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~~CONFIDENTIAL~~31 May 1946
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EUROPE-AFRICA

1. USSR: Ukraine crop failure reported--US Military Attache London has learned from "a reliable source" that a three-month drought in the Ukraine will result in loss of half the planned grain harvest (see Daily Summary for 24 May, item 1). The source "indicated" that Stalin's recent refusal to promise grain for relief was prompted by the expected crop deterioration.
2. RUMANIA: US protests arrest of employees--General Schuyler, US delegate ACC, reports that (a) the Rumanian Government has arrested and jailed two Rumanian civilians employed by the US and (b) a "show of force" was necessary to prevent the arrest of another Rumanian on Schuyler's staff. Schuyler states that (a) none of the Rumanians involved was engaged in any political activities; and (b) a protest to the Soviet Deputy Chairman ACC elicited the reply that the situation "primarily involved the US mission and the Rumanian Government", which as a sovereign nation must have full jurisdiction over all its citizens. Schuyler believes that the matter can be settled locally. The State Department has formally protested to the Rumanian Government against this "outrageous" interference in US activities, and has demanded "the immediate cessation of such molestation" and the release of the arrested employees.
3. YUGOSLAVIA: Significance of Tito visit to Moscow--US and British military authorities in Caserta point out that (a) the Yugoslav demands for closing the US Embassy radio in Belgrade and suspension of US and UK air operations in Yugoslavia coincide with Tito's visit to Moscow, and (b) Tito was accompanied by his Chief of Staff and other officers of such importance that the object of their visit "could reasonably be regarded" as the discussion of "operational matters."

The US Naval Attache Belgrade believes that Tito's visit (a) indicates a possible offensive against Trieste, and (b) is connected with a Yugoslav order for registration by 8 June of all reserve officers and men.

The US Commanding General, Mediterranean Theatre, has instructed the US Military Attache Belgrade to continue operation of the US Embassy radio unless he receives contrary orders from the State Department.

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4. **FRANCE: Communists on defensive--US Military Attache Brussels considers, on the basis of recent deliberations of the French Communist Politburo, that the Communists have been placed on the defensive. Moscow's loss of confidence in the "stability" of the French Communist Party, he adds, is emphasized by the fact that a Soviet citizen has arrived to head the "G-2 section" of the Party. He believes that a Communist coup depends upon a promise of definite support from Moscow, which he doubts can be given at this time.**

According to the MA, Party Chief Thorez on 23 May informed the Politburo that: (a) the Socialists' anti-Communist stand is "strictly" connected with Blum's negotiations in the US, where Blum was told that the loan "would not be possible if the Socialist Party did not make a clean break from the Communists;" and (b) he feared that many Frenchmen who had sympathized with the Communists up to the present might now follow the Socialists' example.

5. **POLAND: Soviet motives--According to Ambassador Smith in Moscow, the recent Soviet agreement to give financial and military assistance to Poland probably means that the Soviets have decided to strengthen the present Polish regime rather than attempt to win over the Polish people by concessions. Smith comments that (a) this appears to be a "radical and fundamental" policy decision necessitated by the increasingly strong opposition to "Soviet control of Poland;" and (b) that increased coercion of the opposition by the Government may be expected.**
6. **SPAIN: Control of German underground unsubstantiated--Stettinius has been instructed to inform the UN that although the US has received reports that a German underground is being directed by radio from Spain, investigation has been unable to provide substantiating evidence.**
7. **IRAN: Azerbaijan settlement reported near--US Consul Tabriz reports that according to a "previously reliable informant" an agreement between the Azerbaijani and the Central Government, on the basis of Qavam's original terms "with only minor changes" already is an "accomplished fact". A second "reliable informant" has told the Consul that on 27 May Pishevani told "Democrat" leaders that Azerbaijan "had to give in and make peace". Pishevani's explanation, according to this informant, was that "America and Britain are using**

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the Azerbaijan problem to play a trick on our 'big friend' the Soviet Union". The Consul comments that the softening of the "Democrat" attitude "unquestionably has been on recent Soviet instructions".

8. LEVANT STATES: Appeal to UN on Palestine report not favored-- According to Ambassador Wadsworth, Lebanon and Syria do not favor referring the Palestine problem to the UN because they feel that "a fair interpretation of the charter principles could not be expected."

FAR EAST

9. KOREA: Progress of Pauley Mission--Pauley reports that, after many discussions with Soviet Generals Chistiakov and Shanin, his mission has been granted permission to enter only three of five areas they desired to visit. Its movements take place under heavy guard and only by prearrangement. It has been specifically excluded from certain plants, and has been expressly forbidden to take photographs on official trips. Negotiations continue and there is hope of some improvement.
10. CHINA: Sinkiang settlement near--Embassy Nanking reports that the Soviet Consul General and Chinese Governor Chang Chih-Chung have assisted in breaking a month-long deadlock in the negotiations between the Chinese Government and the Sinkiang rebels. The Embassy believes that the new Sinkiang Provincial Government may now be established within four or five days. He warns that if the Chinese fail in this new opportunity to maintain their control of Sinkiang, the province will be irrevocably lost.
11. SIAM: UK position on French-Siamese border incidents--Harriman reports that recent border incidents and the Siamese appeal to the UN have encouraged the Foreign Office not to urge the Siamese to return the disputed territories to Indo-China at once. However, the British also will not support Siam before the Security Council but hope that border incidents and disputed territories can be treated separately.

Reports from US representatives in Bangkok and Saigon indicate that (a) both the French and the Siamese are growing increasingly agitated, and (b) further incidents will impede rice sowing in northeast Siam.

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THE AMERICAS

12. ARGENTINA: Peron's attitude toward US--Ambassador Messersmith, on the basis of a long conversation with Peron, believes that Peron genuinely desires to go a long way towards the establishment of a cordial relationship with the US on a sound and proper basis.

Transport needed for UNRRA wheat--Peron has told Messersmith that 150,000 tons of wheat in the interior can be made available to UNRRA, if at least 500 trucks and 5,000 tires can be supplied for transport between storehouses and railheads. Local transport facilities are inadequate to deliver the grain "in the foreseeable future", Peron claims.

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