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GENERAL

1. Yalta repatriation agreements--Embassy London has been informed by the British Foreign Office that the UK signed two repatriation agreements at Yalta. One, of a general nature, is identical with that signed by the US and has already been published. The other agreement contains the "legal fiction" that all Soviet nationals in the UK are members of the Soviet armed forces. The British prefer not to publish the latter agreement at this time, but they would not be "too greatly embarrassed" if the US should decide to do so.
2. Fifth Fleet departure from Japan delayed--The Navy reports that the departure of the Fifth Fleet from Japanese waters, previously scheduled for 15 March, has been delayed.

EUROPE-AFRICA

3. GREAT BRITAIN: Defense plans--Embassy London has submitted a preliminary report on the present British defense policy. The report, based on a recent debate in the House of Commons and on information from military and press circles, includes the following points:
 - (a) The Armed Services had requested 1,500,000 men for 1947, but lack of manpower has forced the Government to reduce the number to 1,100,000 (Navy 175,000, Army 650,000 and Air 275,000), plus 100,000 trainees.
 - (b) The Government has accepted continuation of conscription, but is withholding an announcement of the length of service pending determination of the results of volunteer enlistment.
 - (c) In view of the inability of the UK alone to meet imperial defense responsibilities, a closer liaison with the dominions and colonies is planned both in staff and training, which may include the maintenance of common training and strategic reserve centers at key points in the Empire.

Document No. 022
NO CHANGE in Class. ☐
DECLASSIFIED
Class. CHANGED TO: TS S
DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1703
Date: 01 MAR 1978 By: OK

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(d) Temporarily much of the training of new forces may be done in the British zone in Germany in order to speed up demobilization, release agricultural land in the UK, and make use of modern German installations.

4. GERMANY: Soviet policy analyzed--Kennan has submitted an analysis of Soviet policy with respect to Germany, with particular reference to the problem of administrative centralization. He considers that by obtaining acceptance of the Oder-Neisse line the Soviets not only assured the total military dependence of Poland on the USSR, but also made the separate existence of the remainder of Germany as a national unit dependent on close political and economic ties with a stronger neighboring state. The Soviets desire the eventual unification of the remainder of Germany as an "anti-Fascist republic", but only after the consolidation of their influence in the Soviet zone. They are pleased, therefore, that France should assume the onus of delaying administrative centralization. When Moscow judges the time ripe for centralization as a means of extending Soviet influence, the USSR will strongly support such a program, exerting Communist pressure for a modification of French policy.

Kennan sees little hope that central administrative agencies can be used to break exclusive Soviet control in the eastern zone or to impede the westward extension of Soviet influence. He regards partition as the only means of maintaining a western orientation in the western zones.

5. GERMANY: Illegal entries to be barred--General McNarney reports that the borders of the US zone will be closed on 15 April to the unauthorized immigration of refugees. He points out that these illegal entries are substantially increasing the zone's population. Legal immigration commitments alone will, by the end of 1946, increase the population of the US zone to 17,500,000 (some 5,500,000 more than the zone is able to support).

Murphy reports that OMGUS opposes further commitments for the acceptance of German nationals of any category

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in the US zone until the problem can be thoroughly studied.

6. GERMANY: Polish nationals arrested--Murphy reports that, during a 1 March raid on black market operations in the US zone in Berlin, American military authorities arrested 11 Polish nationals. Two of those arrested were members of the Polish Military Mission and have been released. The remainder are employed by a Polish Restitution Commission in the Soviet sector and have no status or reason for residence in the US zone.
7. AUSTRIA: Clark opposes pooling of food--General Clark opposes any agreement at this time with the British and French on the pooling of resources and the equalization of food consumption in the three western zones. He believes that only by continuing the present unilateral supply system will the British and French be forced to more aggressive efforts to supply their zones. At present, Clark states, the latter are making only half-hearted attempts in anticipation of UNRRA's assumption of responsibility for supplies on 1 April. In the interim, Clark requests authorization to loan supplies to the British and French when necessary to prevent disaster.
8. POLAND: Government proposes to defer elections--Embassy Warsaw has learned from official Polish sources that the Provisional Government proposes to postpone the elections previously scheduled for the spring or early summer of 1946. Both Ambassador Lane and the British Ambassador believe that postponement would merely enable the present regime to entrench itself more firmly by continuing its arrests and deportations of political opponents, press censorship, and vituperation of Mikolajczyk.
9. IRAN: Qavam's summary of Moscow talks--Embassy London has transmitted a summary of a conversation between the British Charge in Moscow and Premier Qavam before the latter's departure for Tehran. Qavam's statements

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included the following:

(a) He had reached no agreement with the Soviets and expressed disappointment with the outcome of his mission. Under the circumstances, he plans to continue the conversations in Tehran while keeping the Iranian question before the UNO. He expressed particular interest in the attitude which the UK and US would take, irrespective of action by the UNO, and added that he regarded the British note to the USSR as more of an inquiry than a protest.

(b) The Soviets complained to him about discrimination with respect to oil and cited the Anglo-Iranian Oil Company as a case in point. While no commercial agreement was reached he furnished the Soviets with "certain information regarding economic considerations of interest to Iran."

(c) While the Soviets had given him no reason for their retention of troops on Iranian territory, they had clearly intimated their "fears of British aggressive intent" and the applicability under such circumstances of the 1921 treaty. Qavam had characterized these suggestions as "pure nonsense" and had ridiculed Soviet allegations that tribes in southern Iran had been armed by the British.

The British Foreign Office considers, in view of this report, that Qavam took a much stronger line at Moscow than had been expected.

Embassy Moscow reports that Qavam left Moscow on 7 March. The Embassy added -- in connection with its previous report that Qavam at Soviet suggestion might be considering a coup d'etat after the adjournment of the Iranian Parliament -- that if such suggestions were made, they may have been presented in the "most delicate oriental manner", without raising any direct question of Qavam's personal loyalty.

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FAR EAST

10. CHINA: Repatriation of Japanese--The Secretary of State has accepted General Marshall's plan for the repatriation of Japanese from Manchuria. The Secretary agrees that the US should offer shipping facilities to the Soviets, in order to expedite the repatriation of Japanese civilians.

THE AMERICAS

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11. CHILE: British offer war equipment--The US Military Attache has been told [redacted] that Britain has offered to his Government considerable equipment, including US material, at very low prices. The Ministry of Defense plans not to accept the offer in the hope of obtaining arms from the US.

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