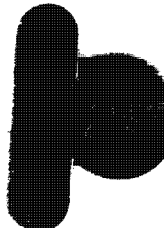


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28 MAY 1946

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GENERAL

1. British efforts to block TWA-Italian contract--The State Department has informed the British Government that it is "at a loss to understand" the continued British efforts to prevent implementation by the Italian Government of the TWA-Italian air contract. (The exclusive provision of the contract was removed to meet British objections; see Daily Summary of 2 May, item 2.)

EUROPE-AFRICA

2. FRANCE: Soviet instructions to French Communists--Caffery has been informed by a "reliable" French official that Molotov has advised the French Communist leaders (a) to devote all their energy to internal Party discipline, and not to worry about the 2 June elections; and (b) not to start violent attacks on the Socialist Party. Molotov believes that such attacks would (a) merely drive the Socialists into the arms of other left-center elements, pushing them closer to the British Labor Government; and (b) possibly result in an Anglo-French pact which would form the basis of an anti-Communist bloc in western Europe.
3. GERMANY: Soviet espionage on US activities--General McNarney reports a recent "serious increase" in Soviet espionage on US activities in the Berlin area. Soviet methods include threats and bribes to German civilians employed by the US Army.
4. YUGOSLAVIA: Soviet troops reported on Greek-Albanian border--US Representative Jacobs in Tirana has received a "reliable report" that between eight and nine thousand Soviet troops are now stationed in southwest Yugoslavia near Ochrida, about 20 miles from the juncture of the Albanian, Greek and Yugoslav boundaries. (MIS as of 24 May estimated that Soviet strength in Yugoslavia comprised 5,000 troops in unidentified units.)
5. HUNGARY: Premier asks permission to visit US--Legation Budapest reports that Premier Nagy has (a) requested permission to proceed to the US following his official visit to London early in June, and (b) attributed the request to Hungarian popular demand for close relations with the western powers as well as with the USSR.

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FAR EAST

6. **KOREA: US asks USSR to close Consulate General in Seoul**--Byrnes has authorized Embassy Moscow to inform the USSR that the US expects the Soviet Consulate General in Seoul to cease functioning within two weeks (see Daily Summary of 23 May, item 6). The Embassy also is authorized to take up again with the USSR the matter of opening a US Consulate in P'yongyang (North Korea).
7. **SIAM: US note to French on border incidents**--Byrnes has forwarded to Embassy Paris Legation Bangkok's reports on the border incidents in Siam and has instructed the Embassy (a) to express immediately to the Foreign Office increasing US concern; and (b) to urge that instructions again be sent to prevent further incidents and any movement of French troops to Siamese soil. Byrnes has further suggested that the French send a representative to Bangkok and has emphasized that a great power can "afford to proceed more than halfway in dealing with a small nation in the interest of international cooperation."
8. **N.E.I.: US denies report on troop landing**--US Consul General Batavia has heard persistent rumors that US troops are to occupy Palembang (Sumatra) and on 25 May was asked by Sjahrir why 30,000 American troops had already landed there.
- The State Department has authorized the Consul to state that no US troops are occupying or will occupy any island in the N.E.I.

THE AMERICAS

9. **BRAZIL: Communist agitation increasing**--US Consul General Cross reports a deteriorating situation in Sao Paulo where Communist elements continue anti-US attacks in an effort to sabotage the Hoover Mission. The US is blamed for bread lines and the hemisphere defense plan is described as an imperialistic design to subject Latin American armed forces to US control.
- US Military Attache Rio has been reliably informed that the Communist Party plans to call a general strike in Sao Paulo, if the Government attempts to enforce an order to striking stevedores to unload a Spanish vessel at Santos.

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10. HAITI: Elections protested--Embassy Port au Prince reports that the formation of a new "Committee of National Defense," comprising Communists and Popular Socialists, has created a serious situation. The Committee threatens to call a general strike unless the recent elections are annulled on grounds of fraud and the Military Executive Committee is replaced by a provisional civilian government.

Illegal arms negotiations--According to the US Military Attache, the Military Executive Committee has discovered plans of a commercial firm to import rifles and revolvers from New York.

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