

12 MAR 1948

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GENERAL

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1. Proposed Army and Air Force provisions of Italian treaty-- USFET London reports that the Four-Power Military Group has decided to recommend to the Deputies of the Council of Foreign Ministers the following provisions for inclusion in the peace treaty with Italy: (a) Army and Carabinieri personnel will be limited to 265,000 (Army, 200,000; Carabinieri, 65,000), but a fixed type of organization or system of recruitment will not be prescribed. (b) The Air Force will be limited to 25,000 personnel, 150 fighter and 200 other aircraft of which not more than 50 may be transport. (Organization, armament, and deployment of both Army and Air Force will be designed to meet only the necessities for maintenance of order and frontier and AA defenses.) (c) Italy shall not possess or experiment with guided missiles, guns with range over 30 kilometers, sea mines, torpedoes, submarines or assault craft. (Inspection and control machinery has not yet been agreed upon.)

These proposals provide ratios of (a) ground force to air force personnel of approximately 10 to 1 and (b) air force personnel to aircraft of approximately 72 to 1. USFET suggests that similar ratios be followed in drafting the Balkan treaties.

2. Polish troop referendum--Regarding the disposition of Polish troops in Italy, the US representative ACC reports that: (a) General Anders was to depart on 12 March for London where the British will attempt to obtain his cooperation in a plan to circularize Bevin's statement urging all Polish troops in Italy to return voluntarily to Poland; (b) every effort will be made to complete the circularization before the meeting of the Security Council on 21 March; and (c) informed British officials in Italy state that the support of General Anders is necessary for the successful execution of the plan but believe that, regardless of the General's stand, only about 10 percent of the Polish troops in Italy will elect to return to Poland.

Document No. 025
NO CHANGE in Class. ☐
DECLASSIFIED
Class. CHANGED TO: TS S
DDA Memo. 4 Apr 77
Auth: DDA REG. 77/1763
Date: By:

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State Dept., OSD reviews completed

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3. US cruiser completing courtesy calls--The Navy reports that the cruiser USS LITTLE ROCK is completing a round of courtesy visits to South American ports. It arrived at the Canal Zone on 11 March and will visit Cartagena, Colombia, during 16 to 18 March.

EUROPE-AFRICA

4. IRAN: Premier reviews Moscow talks--In a long conversation with Ambassador Murray in Tehran on 10 March, Premier Qavam gave the following account of his recent talks in Moscow:

Qavam raised three points on which he sought Soviet agreement: (a) a promise to withdraw troops before 2 March; (b) moral support in settling the Azerbaijan difficulty; and (c) the appointment of a new Soviet Ambassador to Tehran. On only the last point was he successful. In regard to point (a), the Soviets fell back on the statement that their "interests" required the retention of troops. In regard to point (b), the Soviets said that they could do nothing because "Soviet honor was involved."

Qavam quoted Stalin and Molotov as saying: "We do not care what the US and Britain think and we are not afraid of them." Ambassador Murray believes that this statement may have been prompted by an effort on Qavam's part to advance the US and UK attitude as the reason for his inability to comply with Soviet wishes.

Both Stalin and Molotov raised the question of oil concessions, but Qavam stated that he was unable to discuss the matter and refused a Soviet offer to form a joint Soviet-Iranian company in which the Soviets would have a 51 percent interest.

Murray has made clear to both Qavam and the Shah the seriousness with which the US views the retention of Soviet troops in Iran and the US intention to place the

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matter before the Security Council immediately.

Murray adds that Qavam "made a point" of telling him that (a) on arriving in Baku on his way from Moscow he had observed the city "impressively surrounded by anti-aircraft guns," and (b) according to the Iranian Consul General in Baku, "this was the result of an order for general mobilization in the Soviet Union."

5. USSR: Soviet attitude toward Churchill speech--Embassy Moscow believes that the Soviet press attack on Churchill's Fulton speech was initiated only after the Soviet leaders noted hostile reactions to the speech in the US and Britain and therefore concluded that Soviet influence could profitably be exerted on international public opinion. The Embassy feels that Moscow's approach reflects relief, and the belief that the western democracies will not likely succeed in organizing an effective military bloc against the USSR.
6. BULGARIA: Government is apprehensive of elections--Barnes reports that the growing popular support for the Bulgarian opposition has made the Communists increasingly apprehensive of holding elections or convoking a Constituent Assembly until the peace has been signed. Soviet encouragement has led the Bulgarian Government to expect early conclusion of a peace treaty and recognition by the western democracies.
7. RUMANIA: US replies to King's inquiries on US policy--As previously noted, King Michael recently asked for an expression of US economic and political policy toward Rumania during and after peace treaty negotiations (Daily Summary of 4 March, item 3). The State Department has replied that (a) the US desire for the establishment of truly representative democratic governments is well known; (b) the great powers, as stated in Secretary Byrnes' speech of 28 February, have no right to garrison troops in other

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sovereign states without their approval and must not impose troops on small, impoverished states; (c) all territorial questions should be postponed until the final peace settlement, when the US will approach these problems with sympathy for the wishes of the populations involved and with careful attention to ethnographic, economic and political factors; and (d) the US continues to view the economic rehabilitation of nations that have suffered from the war and the establishment of normal world-wide commercial relations as cornerstones of a stable peace.

8. HUNGARY: Army strength--Voroshilov, during an informal discussion with the American representative ACC, stated that the present strength of the Hungarian Army is 32,000 and will soon be reduced to 25,000. Voroshilov denied press reports that the Hungarian Army, with Soviet help, would be increased to 100,000.
- Freedom of press and speech curtailed--Schoenfeld has reported further encroachments on the freedom of press and speech in Hungary during the past two weeks. The Soviets have taken control of the Hungarian radio, which now has a definite pro-Soviet and anti-British bias. Four newspapers were suspended briefly for articles unfavorable to the USSR. The AP correspondent states that his dispatches have been censored and subjected to inordinate delay.

FAR EAST

9. CHINA: Inactivation of the China Theater--General Wedemeyer, at the suggestion of General Marshall, recommends that the China Theater be inactivated on 1 May. He feels that the step might be expected to strengthen China's hand in pressing for the early removal of Soviet troops from Manchuria.

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General Wedemeyer is opposed to the permanent assignment of additional functions to the US Military Advisory Group in China, although he believes that there would be no breach of faith if the group were charged with overall supervisory duties of winding up residual functions in the theater. He proposes that the Shanghai Port Command be reorganized to take over residual operational functions of the China Theater.

10. CHINA: Tsingtao and Tientsin harbor facilities--According to the Commander, Seventh Fleet, the Navy will make available for commercial and UNRRA shipping at Tsingtao ample deep-water berthing at piers having warehouse space. At Tientsin-Taku the virtual completion of Japanese repatriation and Chinese Army embarkations, as well as some decrease in US Marine requirements, make it feasible to resume moderate scale shipping. Lighterage at Tientsin-Taku, controlled by the Chinese Merchants Association, is reported to be adequate.
11. JAPAN: Administrative division recommended--CINCPAC has recommended that the Izu Islands north of 30 degrees latitude be controlled by SCAP because of currently unsatisfactory administrative conditions and a threatened serious food shortage. Under the Japanese regime, these islands were administered as a part of the Tokyo metropolis.
12. N.E.I.: Dutch-Indonesian discussions--Consul General Foote reports that Sjahrir has ignored Soekarno's latest order to return to Djocjakarta for further talks, and is ready to begin negotiations with van Mook on 12 March. Foote believes that Clark Kerr's threat to terminate his visit, the introduction of new money in the N.E.I., and the landing of additional Dutch troops in Java, led Sjahrir to renew talks without delay.

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