

25 MAY 1946

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GENERAL

1. British Foreign Office views on CFM and Europe--According to Harri-
man, the British Foreign Office considers that (a) a "measure of prog-
ress" toward peace was made at the Paris Conference of Foreign Min-
isters, and the prospects for further progress in the June meeting are
good; and (b) "it was well" that Secretary Byrnes, while showing every
disposition to maintain the present machinery, reminded the Soviets (in
his recent speech) that "an appeal to the UN Assembly is an alternative
course."

Regarding Europe, the Foreign Office considers that (a) since the
problem of Austria is "more pressing" than any other, it should
insist upon consideration of an Austrian peace treaty at the June confer-
ence; and (b) the Rumanian and Polish "puppet governments" should be
reminded repeatedly of unfulfilled pledges and "the trend in Eastern
Europe" should be repeatedly protested in order to reassure those
peoples that they have not been forgotten. The Foreign Office "hopes
very much" that the trend toward economic and political stability in
France will accelerate, because "without a stable France, it would be
very difficult to build a stable Europe."

2. Cadogan's views on Iran--According to Stettinius, Cadogan believes that
Qavam will be subjected to strong Soviet pressure to express satisfac-
tion that the Soviet withdrawal is complete and to repudiate Ala's con-
tention that Iran never intended to withdraw its complaint of Soviet
interference (see Daily Summary of 23 May, item 1). Cadogan believes
that, if Qavam submits to this pressure, the Council will have to drop
the matter from its agenda, but should declare publicly that it considers
that the Iranian Government has been put under heavy Soviet pressure.
If Qavam gives the Soviets a "clean bill of health," Cadogan considers
that any new complaint against the USSR now would be inopportune.

EUROPE-AFRICA

3. USSR: Soviet attitude toward Palestine situation--Ambassador Smith
attributes the lack of significant Soviet comment on the Committee's
report on Palestine to the fact that the US and UK Governments have not

Document No. 030NO CHANGE in Class. DECLASSIFIEDClass. CHANGED TO: TS S Auth: DDA Memo, 4 Apr 77
DDA REG.. 77/1763Date: 13 MAR 1978 By: o/11TOP SECRET
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yet taken definite positions on the report. Once the US and UK have committed themselves, he expects the Soviets to exploit the situation to their advantage by attacking as "imperialist intervention" any stand taken. The Soviets prefer to avoid choosing sides, he adds, but Arab unrest will probably present such opportunities to Soviet propaganda and machinations in the Near East as to make open opposition to Zionism unnecessary.

4. CZECHOSLOVAKIA: Repercussions of Soviet decision on troops--
According to Ambassador Steinhardt, the success of President Benes and Foreign Minister Masaryk in persuading Marshal Konev to stop large-scale Soviet troop movements across Czechoslovakia until after the elections has (a) "materially weakened" the position of pro-Soviet Premier Fierlinger, (b) strengthened the position of Masaryk, Fierlinger's most outspoken critic, and (c) discomfited the Czech Communists, who feel they have been "let down" by the Soviets.
5. RUMANIA: US protests Soviet expulsion of Markham--General Schuyler reports that the Soviet Chairman, ACC, Rumania, has refused to consider the US protest against the expulsion of R. H. Markham (see Daily Summary of 23 May, item 3). The State Department is requesting the Soviet Government to rescind the expulsion order immediately and has asked General Schuyler to demand that the ACC Rumania postpone Markham's expulsion pending a decision in Moscow.
6. AUSTRIA: US proposals regarding independence--The State Department has recommended to US Political Advisor Erhardt that the Control Council be urged to consider (prior to the 15 June meeting of the Council of Foreign Ministers at which the US draft treaty for Austria will be presented for discussion): (a) General Clark's 25 April statement on US policy and the US program for immediate relief, and (b) an agreement on specific cases involving German assets under Potsdam, including land. Erhardt is instructed (a) to do everything possible to break down zonal barriers in order to prevent divergent reconstruction policies and the ultimate split of Austria into eastern and western zones, and (b) to discuss the question of US economic assistance with the Austrian Government.
The Department believes that the Soviets are deferring action on a peace treaty and troop withdrawals pending arrangements which permit

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complete Soviet control of Austrian economic resources. The Department does not wish Austria's independence to be compromised by such arrangements.

FAR EAST

7. INDIA: British plan paratroop operation--US Military Observer New Delhi reports that the British intend "within the next few days" to drop two battalions of "British, not Indian" paratroops into the Northwest Frontier area in order to "nip a revolt and display strength." Widespread tribal warfare has broken out along the frontier, "possibly inspired by outside influence."
8. N.E.I.: Possibility of improvement in negotiations--Consul General Foote in Batavia believes that Sjahrir now may desire an early agreement with the Dutch. If this proves true, and if Sjahrir has convinced other native leaders of the inadvisability of further delay in negotiations, Foote considers the possibility of ultimate settlement is strengthened.

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