

29 MAR 1950
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TOP SECRET

GENERAL

1. Views of US Ambassadors on German problem--The US Ambassadors to European nations, meeting in Rome, have agreed that the US should continue its general policy in Western Germany, with perhaps increased emphasis upon action designed to counter increasingly vigorous "Soviet infiltration and propaganda." The Ambassadors recommend that: (a) the Western protest over the formation of an East German military force be expedited; (b) the western occupation powers repeat their offer of free elections in Germany; and (c) "vigorous and immediate efforts" be made with respect to Berlin, especially to relieve the "pressing" economic situation. The US Ambassadors consider Berlin's retention to be "vital" to the West. The US Ambassadors also recommend that the policy of non-recognition of the German Democratic Republic be rigidly maintained and that a Western tripartite or larger conference be held to discuss the German refugee and expellee problem. The Ambassadors agreed that their next meeting should be held in Berlin, probably in July 1950.



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2. US views on Hong Kong aircraft--The Department of State has instructed US Ambassador Douglas in London to make strong representations to the UK Government at the highest level as soon as possible urging British executive action to deny to the Chinese Communists the former Chinese Nationalist aircraft and aircraft equipment now the subject of litigation in Hong Kong. (A Hong Kong court recently refused to grant an injunction freezing the former Chinese Nationalist aircraft and aircraft equipment pending the outcome of current litigation.) The Department points out that British acquiescence to withdrawal of further equipment or planes by the Chinese Communists would contribute directly to the military potential of the Soviet sphere and may seriously prejudice US-UK relations and current prospects for US military and economic aid to the UK.



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T O P S E C R E T

The Department instructs Douglas to stress to British Foreign Secretary Bevin that the overriding consideration of the US in withholding the aircraft and equipment from the Chinese Communists is one of security for the Western Powers.

EUROPE

3. GREECE: Prime Minister may resign--US Ambassador Grady reports that in a recent conversation Greek Prime Minister Venizelos appeared extremely worried over the stability of his government and over possible difficulties within his own Liberal Party. Grady expresses the opinion that Venizelos may resign before Parliament convenes 31 March 1950 and may offer to support the candidacy of General Plastiras in the belief that these voluntary actions now would help save his own prestige and that of the Liberal Party.

(CIA Comment: CIA agrees that Venizelos may be compelled by mounting popular and political pressure to resign before parliament convenes, although his resignation might be delayed because of continued maneuvering by the King. CIA further believes that the termination of the present government, by making possible the formation of a broadly based coalition government under Plastiras, would tend to increase Greek political stability.)

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