE MIKOYAN-VOSNESSENKY TENDENCY

A number of the economists in the Politburo are, in part, in agreement with the analysis of the situation as presented by Molotov. However, this group considers that the economic statements of the Molotov policy are underestimated and that the Molotov policy is not taking into account the evolution of the international situation since 1941.

First, the industrial power of the URSS, as a result of the war destructions, at the end of the war was at least ten years behind, using 1941 as a basis. Thanks to a formidable effort made since the war, a part

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THE MIKOYAN-VOSNESSENKY cont'd.

of this handicap has been overcome today. But the Soviet potential still is behind and still is precarious because of the lack of any reserves which did exist in 1941. A very hard effort is being made to reconstitute these reserves, but they are still far from being at the same level that they were at the beginning of the war. Further, during this time, American industrial power has jumped forward by at least fifteen years with regard to 1941, and by far is at the head of the entire world.

In the economical point of view today, there is a step of at least fifteen years between the URSS and the USA. According to Vosnessenky, this gap can be reduced to, say, a five years interval fairly rapidly, as reserves are stock piled and if the modernization of machinery does not offer too many complicated problems. In any case, if a war should break out before this gap is closed, the URSS will be in a state of great inferiority from the point of view of industrial potential.

Finally, Mikoyan criticizes severely the "casualness" with which Molotov under estimates the evolution of American capitalism and in refusing to consider that American capitalism has advanced since 1941. He thinks (and Stalin has held him correct on this point) that the example of the New Deal proves that the period of classical capitalism is past in the USA and that it is necessary to take into account the possibilities of an organization of a semi-state capitalism capable of prolonging the life of the capitalist system on both a national and international scale.

This point of view thus post-pones for several years the idea of the economic crisis of American power. The politics envisaged by Molotov would be possible (provided there is no war) until 1949. But it is neither

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THE MIKOYAN-VOSNESSENKY TENDENCY cont'd.

possible nor safe to risk the isolation of Russia for a period that may last even longer than 1950.

The needs of the URSS are too imperious to permit Russia to supply their own wants and at the same time supply the needs of Central Europe. The conquered countries have been a considerable economic support until recently. Now, however, they are becoming additional burdens which the Russian economy must pull after it. Their importance is strategic, but politically and economically they are burdens.

By adopting the Molotov policies, one would recommence thirty years later another experience of isolation in a world very different from 1918 and one in which Russia possesses stakes from which important benefits may be drawn without risking war. The Mikoyan-Vosnessenky tendency recommends the conclusion of economic agreements, particularly with European countries, but also with American countries. This policy envisages also the abandon of a "Sectarian Diplomacy" and the extension of a European scale of the former "New Economic Policy" of Lenin. It is understood in this policy that the monopoly of foreign commerce in the Central European countries will be safe-guarded as it is in the URSS and will rest above all in the hands of the Communist. The general end remains for Mikoyan, as for Molotov, to guard the essential positions of the URSS until the inevitable American crisis.

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### The Molotov-Mikoyan Struggle

Mikoyan has been put in a minority in the Politburo. Molotov violently denounced "the opportunism" of Mikoyan and of Vosnessensky and of their deviation toward a bourgeois economy. His big argument was that Mikoyan is convinced that the stabilization of international capitalism is possible for an indetermined number of years.

At the same time he grouped a series of reports from Soviet Embassies, from Soviet General Staffs, from the Soviet Armies of Occupation, and from the Communist Parties of Central Europe showing that the people with whom Mikoyan proposed to make a semi-alliance were all English and American agents, violently anti-Soviet.

Stalin approved the majority tendency of Molotov-Vichinsky although at the same time admitting the principles of economic accords with Europe. As a sanction and also to satisfy Molotov, who was extremely discontented, Stalin removed Kaganovitch who had rallied to the Mikoyan-Vosnessensky tendency. Stalin did not, however, remove these two latter men.

After the breakup of the Moscow Conference, the new Truman policy, the breaking off of the Russo-Turk talks, the Russo-Iranian talks, and so forth, the position of Stalin changed. Dekanosov, Molotov's collaborator and head of the Near East Department in the Foreign Office, was removed. But Molotov already sensed the evolution that was occurring in Stalin. He adopted, therefore, for his own account, a part of the Mikoyan plan, with the idea of cutting the ground from beneath Mikoyan. This part was the reunion of the Socialist Parties of Central Europe in Budapest, a sign of the softened policy envisaged by Mikoyan.

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### Molotov's Game

This reunion that was to be the point of departure of a new Balkan policy was held in an atmosphere of general boycottism and of quasi clandestinity. Molotov produced at Moscow the protests of the Soviet General Staffs, of the Communist Parties, and the various other pertinent organizations, among them the reports from Soviet Embassies.

He enlarged upon the unquietness existing in the Balkan Soviet and Communistic circles and on the idea that they were going to be "abandoned for the sake of the Socialists" and for the sake of an opposition that is the rendezvous of reactionary elements and of Anglo-Saxon agents.

Molotov displayed to the Politburo that a softening of the Balkan policy was not possible except to the same degree that reactionary and foreign danger could be eliminated beforehand. His greatest argument was that the eviction of the Communists by the Western Governments should be answered by the URSS by the eviction of the anti-Communists in the Governments of Central Europe.

For Molotov this was an excellent means of continuing his personal policy while pretending to create the necessary conditions for a softened policy toward which Stalin seemed to lean more and more after the checks on Russian foreign policy. Molotov, who feels his position shaken, is trying to conserve the initiative in his domain, but instead of ceding to the Mikoyan point of view Molotov is attempting to adopt this point of view to his own policy.

### Stalin's Final Point of View

In the final sense it is Stalin who will arbitrate the Molotov-Mikoyan conflict. However, Molotov's power has become more and more ~~shakened~~. The

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only thing that has kept Stalin from removing him is the influence that Molotov has among foreign Communist circles. Moreover, a brutal removal of Molotov would be considered by the whole world as a proof of the weakness of the URSS.

Stalin, however, has come to the point of view that a softening of Russian diplomacy is necessary. He knows that he may disappear at any time and he wishes above all to place the URSS in a shelter of any new war before his death. To do that he must break the alliance which exists at this time between the Russian Foreign Office and the Russian General Staff and which is supported by the Comintern. This is not an easy task even for Stalin.

However, the removal of Dekanosov, the rebound in credit and position shown to Maisky who had been formerly relegated to a subordinate position are significant indications.

The whole idea that Stalin is attempting to do now is "to prove Molotov wrong without proving Truman right." As soon as a means is found Soviet diplomacy will evolve in a softened sense although always oriented toward the end envisaged by Molotov as well as by Mikoyan.

In resume it may be expected that Stalin will attempt in the near future a middle road between Molotov and Mikoyan and will confide the direction of the Foreign Office to a more docile Officer.

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The thesis of the minority Mikoyan-Vosnessensky faction is based on economic considerations relative to the present decision of the URSS. In reality it is not very different from Molotov's position because that is an agreement of views on the evolution of the international situation; a certitude of the American and world crisis. However Molotov's diplomacy is criticized because it ends up in a negative waiting policy for a period of several years during which the international initiative may pass completely to the Americans.

Mikoyan, whose independence of character is supported by the personal esteem that Stalin has for him, supports the idea that the next economic crisis in the United States will not develop along the lines of the pre-war depression. Mikoyan has visited the United States and studied closely its economic organization, esteems that a semi-state capitalism may easily arise and that it is entirely possible that a sort of technocratic state capable of giving a certain directed economy may be imposed. First in the United States, next in South America and finally in Europe.

According to him this process has already commenced in an imperialistic manner but such a process, while it cannot succeed in saving the capitalist system, can prolong it for a long time. He insists that regard must be taken for this eventuality in the establishment of the international politics of the URSS.

Although the majority of the Politburo followed Molotov, the position of the minority has been reinforced by later events, especially by the eviction of the Communists from the Governments of We

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has partially supported Mikoyan's point of view (the negotiations of commercial agreements with foreign countries). In reality Molotov's position is not especially solid since it is Stalin's habit to let problems ripen, in adopting in the Politburo an attitude which supports the majority, but at the same time does not cut off any bridges with the minority.

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According to what I have learned in Russian Foreign Office circles, the question that is most discussed now is the imminence of the American economic crisis. All Soviet diplomacy is at present based on the certitude of such a crisis.

But there are two different opinions in Moscow. The first is that of Molotov-Vichinsky, that <sup>of</sup> the majority today, is being criticized as tending to lead to a dangerous isolation of the URSS.

In resume, the Molotov thesis is based on a double conviction: incapacity of the capitalist world to organize itself and to answer the historic needs of evolution and the Truman Doctrine to save the world as a Utopia because the United States are not capable of saving themselves, and they will drag down with them their satellites in their own crisis.

It results from that that the URSS should limit itself to organizing a new zone of influence and not to raise "the iron curtain" except for agreements designed to reinforce the Communist system, to prevent the creation of an anti-Soviet front, and to support the international Communist movement.

According to the Molotov tendency, the period of stabilization of the present capitalist system will end with an American crisis, and such a crisis should reach a critical stage in two years. There is no danger of an immediate war, but by a tendency of American politics to veer to the right there may be a danger of "American neo fascism" that may come into effect with the arrival in power of the Republicans in 1948. The peril of war may exist then because to get out of the crisis the Americans may attempt to launch themselves in an anti-Soviet military crusade. It is in Europe, and particularly on the borders of the Mediterranean, that such a danger can be overcome because the United States will not attack if they are not convinced that they will have Western Europe with them.

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It is necessary then to win, preventively, the battle for Europe and for that much more is counted on by the presence of the Red Army than by the Communist parties and governments of the satellite states.

That is why Molotov has made the Politburo adopt the resolution that Austria will not be evacuated (and thus naturally neither Hungary, Roumania nor Bulgaria) before the breaking out of the American economic crisis. This evacuation may be changed if the Anglo-Saxons would attempt inter-allied control of the Ruhr and of the Rhineland with the URSS having a seat on the controlling body, and a new statute for the Dardanelles acceptable to Russia.

In the Russian Foreign Office it is believed that these two steps will not be attempted. If the Anglo-Saxons entered into negotiations on these two subjects they would rapidly see Russian demands increase.

Unless new events intervene, the diplomatic position of the URSS will remain fixed in this manner as a measure of security for two or three years. No change in Russian diplomacy can be hoped for before the American crisis relieves Moscow from the fear of an anti-Soviet Crusade.

This thesis has in its overall lines obtained the majority of the Politburo. However, there is a minority that sustains an opinion that at first glance does not seem very different, but whose conclusions are far distant from those of Molotov. This is the Mikoyan-Vosnessensky tendency.

These two represent the economists of the Politburo and accept the overall views of Molotov, but sustain the position that large economic agreements should be signed with the United States and with England and that Molotov's attitude is determined too exclusively on political factors and if followed will lead to the isolation of the URSS for a period that may be prolonged much more than three years and which would permit the Anglo-Saxons to prepare an anti-Soviet front.

Molotov brought 91 persons with him to the Paris conference and it was the general concensus among these people that they were going to do "much work for nothing" in that conference. They knew that there would be no practical conclusion but they esteemed that the Paris conference on the Marshall Plan would only be a prelude to a conference that will be held later on this year "when circumstances are ripe." It is expected that this assumed conference would be another Stalin-Truman meeting which could take place instead of the London Conference of Foreign Ministers or could precede that conference.

Molotov could not accept the discussion at Paris on the Marshall Plan in the present circumstances and according to the conditions of European organization laid down by the Americans. It would have been a Russian diplomatic retreat in Europe.

Besides Moscow does not wish to be the dupe "of diplomatic illusions" which would consist in believing in the sincerity of American desires to aid the URSS and the Central European countries to the same extent that aid would be given to England, France, and Western Europe. The Russian delegates were convinced that even if the URSS signed a general agreement, Washington would find pretexts to make a discrimination among the countries to be aided and to exclude, either partially or wholly, Russia and the Slav countries. This fear of being the dupe of an American maneuver was apparent in each conversation. According to the Russian delegates, the Marshall Plan is really only the Truman Plan skillfully disguised and destined to check Soviet and Communist influence in Europe.

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The exclusion of the Communists from the Italian Government, the formation in France and Belgium of non-Communist ministries, has been the base for American aid. The URSS could not sign a general agreement on "bases of capitulation." Moscow would adopt, however, an entirely different attitude if the European political conditions were modified in a sense that was more favorable toward Russia, and the Russian delegates say this step may still be possible.

The exclusion of the Communists from the Western Governments is to be answered in three steps: First, the measures taken in the Balkans to liquidate the opposition. The second phase is the strike movements and social agitations in Italy and France and Belgium destined to weaken the Governments of those countries. The third phase, which it is hoped may prove decisive, is to be a general strike in Italy to overthrow the Gaspari Cabinet and to replace it by a Communist-Socialist Government. This event will be followed automatically by a general offensive of Greek partisans toward Salonika and the proclamation of an autonomous Macedonian Republic.

This will be a check for the Truman doctrine and this check is the preliminary condition to a change of international policies by the URSS. Since an anti-Soviet position has been taken by Truman, the Russians have felt they are on the defensive. They do not wish to negotiate definitely with the United States until they have been able to retake the initiative and to be "on a basis of equality." Then they can come to a vast American-Soviet agreement that will be prepared in a Stalin-Truman meeting.

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The above is the thesis of Molotov, as it is circulated in Communist circles and as it was reported by the members of the Soviet delegation.

The great argument of Molotov to overcome the resistance of the Mikoyan tendencies is that, if the URSS negotiates after the support given by the U. S. A. to Greece and to Turkey and after the eviction from the Government of Communists in Italy and France, the URSS will find itself in a definite position of inferiority toward the Americans. In another point of view the granting of American credits to non-Communist Governments will rapidly bring about the domination of all European industry by American capital. Only Communist Governments can maintain European independence from the financial imperialism of Washington.

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