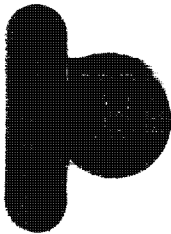


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1. Reactions to Soviet declaration on the Ruhr-- Veteran French ex-Comintern agents, according to Caffery, are agreed that Molotov's declaration on the Ruhr and Rhineland (for German political control and Inter-Allied economic control, respectively) reflects Stalin's view that the German Communist Party is to be favored over the French because Germany is the "key to final power in Europe."

Caffery remarks that the French Communists, in order to divert attention from their abandonment (forced by Molotov's declaration) of the very popular thesis of Ruhr-Rhineland internationalization, are (a) arguing that only by inter-Allied control can France obtain "vitally important" reparations, particularly coal; (b) "violently dragging the red herring" of France's coal needs before the public; and (c) denying that the Soviet and French positions are incompatible.

Belgian Foreign Minister Spaak has told Ambassador Kirk that the Soviet position on the Ruhr indicates a desire for the maximum integration of the German economy with that of eastern Europe.

## EUROPE-AFRICA

2. YUGOSLAVIA: Tito reported shot--The Strategic Services Unit has received an unconfirmed report from a hitherto very reliable source that Marshall Tito was shot on the afternoon of 11 July and is in serious condition. One shot is reported to have passed through his body, piercing a kidney; another wounded him in the arm. The assailant was a young Chetnik; the shooting occurred at a point near Belgrade while Tito was reviewing his personal guard. At last report Tito's condition was improving. (The Yugoslav Government has officially denied that any attack has been made on Tito's life and has stated that he is on a speech-making tour in Montenegro.)
3. BULGARIA: Soviets said to have abolished restricted zones--The US Military Attache in Ankara reports that, [redacted] the Soviets have abolished the former restricted zones in Bulgaria. [redacted] this action signifies the end of extensive Soviet maneuvers in Bulgaria.

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4. **GREECE: Proposed Greek economic mission to US**--Ambassador Harriman in London has been asked by Greek Prime Minister Tsaldaris whether the US would receive a Greek mission to negotiate an Export-Import Bank loan or to discuss Greek financial needs before Tsaldaris' formal visit in September. The State Department has informed Harriman there is "very little possibility" of an additional Export-Import Bank loan to Greece in the "foreseeable future," and cites the fact that the Greek Government has not used the 25 million dollar credit granted in December 1945. The Department is willing to receive a mission to discuss general Greek economic problems on the understanding that an Export-Import Bank loan to Greece will not be considered at this time.
5. **GERMANY: Possible change in Soviet attitude**--The US Political Advisor's Office in Berlin reports that during the past two weeks Soviet officials in Berlin have been taking a more "conciliatory and cooperative" attitude toward the US officials and are making "unusual efforts" to be socially friendly and agreeable. The Office believes that these developments indicate a "possible change" in the attitude or tactics of the Soviets toward the US.
6. **IRAN: Qavam party continues growth**--US Ambassador Allen reports that Qavam's new party, the "Democrats of Iran," continues to win adherents throughout southern and western Iran but "has not succeeded as well in Tehran" because of its lack of outstanding figures. Allen has been informed that Qavam has won over some elements from the Soviet-supported Tudeh Party as well as half of the adherents of the moderate Iranian Nationalist Party in Tehran. Qavam's aim, as Allen sees it, is to "swallow up" both the Tudeh and the "Democrats of Azerbaijan" and form a single-party state "along Turkish rather than Russian lines," employing Schwarzkopf's gendarmerie as his own "honor guard." Allen believes, however, that the Shah will not allow this to happen "without a struggle."
7. **IRAQ: Communist influence prolongs strike**--Legation Baghdad has received from the Iraqi Foreign Office confirmation of the part played by "two Baghdad Communists" in instigating and prolonging the current strike against the Iraq Petroleum Company (see Daily Summary of 12 July, item 5.) An SSU representative reports that the workers,

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under Communist influence, are continuing to press excessive demands and that the Company "is most reluctant to yield."

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expect that the strikers will resort to robbery and rioting if the strike continues much longer.

## FAR EAST

8. JAPAN: Soviet repatriation of Japanese--SCAP reports that in the recently concluded conferences on the repatriation of Japanese from Soviet-controlled territories, Soviet General Derevyanko proposed to exclude the Japanese military from repatriation and to limit discussions to the North Korea and Dalny-Port Arthur areas where (according to the Soviets) the Japanese population, estimated at 100,000 and 300,000 respectively, includes no POW's. The Soviets are not prepared to furnish either ships or fuel for the operation. SCAP disagrees with the Soviet position and recommends that negotiations be continued "on a governmental level."
9. CHINA: Government and press countering anti-US propaganda--General Gillem reports that T. V. Soong, in an 8 July press conference, condemned anti-US propaganda as not representing the true sentiment of the Chinese. Soong's remarks represent the first official defense of the presence of American troops in China by the National Government. Chinese newspapers also have begun to express counter-arguments to the recent attacks on US influence in China.
10. SIAM: Government plans regarding UN--Legation Bangkok reports that the Siamese Government proposes to submit the border dispute to UN "within the next day or two" and then make applications for membership. The Legation has learned that the Siamese, in submitting the case, to the Security Council (a) will link the border incidents and the question of territories and (b) are approaching General Donovan to act as legal counsel.

French may refer border dispute to International Court--Ambassador Caffery reports that the French are seriously considering a proposal to submit the border dispute to the International Court in order to avoid "red herrings being drawn across the track of the basic issue" in the Security Council.

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**THE AMERICAS**

- 11. VENEZUELA: Junta asks US mediation to forestall revolt--The leaders of the Venezuelan "revolutionary" Government have asked US Ambassador Corrigan to mediate with opposition leaders to prevent a counter-revolution (see Daily Summary 9 July, item 10). The State Department has instructed Corrigan to take such action only if one or two other American nations are associated in the mediation.**

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