ACTIVITIES OF THE SOVIET UNION IN EASTERN EUROPE, AND SOVIET RELATIONS WITH THE BELIGERENT POWERS


S60D.51/3904

Memorandum by President Roosevelt to the Secretary of State

WASHINGTON, January 2, 1940.

I fear we cannot make any large loan to Finland under the R. F. C. Act because, frankly, there is not enough security for its re-payment under the existing law.

Please speak to me, however, about the possibility of recommending to Congress Congressional authority for a loan based on an amount equal to what Finland has paid us on its debt since the other nations stopped paying.

F. D. R.

7601D 61/919: Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

[Extract]

LONDON, January 4, 1940—8 p.m.
[Received January 4—6:15 p.m.]

26. For the Secretary and the Under Secretary. I had a talk this afternoon with Lord Halifax. He referred to information which

1 For previous correspondence regarding concern of the United States over demands of the Soviet Union upon Finland, and the outbreak of the Winter War, see Foreign Relations, 1939, vol. 1, pp. 962 ff.
3 For information concerning the introduction of a bill in the Senate on January 8, 1940, to enable loans to be made to Finland, see ibid., p. 1030, footnote 27.
4 Another portion of this telegram is quoted in telegram No. 11, January 6, 5 p.m., to the Ambassador in Japan, p. 633.
5 Edward Wood, Viscount Halifax, British Secretary of State for Foreign Affairs.
he said had been communicated to Department by Lord Lothian regarding the British and French approach to Sweden and Norway with respect to assistance to Finland. The Swedish Minister delivered the Swedish reply this morning and had indicated the willingness of his Government to give every facility to the despatch of necessary material through Sweden to the Finns from both Great Britain and France. The Swedish Government is not, however, prepared to allow the passage of foreign troops through Sweden to join up with the Finnish forces. The Swedish Minister also informed Lord Halifax that his Government was not replying to the Anglo-French offer of assistance to Sweden in case she got into trouble through facilitating Allied aid to Finland. The Swedish point of view is that they would rather not discuss at the present time any question of Allied assistance, and Lord Halifax is not critical of this attitude. Aid to Finland he said will proceed along the lines of the “non-intervention” policy during the Spanish Civil War. The British are going to send everything they can spare and have just consented to meet a Finnish request for the despatch of 20,000,000 rounds of small arms ammunition. This will cut the British and French ratio but Lord Halifax says that they have decided it would be much better to send this ammunition where it is needed and can be used at once than simply to hold it in reserve in France where no battles are now taking place. The talk in France, reported freely in the press, of the possibility of sending 10,000 Alpine Chasseurs to fight with the Finnish Army, Lord Halifax thinks, is largely due to political motivation and pressure from the anti-Communist groups. There could be no question of its realization in any case at present in view of the expressed attitude of the Swedish Government. There are spectacular stories in today’s press of direct German threats against Sweden if she cooperates in any way with the Allied Powers in bringing assistance to Finland. The Swedish Minister, however, told Lord Halifax this morning that he had no official confirmation of any pressure being brought to bear on Sweden either by Germany or by Russia.

There is no intention here of declaring war on Russia and Lord Halifax said he knew that was the view of the French Government also, however much anti-Communist elements might advocate it.

*Philip Henry Kerr, the Marquess of Lothian, British Ambassador in the United States.
'Bjorn Gustaf Prytz.
*The Soviet Union sent notes on January 6, 1940, to Norway and Sweden complaining about their attitude toward the war between Finland and the Soviet Union. Norway replied on January 6, 1940, and Sweden on January 10, 1940.
SOVIET RELATIONS WITH OTHER POWERS

A blue book is to be published next week of the Anglo-French-Russian negotiations at Moscow giving the full story of the breakdown.⁹

JOHNSON

760D.61/928: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSEINKI), January 5, 1940—10 a.m.

[Received 4 p.m.]

10. I spoke to the Prime Minister ¹⁰ last night in the sense of third paragraph of your telegram 3, January 3.¹¹ He pointed out that he had not contemplated action by the United States alone at Moscow but had thought that if the United States in cooperation especially with Italy and the Scandinavian countries and the belligerent powers including Germany, if possible, should urge bilateral negotiations to terminate present hostilities between Finland and Russia this would have salutary effect even if it led to no immediate cessation of hostilities. Nevertheless, the Prime Minister asked me to defer final report regarding his views which were still in process of development. He said he would send for me again when he had received a report now on the way to him from the Finnish Minister at Berlin ¹² containing a detailed analysis of the German position towards the Finnish conflict with Russia.

The Prime Minister gave me to understand that the attitude of Germany was a primary concern of the Finnish Government and said that if positive German assistance as in the form, for instance, of rumored Russian request for 200 German pilots should be given to the

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⁹ The Counselor of Embassy, Herschel V. Johnson, explained in his despatch No. 4890, March 16, 1940, the reversal of the decision to publish these documents at this time. Prime Minister Neville Chamberlain announced in the House of Commons on March 6, 1940, that this decision followed further consultation with the French, who had raised objections. The Counselor had learned from a reliable source that the French had been disposed “at the time of the Moscow negotiations to adopt a more lenient attitude than the British with regard to measures that Russia might take, particularly in the Baltic States, to protect herself against ‘indirect aggression.’” It therefore seemed advisable to publish a version favorable to the British, “if the Soviets could subsequently make public documents showing a striking divergence of view on the part of the French.” (741.61/888) A large collection of papers on this matter has now been printed in the United Kingdom, Foreign Office (E. L. Woodward and Rohan Butler, editors), Documents on British Foreign Policy, 1919–1939, 3d ser., vols. v and vi (London, H. M. Stationery Office, 1952, 1953).

¹⁰ Risto H. Ryti.


¹² Aarno Wuorimaa.
Soviet Government in the pursuance of the latter’s repeated solicitation Finnish resistance could not withstand this added weight. Whereas, until recently Germany had been in the hands of the Soviet Union, the hostilities between Finland and Russia had now made the latter dependent upon Germany notwithstanding the fact that the Finnish-Russian war might be considered a “small” war.

The Prime Minister speaking of Sweden said that the Finnish Government was anxious to continue to receive supplies from Sweden as at present and that this would become more difficult if Sweden should be forced into an attitude of open opposition to Soviet Union or Germany while under present conditions Germany was raising no objection to furnishing war materials to Sweden. Receipt of such materials was making it possible for Sweden to release its own stocks to Finland as Germany was unwilling to permit direct exports of its war supplies to Finland.

The Prime Minister in response to inquiry said that he felt no concern regarding Russian attempts to cut communications between Finland and the outside world. He informed me that the military situation promised another victory involving approximately 40,000 Russians in an unspecified area which I assume to be north of Lake Ladoga. Finally he said that the report of proposed transfer of the German cruiser Hipper to the Soviet Union had not been confirmed.

The Prime Minister’s attitude was one of continued confidence but of obvious concern regarding magnitude and difficulties of the problems now facing Finland. I was touched by his reference to the proposed loan to Finland from the United States which he said he earnestly hoped would be a loan by our Government and which as he stated he could assure me would be repaid to the last cent if Finland survived. I replied that I had no doubt our Government and people were deeply interested in the survival of Finland as a free and independent nation.

SCHOENFELD

760D.61/951 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), January 8, 1940—7 p.m.

[Received 8:38 p.m.]

18. See telegram No. 327, December 28, from Legation at Stockholm.\textsuperscript{13} The Minister for Foreign Affairs\textsuperscript{14} confirmed to me this

\textsuperscript{13} Not printed.

\textsuperscript{14} Väinö A. Tanner.
afternoon that according to his information there was divergence of opinion regarding Finnish question between partisans of Ribbentrop\(^{15}\) and those of Goering\(^{16}\) in Germany, the latter favoring continuing Swedish assistance to the Finns and other facilities for Finland. At present latter policy was in the ascendant and had been exemplified today by advice that German merchant ships had been authorized to resume traffic to Finnish ports from which they had been excluded presumably by order of German Government since announcement of Russian naval blockade last month. Tanner's explanation of the improvement in the German attitude was the military success of the Finnish Army as it had apparently been thought in Germany that this country would be quickly overrun by the Russians.

Minister for Foreign Affairs said that without wishing to anticipate what the Prime Minister might have to say to me at our next meeting he hoped that as soon as time is deemed opportune effort would be made to work out a method of ending the war with Russia. Finnish Government he said was perhaps not the best judge of time-liness of possible mediation but from his personal knowledge of Stalin\(^{17}\) he believed that if German cooperation could also be enlisted by the United States with a view to bringing about a settlement present skepticism regarding success of such action might prove unjustified, Stalin's "toughness" of character and recent loss of prestige by the Russian Army notwithstanding.

Tanner referred to the position of Finland placed between the cross-currents and mutual suspicions of the belligerent powers who were inclined to use that position for their own purposes. This caused confusion here and made it hard to see how to proceed in ending the war. However he also spoke of the possibility of the war going on for another year or even two and I gathered that the disconcerting effect of the complicated state of facts on the political side was not weakening the resolution of the Finnish Government in military resistance.

The Minister expressed great appreciation of your readiness to consider concrete proposals which might be made by the Finnish Government to expedite conclusion of peace. He seems to look to you to be alert for the propitious moment to this end.

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\(^{15}\) Joachim von Ribbentrop, Reich Foreign Minister

\(^{16}\) Hermann Wilhelm Göring, Field Marshal, President of the Reichstag; Prime Minister of Prussia; Reich Minister for Air.

\(^{17}\) Josif Vissarionovich Stalin, Secretary General of the Central Committee of the All-Union Communist Party (Bolsheviks); member of the Politburo and Orgburo of the Party.
Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] January 9, 1940.

The Minister of Finland called and requested a loan of $60,000,000 and authority to use it with which to pay for armaments. He was also pleading for any possible arrangements for airplanes and certain other implements of war which might be sent from this country without delay. I replied that I could not say much more than I had said informally to him at different times.

760D.81/957: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Granlulla (Helsinki), January 9, 1940—5 p.m.

[Received 9:28 p.m.]

20. My telegram No. 10, January 5, and No. 18, yesterday. At the request of the Prime Minister I called upon him this afternoon. He said he had now formulated his ideas regarding possible procedure to bring about cessation of hostilities with Russia but he emphasized the same thought as the Minister for Foreign Affairs did yesterday, that choice of time for taking such action was left to you and he hoped you would watch developments with this in mind.

He had a statement in Finnish from which he spoke in English and at my request handed it to me, then dictating the following English version which I wrote down:

"That the United States, together with the other neutral great power Italy, would approach Union of Soviet Socialist Republics and Finland offering their good offices for the purpose of bringing about armistice and peace negotiations and that the United States would invite Italy and Sweden to try to bring pressure to bear on Germany at the same time and for the same purpose."

The Prime Minister said the point was important that the "approach" be made both to the U. S. S. R. and Finland and not only to the former. He volunteered no reference to the report he had mentioned on January 3rd [4th] as being expected from the Finnish Minister at Berlin but I assume that Tanner's statement to me yesterday regarding German policy was based on that report. The Prime Minister said he now agreed with your view that proposed démarche would serve no useful purpose at this time. He did feel, however, that it is in the interest of Germany that the war should not spread

*Hjalmar J. Procopé.
in this area and hence he considered German cooperation quite possible. The Prime Minister in response to my inquiry expressed opinion that Italy would be willing to exert its influence with Germany to end Finnish-Russian hostilities and that Sweden would do likewise. Although he was primarily interested in peace for his own country he was also hopeful that a peace between the other European belligerents could come about and as to this it was his frank opinion as he said that France might not be indisposed to make peace but despite a certain peace party’s views Britain was insistent on removal of Hitler from power in Germany and it was impossible to know when that condition would be met.

While I was with the Prime Minister he received what he said was a bulletin of the day’s military activities which he stated had been unimportant. He told me that the latest surrender of Russians mentioned in my telegram 17 yesterday had been especially significant because it was the first time in present hostilities that surrender had been negotiated by Russian officers. Ryti said quantity of planes now coming forward from various sources was becoming appreciable, being not far from 200, and that there would be no shortage of competent pilots for them. The Germans were still holding 6 Italian airplanes intended for Finland but had released a carload of accessories while remaining Italian planes exceeding 20 were on the way by another route. Italy was also supplying 76 mm. antiaircraft guns obtainable only with great difficulty in other countries or unobtainable as in the United States.

The Minister expressed great concern regarding economic and social disintegration of Europe if the war should last a year or two saying that some new “ism” would doubtless arise with disastrous consequences. Hence while he was especially anxious to see the end of the hostilities with the Russians whom he said the Finns did not hate but who were the same backward people they had always been, he was almost equally desirous of a general peace. He referred to resignation of Hore-Belisha from British Cabinet saying that late Secretary for War was not in favor of helping Finland. Neither was Churchill on the alleged ground that Britain must concentrate her strength against Germany and this country was too inaccessible. This he said had also accounted for unwillingness of British Admiralty to send naval forces to Arctic coast of Finland last month.

SCHOENFELD

20 Adolf Hitler, Führer and Chancellor of the German Reich from January 30, 1933; Chief of State from August 2, 1934.
21 Not printed.
22 Leslie Hore-Belisha was Secretary of State for War until January 5, 1940.
23 Winston S. Churchill, First Lord of the Admiralty until May 10, 1940; then Prime Minister and Minister of Defence.
The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), January 12, 1940—6 p. m.
[Received January 12—5:20 p. m.]

24. Private and unofficial for General George Marshall \(^{23}\) from Military Attaché.\(^{24}\)

“Lieutenant General Neinen, Chief of Finnish Military Commission, will call on you with regard to immediate Finnish needs. Recommend action be taken at once as delay will seriously handicap our assistance. Cannot overemphasize necessity for speed. Haynes.”

SCHOEN Feld

740.0011 European War 1939/1490 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, January 15, 1940—9 p. m.
[Received 9:45 p. m.]

80. Léger \(^{25}\) went on to say that although the probable attack on the Netherlands and Belgium dominated the situation at the moment, the French Government had by no means forgotten the power of the Finns. He was happy to say that the first 30 planes sent to Finland (see my No. 3062, December 30, 6 p. m.\(^{26}\)) had already arrived and had taken the air today.

The question of aid to Finland was becoming more and more complicated. The French Government had offered to send an army to Finland either by way of Norway and Sweden or by way of Petsamo. The Norwegians and the Swedes had refused to permit the passage of a French army to Finland and the British had refused to permit any expedition against Petsamo.

The French had gone so far as to propose that if the British would release the three Polish destroyers which are now with the British fleet they would add sufficient French cruisers to them to make a strong Polish fleet and the Polish fleet would cover the landing of the French Army at Petsamo.

The British first had stated that the Poles were absolutely opposed to any such action. General Sikorski, Polish Prime Minister, in the

\(^{23}\) Chief of Staff, United States Army.

\(^{24}\) Maj. Frank B. Haynes.

\(^{25}\) Alexis Léger, Secretary General of the French Ministry for Foreign Affairs.

\(^{26}\) Not printed.
presence of himself and Daladier had stated flatly that he would be delighted to have a Polish fleet attack Petsamo and cover the landing of the French Army. Confronted with this statement of General Sikorski's the British had finally taken refuge in a simple negative stating that they controlled the Allied effort at sea; that the Polish fleet would have to be based on British ports and that they would not do anything which could be construed by the Bolsheviks as a hostile British act against the Soviet Union.

Léger expressed the opinion that the British were entirely idiotic in believing that they could detach the Russians from the Germans and that they could finally obtain the support of the Soviet Union against Germany. He went on to say that the French Government had proposed to the British Government that the British and French fleets both should enter the Black Sea and bombard Batum and send airplanes to bomb Baku and thus cut off both Germany and the Soviet Union from supplies of oil. The British Government had replied that no British ship would be fitted for any action in the Black Sea hostile to the Soviet Union. Léger added that the Turkish Government also was opposed to permitting the passage of the French and British fleets to the Black Sea and a bombardment of the Russian coast.

Léger said that he really could not understand the attitude of the British with regard to support to Finland and hostility to the Soviet Union at the present time. He asked me if I had any information on this subject and I replied that I had none. I should be grateful if you have anything of interest that you may care to communicate to me.

The French position is that France will not break diplomatic relations with the Soviet Union or declare war on the Soviet Union but will if possible destroy the Soviet Union—using cannon if necessary.

[The Minister in Finland reported in telegram No. 27, January 14, 1940, 10 a.m., that on the preceding afternoon the first air bombing occurred at Helsinki since December 25, 1939 (760D.61/971). Two statements released to the press on January 15, 1940, describing the loss of civilian life and destruction of property caused by Soviet airplanes, are printed in Department of State Bulletin, January 20, 1940, page 56.]

*Edouard Daladier, President of the French Council of Ministers.
*For correspondence regarding the attempts of the United Kingdom and France to obtain closer relations with the Soviet Union, see pp. 559 ff.
The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSEINKI), January 18, 1940—10 a.m.
[Received 7:55 p.m.]

35. Your telegram No. 18, January 16.\textsuperscript{20} I handed to the Prime Minister last night for his information copy of the President’s letter to the President of the Senate and the Speaker of the House of Representatives.\textsuperscript{20} The Prime Minister after reading it expressed appreciation of the President’s action but intimated some concern regarding exclusion of implements of war from classes of products which might be bought with purchasers’ proposed credits.\textsuperscript{21} I ventured to point out that the President’s suggestions were apparently kept deliberately within the limits of established policy of our Government because as he had said the matter of credits to Finland was wholly within the jurisdiction of Congress. The Prime Minister referred to the possibility in the event of Finland’s obtaining credit more for the purchase of agricultural and other manufactured products than implements of war, that arrangements might be made with the British Government to use its liquid funds in the United States to buy such implements against compensation in the form of commodities purchased with the credits that might be granted to Finnish Government.

Both the Prime Minister and the Minister for Foreign Affairs who was also present at dinner at my house last night inquired whether I had received any further information regarding subject matter of my telegram 20, January 9, and I replied in the negative adding that I should doubtless receive your instructions as soon as there were any developments. The Prime Minister told me according to his secret information another defeat of large Russian troops involving possibility of annihilation of a further Russian division on the northern front was developing. It was nevertheless apparent to me again from attitude of the Prime Minister and Tanner that their chief concern remains as before, namely, that military supplies must be forthcoming in adequate quantity and in good time to maintain effective resistance to Russian onslaught.

SCHOENFELD

\textsuperscript{20}Not printed.
\textsuperscript{21}For text of identical letter to the President of the Senate and the Speaker of the House of Representatives from President Roosevelt, dated January 16, 1940, suggesting methods which Congress in its discretion might adopt to make credits available to Finland to assist in the purchase of agricultural surpluses and manufactured products, not including instruments of war, see Department of State Bulletin, January 20, 1940, p. 55.
\textsuperscript{22}The Chief of the Division of European Affairs in the Department of State, Pierrepoint Moffat, noted in a memorandum of January 16, 1940, that the Finnish Minister that afternoon had “expressed the keenest disappointment at the contents of the letter.” (860D.51/405)
Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] January 22, 1940.

The Finnish Minister called and presented General Nenonen and Mr. Wahlfors, two purchasing agents from his country. He also offered me a memorandum regarding the proposed sale of military armaments by the War Department. I requested him to pass the memorandum on to Mr. Joseph C. Green here in the Department.

I then made clear to the Minister and his two associates the entire improbability of this Government selling arms, ammunition or implements of war to the Government of Finland. I said that I did not want them to be misled for a moment. They sought to bring up the technical law in the matter. I replied that wherever fighting was taking place and whatever it might be called in technical law, the one matter of concern in this country is that this Government does not engage in acts or utterances that might materially endanger its peace and safety by causing it to be drawn into war. In these circumstances, I stated that, in my opinion, it need not be expected that this Government would sell arms, ammunition and implements of war to the Government of Finland.

C[ordell] H[ull]

The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, January 22, 1940—5 p. m.

[Received January 22—4 p. m.]

35. My 16, January 12, 2 p. m. Dahlerus called on me Saturday upon his return from Berlin. He reported that he had had a long conversation with Kirk, also several meetings with Goering.

Dahlerus was unwilling to go into details with regard to the views expressed by the latter in connection with an intercession by Germany with Russia to reach a reasonable basis for peace in the Russo-Finnish conflict. He said nevertheless that Goering was still anx-

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33 Not printed.
34 Chief of the Division of Controls.
35 See note of February 8 to the Finnish Minister, p. 287.
36 Birger Dahlerus, Swedish civil engineer and manufacturer, friend of Göring, used as unofficial intermediary by the Germans in peace attempts with Great Britain in the weeks before the outbreak of war in 1939, and later in the fall. See Department of State, Documents on German Foreign Policy, 1918-1945, series D, vol. viii, pp. 140-145, 385, and 397-398.
37 January 20.
38 Alexander C. Kirk, Counselor of Embassy in Germany, frequently Chargé d'Affaires.
ious for a settlement; that he (Goering) did not think the time was yet ripe for any action by Germany but it might be in 2 or 3 weeks’ time. Dahlerus intimated that Goering had in mind further defeats of Russian troops in Finland and secondly the outcome of the Soviet-German trade conversations in Moscow which up to now had not been productive of favorable results for Germany.

Dahlerus commented upon the advantages which would accrue to Germany in the event of a liquidation of the Finnish situation: (1) supplies from Russia now being diverted to the Russian forces in Finland; (2) conciliation of Italy and Spain; (3) appreciation of Germany’s action in the United States and other neutral countries; (4) a first step to an understanding with Britain and France.

STERLING

860D.51/409 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKulla (Helsinki), January 25, 1940—9 a.m.
[Received January 25—6:15 a.m.]

49. According to press despatches and other reports received here the President’s letter of January 16 to Congress regarding proposed credit to Finland will govern the action of Congress which may also reduce amount of such credit substantially below the figure which had been under discussion for some months past. Finnish Government’s hope of obtaining credit from our Government rather than from private lenders seems to have been based before the date of the Soviet aggression upon the consideration that loan by the United States Government might be financially more advantageous to Finland than private loan. Since beginning of hostilities, however, I think a controlling consideration has been political significance of loan by our Government. Possible reduction in amount of credit by our Government will perhaps cause disappointment here in view of Finnish Government’s financial record but limitation upon use to be made of such credits is more likely to cause outright discouragement in view of the need of implements of war.

Local press has lately published reports from the United States that no less than 1,300,000 barrels of American gasoline were exported to the Soviet Union between September and the end of 1939. These reports too are causing considerable anxiety here notwithstanding my statement to the Prime Minister in pursuance of your telegram No. 211, December 26, \(^*\) which referred to American aviation gas.

\(^*\) For correspondence on wartime cooperation between Germany and the Soviet Union, see pp. 539 ff.
\(^*\) Not printed; but see memorandum of December 28, 1939, by the Chief of the Division of Controls, Foreign Relations, 1939, vol. 1, p. 1035.
If the Department could make an appropriate statement at this time both regarding the financial and gasoline matters, I should be glad to use it to allay apprehension here.

SCHOENFELD

760D.61/890: Telegram

The Secretary of State to the Ambassador in the Soviet Union
(Steinhardt)

WASHINGTON, January 27, 1940—noon.

60. Your 1164, December 31, 8 p. m. 41

(1) The Department has just been informed, through sources upon which it cannot fully rely but which it feels should not be ignored, that officials of a foreign government who are in exceptionally close touch with the situation are inclined to believe that both the Soviet and Finnish Governments would welcome an opportunity to settle their differences without further bloodshed.

(2) You are therefore authorized, unless in your opinion such action would be inadvisable at the present time, to seek an interview with Molotov 42 and to inform him that for some time various neutral non-Baltic governments have been suggesting that this Government approach the Finnish and Soviet Governments in the hope that some means might be found for a cessation of the present conflict without further bloodshed; that this Government is reluctant to make any such move unless it has grounds to believe that such an approach would not be unwelcome to both Governments and that there is at least a possibility that it might meet with some success; and that your Government would appreciate learning whether in his opinion any kind of approach such as that suggested would be received by the Soviet Government in the friendly spirit with which it would be made. You may add that neither the Finnish Government nor any other Government is aware that you have been instructed to lay this matter before him; and that your inquiry directed to him and the reply which he may see fit to make to you will be regarded by this Government as a strictly confidential exchange of views. You should make it clear that in instructing you to discuss this matter with him this Government is motivated solely by its desire to avoid the further shedding of the blood of two peoples for both of whom the American people have feelings of both friendliness and esteem.

(3) In case Molotov manifests any interest, you may add that your Government would appreciate and treat as confidential any informal

42 Vyacheslav Mikhailovich Molotov, People’s Commissar for Foreign Affairs of the Soviet Union.
suggestion which he may have to offer relative to the manner in which such an approach might best be made.

Hull

860D.51/409: Telegram

The Secretary of State to the Minister in Finland (Schoenfeld)

WASHINGTON, January 30, 1940—8 p.m.

36. Your 49, January 25, 9 a.m.

(1) As you undoubtedly know, the Export-Import Bank has agreed to lend up to $10,000,000 to Finland for the purchase of goods. It is definitely understood that these goods were outside the category of arms, munitions and implements of war. The Department is informed that the commitments so far made against this loan are in the neighborhood of $3,000,000.

(2) Following the President's letters of January 16 a Senate bill providing for a loan of $60,000,000 to Finland was amended by the Senate Committee on Banking and Currency by eliminating any specific mention of Finland and by providing for an increase of $100,000,000 in the revolving credit fund of the Export-Import Bank. The bill as amended further provides that the aggregate amount of loans to any one borrower outstanding and authorized at any one time shall not exceed $30,000,000; and that no loans shall be made from the fund in violation of International Law as interpreted by the Department of State, or for the purchase of arms, ammunition, or implements of war.

The amended bill has already been favorably acted upon by the Committee on Banking and Currency and is now before the Senate Committee on Foreign Relations. Pending final action upon this bill and consideration of the situation by the Federal Loan Administrator there is no justification for any speculation as to the amount of Government financing which eventually may be made available to Finland.

(3) In regard to the question of what restrictions, if any, would be imposed upon a loan to Finland it is impossible for the Department to give you definite advice at this time. No official encouragement so far as I am aware has been given Finland to expect Government credits except as might be authorized by Congress on a line with the general policy of this Government in such matters. Sympathy with Finland has been widespread in the United States and has been manifested in many ways, including those mentioned in our 218, December

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89 See footnote 2, p. 269.
89a See footnote 30, p. 278.
90 See footnote 3, p. 269.
29, 5 p. m., but the situation with regard to loans is as stated in the second paragraph of the President’s letters of January 16.

(4) Procépé has of course emphasized the military significance of an unrestricted loan and the political significance of financial assistance.

(5) With regard to gasoline, available records do not show that petroleum products of any kind including gasoline were exported to the Soviet Union during December and January to date. 883,530 barrels of gasoline were exported to the Soviet Union during September, October and November, all of which went to Siberia and none of which was aviation quality. Heavy shipments of gasoline to Siberia during the autumn are not unusual. In addition two barrels of laboratory quality aviation gasoline was sent to the Soviet Union. The Department has moreover as announced in the Radio Bulletin of December 20 taken steps to discourage the delivery of plans, plants, manufacturing rights and technical information required for the production of high quality aviation gasoline to countries the armed forces of which are engaged in bombing civilian populations from the air.

Steps have also been taken as announced in the Radio Bulletin of December 15 to discourage the delivery to such countries of aircraft, aircraft armament, aircraft engines, aircraft parts, aircraft accessories, materials essential to airplane manufacture (including molybdenum and aluminum) and aerial bombs or torpedoes.

(6) In your discretion the substance of paragraph numbered 5 may be given to the press provided it is not directly attributed to the Legation or to any American governmental agency.

Hull

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740.0011 European War 1939/1587: Telegram

The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, February 1, 1940—noon.
[Received February 1—9:25 a. m.]

50. During informal conversation last night Prime Minister Hanson made following remarks to Consul General Johnson.

"Ribbentrop still has the upper hand in Germany but Goering may soon be more powerful. The latter derives his strength from his con-

*Not printed; but see the last paragraph of telegram No. 488, December 30, 1939, 8 p. m., from the Minister in Finland, Foreign Relations, 1939, vol. 1, p. 1037.
*According to a report from the Minister in Finland in his telegram No. 65, January 31, 1940, 5 p. m., when the Finnish Foreign Minister was informed about the shipments of gasoline, he "expressed great satisfaction . . . as concern had been felt here on that subject." (860D.51/413)
*For the statement leading to the introduction of the moral embargo, see telegram No. 265, December 4, 1939, 6 p. m., to the Ambassador in the Soviet Union, and footnote 2g, Foreign Relations, The Soviet Union, 1933–1939, p. 801.
connection with Army which is anti-Ribbentrop and beginning to distrust Hitler. I am convinced that Goering is a good friend of Sweden and will do what he can to prevent invasion of this country. I have sound reasons for believing that Russia wishes to make peace with Finland and that such a peace may come about within the next few weeks without the intervention of Germany if a basis for negotiation can be found. I am going to meet some prominent Finns secretly tomorrow who are coming to Stockholm to see me in the above connection."

I understand that Hansson is frequently in touch with Soviet Minister here.  

STERLING

760D.61/1049: Telegram

The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, February 2, 1940—6 p.m.
[Received February 2—1:45 p.m.]

56. In connection with the Legation’s 50, February 1, noon, the Foreign Office cautiously concedes that a movement is on foot for Russo-Finnish peace and that the initiative comes from Moscow. The Foreign Office is doubtful, however, of a favorable outcome.

STERLING

760D.61/1053: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 2, 1940—10 p.m.
[Received February 3—6:10 a.m.]

184. Department’s 60, January 27, noon. Molotov was unable to see me until yesterday afternoon when I conveyed to him as instructed the substance of the Department’s telegram under reference.

Before opening the subject I obtained from him on the part of his Government a categorical and definite assurance that the subject of my visit and the visit itself would be held in strictest confidence and would be given no publicity whatever.

I told him that I had been requested by my Government to ascertain whether an approach by my Government looking towards a cessation of the present conflict between the Soviet Union and Finland would be given serious consideration by the Soviet Government and would be received in the friendly spirit in which it would be made. I emphasized to him that my inquiry was being made on the

*Mme. Alexandra Mikhailovna Kollontay.*
initiative of my Government alone without the knowledge of the
Finnish or any other government. Molotov replied with a detailed
exposition of the familiar Soviet contention as to the causes of the
outbreak of the war emphasizing the efforts made by the Soviet
Government to reach an agreement with Finland and the “provoca-
tive” acts of the Finnish Government but continually stressed the
intention of the Soviet Government to respect the independence of
Finland while at the same time “assuring the adequate defense of
Leningrad.” He admitted that the Finnish resistance had proved
to be much stronger than the Soviet Government had anticipated
which he cited as proof of the correctness of the Soviet view that
Finland is already equipped to serve as a base of operations “for
other powers” against the Soviet Union. He observed that the treaty
with the Finnish People’s Government 49 which he himself had signed
embodied the Soviet desiderata at the time of its signature and pro-
vided the security which the Soviet Union considered essential. In
reply to a question as to whether his statement implied that the Soviet
Government would be prepared to negotiate a settlement with the
Finnish Government on the basis of this treaty, Molotov was evasive
beyond the twice repeated statement that it would be impossible to
negotiate with the “Ryti-Tanner-Mannerheim” 50 Government.
Throughout the interview Molotov studiously avoided giving any
indication as to whether the Soviet Government was prepared to
treat with an independent Finnish Government. It is perhaps sig-
nificant that throughout a lengthy interview he did not once reaffirm
the previous Soviet position that the Kuusinen government 51 is the
only legal government with which the Soviets would deal.

He [J] was unable to obtain from Molotov any clear statement as to
the attitude of his Government towards an approach from our Gov-
ernment. In reply to my questions on this point he countered by
asking if my Government had any suggestions to which I replied that
I had only been instructed to inquire as to the attitude of the Soviet
Government in the event that such an approach should be made.
After a further extended discussion which consisted of a reiteration
on the part of Molotov of the several statements reported above I sug-

49 Pact of Mutual Assistance and Friendship between the Soviet Union and the
“Democratic Republic of Finland,” the puppet government set up by the Soviet
Union at Terijoki, signed at Moscow on December 2, 1939. A text of this treaty
was published in the New York Times, December 3, 1939, p. 53; and a summary
of the provisions of the treaty is given in telegram No. 1006, December 3, 1939,
1 a. m., from the Ambassador in the Soviet Union, Foreign Relations, 1939, vol.
1, p. 1018.
50 Karl Gustav, Baron Mannerheim, Finnish Field Marshal, Head of State
December 11, 1918, to July 25, 1919; Chairman of the National Defence Council;
Commander in Chief of the Finnish Army in the Winter War.
51 Otto W. Kuusinen, president of the “People’s Government of Finland.”
haps he might wish time to consider the subject further. He replied that he would give them after further consideration and that if he had any observations to make he would ask me to come to see him and that if either my Government or I had any further observations to offer he would be glad to receive me at any time.

Throughout the discussion Molotov was evasive in respect of the subject of my inquiry, namely the attitude of the Soviet Government toward an attempt to bring about a settlement of the Finnish-Soviet conflict. While this evasiveness may have been due in part to his unpreparedness for a discussion of the subject and his consequent unwillingness to commit himself one way or the other, [I] did not in any way receive the impression that the Soviet Government is particularly interested at the present time in bringing about the cessation of the conflict through negotiation. It was also my impression that Molotov’s cordial attitude throughout the discussion was due less to real interest in the object of my visit than to a desire not to impose by an abrupt rejection any further unnecessary strain on the relations between the United States and the Soviet Union. It is not unlikely moreover that the Kremlin may see certain advantages in keeping the door open for the good offices of the United States at some future time.

I believe that if the Soviet Government is interested for any reason in exploring the possibilities of a negotiated peace through the medium of the American Government at the present time or at some subsequent date Molotov as he intimated will ask to see me again for a further discussion of the subject.

In connection with [the] general subject I have learned from a reliable source that early in January the German Ambassador in Moscow, under instructions from his Government approached Molotov with an offer of German mediation in the Finnish-Soviet conflict and that Molotov replied to the effect that the time was not propitious as the Soviet Government was too deeply committed to turn back. I understand however that despite this rejection the German Ambassador received the impression that the offer was merely premature and that at some future date the Soviet Government might be disposed to consider mediation by the German Government. It is rumored that the departure of the German Ambassador who left last night for Berlin although ostensibly in connection with the economic negotiations which have been proceeding in Moscow is actually connected with the subject of German mediation in the Finnish-Soviet conflict.

STEINHARDT

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84 For correspondence regarding difficulties affecting relations between the United States and the Soviet Union, and the attempts at their alleviation, see vol. iii, pp. 244 ff.
86 Friedrich Werner, Count von der Schulenburg.
The Minister in Finland (Schoenfeld) to the Secretary of State

Kauniainen (Helsinki), February 5, 1940—5 p.m.
[Received 7:19 p.m.]

74. The Prime Minister told me this afternoon that though he had no details as yet he was informed by army headquarters that the 18th Soviet division at Kittala, northeast of Lake Ladoga, had been destroyed and that 168th division which was near the shore of the lake to the southward was completely cut off and its destruction expected. This development would greatly relieve situation in the area.

Meanwhile the Prime Minister said he had information which was still vague that the Soviet Government might be seeking through Sweden to sound out possibility of establishing contact with Finnish Government while German Government was reported to be cooperating also in Sweden by impressing upon the Swedes that the latter must not openly come into opposition to the Russians. The Prime Minister said that of course Finnish Government had never endeavored to persuade Sweden to join in the war and had no intention of doing so now. He seemed to consider these maneuvers which were still undefined and tentative as having potential importance only. He inquired whether I had any information from you along these lines and I answered that I had none though I had seen a press report of conversation recently between yourself and the Soviet Ambassador of which no account had reached me.  

Schoenfeld

The Secretary of State to the Finnish Minister (Procopé)

The Secretary of State presents his compliments to the Honorable the Minister of Finland and has the honor to refer to the Minister's memorandum of January 22, 1940, in regard to the desire of the Finnish Government to purchase certain listed arms, ammunition, and implements of war from this Government.

In reply, Mr. Hull refers to the conversation which he had with Mr. Procopé on January 22, in which he stated that, when armed conflict was taking place between two governments, whether or not that armed conflict was in a technical sense a war, this Government could not, without endangering its peace and security, sell arms,

44 A probable reference to the conversation between the Secretary of State and the Ambassador of the Soviet Union, Konstantin Alexandrovich Umansky, on February 1. See memorandum of that date by the Secretary, vol. III, p. 250.
45 Not printed; but see memorandum of conversation, January 22, by the Secretary of State, p. 279.
ammunition, and implements of war to the parties to that armed conflict. Mr. Hull regrets that he feels constrained to inform Mr. Procopé that, in existing circumstances, this Government cannot sell arms, ammunition, and implements of war to the Government of Finland.

Mr. Hull invites Mr. Procopé’s attention to the fact that the domestic market is open to the Government of Finland as it is open to other governments, even those governments which are technically belligerents, and that the President has appointed a Liaison Committee, which has been given the function of assisting foreign purchasing missions to purchase arms, ammunition, and implements of war in this country in so far as the rendering of such assistance is compatible with the interests of the national defense of the United States.

WASHINGTON, February 8, 1940.

760D.61/1077 : Telegram
The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, February 8, 1940—5 p. m.
[Received February 8—2:53 p. m.]

66. Legation’s 50, February 1, noon. In conversation today Erkko \(^{58}\) stated that to date nothing had come of the movements for a Russo-Finnish peace. Apparently the Soviet Minister here (who is half Finnish) has had frequent interviews lately with the Prime Minister and the Foreign Minister \(^{57}\) with the idea of Swedish mediation. Germany, he said, also had recently sounded out the Soviet Government as to the possibility of renewed negotiations but without success. The question of the cession of Hango \(^{58}\) was vital to Finland, Erkko commented; if the Soviet Government would withdraw that demand there would be a chance of a successful outcome.

STERLING

760D.61/1081 : Telegram
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 9, 1940—3 p. m.
[Received February 9—1:11 p. m.]

161. My telegram No. 159, February 9, 1 p. m. \(^{59}\) In the course of my conversation with Ritter \(^{60}\) he confirmed the fact reported in my

\(^{58}\) Eljas Erkko, Finnish Chargé in Sweden, formerly Minister for Foreign Affairs.

\(^{57}\) Christian Günther.

\(^{59}\) Hango; Kihanko.

\(^{60}\) Post, p. 543.

\(^{60}\) Karl Ritter, Ambassador on special assignment in the German Foreign Office, in charge of economic warfare questions, temporarily in Moscow.
telegram under reference that the German Government had recently offered to mediate between the Finnish and Soviet Governments but had failed to elicit a favorable response from the Soviet Government. He expressed the opinion that the Soviet Government now regarded the Finnish war primarily in the light of its military prestige and consequently was determined for this reason to achieve at least some measures of military success before even giving consideration to the possibilities of a settlement by negotiation.

STEINHARDT

760D.61/1097: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), February 18, 1940—6 p.m. 
[Received 7:06 p.m.]

87. In the absence of the Minister for Foreign Affairs I asked the Prime Minister today as to the significance of the strong statement issued by Tanner February 11 as reported in my despatch No. 1697 yesterday* and to the effect that Finnish Government has no knowledge of any proposed mediation for peace with the Soviet Government and that in view of the aid now arriving from various countries terms of peace could not be dictated to Finland. He said the latter phrase had originally been drafted by Tanner in much stronger language which had been moderated by the Prime Minister though it might still be somewhat provocative. The background of the statement had been that there was reason to believe Soviet Government had actually inspired indirect soundings mentioned in second paragraph of my telegram No. 74, February 5 and had attempted also to drive a wedge between Sweden and Finland by suggesting transfer of Aaland Islands to Swedish sovereignty. Minister for Foreign Affairs had just received report indicating that German sympathizers had sought to give the impression recently that an alleged mediation action emanated from the United States and was looked upon with disfavor in Germany.

The Prime Minister said it was now known that notwithstanding German official denial last August that the agreements between Germany and the Soviet Government** did not refer to the President of the United States they contained specific reference to this country and I gathered that these references were known here in detail. He added that though naturally desiring peace with the Soviet Government, Finnish Government as implied in Tanner’s statement meant

*Not printed.
**Treaty of Nonaggression, with secret additional protocol, signed at Moscow on August 23, 1939, Documents on German Foreign Policy, 1918–1945, series D, vol. vii, pp. 245–247.
to have it only by negotiation between equals and, as for mediation, Finland would not be inclined to accept German mediation for the reason indicated and because to do so would render her position much more difficult at a later stage of the war in other directions which I took to mean later in the war between Germany and the Western Powers.

The Prime Minister told me that the Russians had been making tremendous efforts on the Karelian Isthmus in recent days and 2 days ago had some success but counterattacks had since restored the position though he had no details as yet. Some 400 planes were now available and the principal need at the moment was for artillery and ammunition.

SCHOENFELD

780D.61/1115: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), February 16, 1940—2 p.m.
[Received 4:02 p.m.]

96. Former Foreign Minister Hakzell recently expressed the view privately to a member of the Legation that the attitude of the United States in the present conflict with the Soviet Union was only less disappointing to the Finnish people than that of Germany had been. The expressions used in the United States regarding Finland had led the Finns to expect more active help in the present situation of the country and he volunteered the statement that in the meantime it was understood here that the conflict with the Soviet Union unhappily coincided with preparations for the presidential election in the United States which had led to the matter of help for Finland becoming an element in the political situation there.

In sounding the Minister for Foreign Affairs today, however, I gathered that he considered such views were very generally held there. He mentioned the fact that notwithstanding Finland’s financial record, hope of obtaining Government credit for $60,000,000 had not been realized and the reduced amount of credit now being considered would apparently be hedged with restrictions as to its use. Inability of Finnish Government to purchase implements of war from our Government also made it necessary to have recourse to private manufacturers charging high prices.

He said these circumstances doubtless led to the feeling of disappointment, reports of whose existence I had mentioned. I inferred that this feeling must now be considered as deeply and widely held in Finland. Tanner referred to the hope, however, that if Finland survived the present struggle the aid of the United States would be
forthcoming for reconstruction. He seemed to have in mind expressions used both on behalf of our Government and among the public and in the press in the United States of America.

I have recently sounded both the Prime Minister and the Minister of Foreign Affairs in order to ascertain how representative of Finnish opinion views of this kind may be. The Prime Minister gave me to understand that they should not be given special importance saying that similar views were held in some circles even regarding Sweden, the value of whose help to this country could of course not be fully known to the public.

SCHOENFELD

[For observations by the Ambassador in the Soviet Union on the military activity of the Soviet Union against Finland, and attitude toward the possible conclusion of peace, see paragraphs 4 and 5 of his telegram No. 185, February 17, 6 p. m., printed on page 360.]

760.61/1155: Telegram
The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), February 21, 1940—5 p. m.
[Received February 22—1:15 a. m.]

106. My telegram 95, February 16.†† Minister for Foreign Affairs informed me today Finnish Government will not act for the present on Hungarian suggestion for mediation of the conflict with Russia because there seems to be no reason to suppose such action would be productive of favorable result at Moscow at this time.

SCHOENFELD

760.61/1157: Telegram
The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), February 21, 1940—6 p. m.
[Received February 22—1:20 a. m.]

108. Minister of Foreign Affairs told me this afternoon that the German Minister ‡‡ who has just returned from visit to Berlin had indicated no change in German attitude towards Finnish conflict with Russia. He had again defined this attitude as one of strict aloofness and disinterest. German Minister had also asked that Finnish Government confirm official German denials that the Russians were using

†† Not printed.
‡‡ Wipert von Blücher.
German technical assistance and war supplies against Finland. Tanner said he had consented to do this and an authorized statement accordingly appeared in local press today to the effect that reports published abroad have not been verified that German officers are assisting Russians in operations against Finland and that Russians have been using German implements of war. German Minister apparently explained again that pact with Soviet Russia had been necessary for Germany to avoid having to wage war on two fronts.

[SCHOENFELD]

760D.61/1170: Telegram

The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, February 26, 1940.
[Received February 26—8:40 a.m.]

97. In an exclusive interview granted the Stockholm Dagens Nyheter and published today the Finnish Foreign Minister, after expressing gratitude for what aid had been given his country and stating that Finland was still willing to negotiate for a just peace, made the point that Finland had hoped that action concerning aid would have followed promises much quicker than they had and that had international aid been given immediately after the outbreak of war the Red army would have been stopped. He is reported to have said that Finland is particularly disappointed with the United States which has not yet decided on the request for a loan of 60 million dollars, a request which is being deliberated with the same minute care as if Finland’s serious position is not fully realized by the Americans. After a delay of more than a month it has now been proposed that Finland should obtain a loan of 20 million dollars but, even this amount has been delayed. It would be fatal, Mr. Tanner concludes, if Finland’s appeal for help were to be thrown into internal political discussion in the United States.

STERLING

760D.61/1185: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSEINKI), February 28, 1940—2 p.m.
[Received 10 p.m.]

121. Minister for Foreign Affairs told me today that while military situation on the Isthmus front is serious mainly because of the effects upon Finnish troops of a month’s continuous fighting without possibility of adequate relief, there is no lack of confidence in the re-
sult of the war. Recent Finnish withdrawal had been due to delay in receiving supplies from abroad and present depressed state of public opinion was mainly the result of the attitude of the Swedish Government as recently revealed. Swedish volunteers had only lately begun to reach fighting lines and one result of Swedish Government's statements had been to slow down their recruitment. So long as volunteers must be recruited as individuals their utility was greatly reduced both in the matter of numbers and with regard to training involving regrettable delays.

Tanner said both British and French Governments had again expressed willingness to send substantial forces here but passage of such organized forces through Norway and Sweden was barred from [by?] the fetish of neutrality in those countries. Entry of such forces into Finland by Arctic coast was considered impracticable by experts.

The Minister referred also to delay in action of our Congress regarding loan legislation, intimating that he had even had it in mind to advocate calling off the whole matter. References in the German press to slow American action in this respect had been humiliating to Finland.

When I inquired whether the Minister thought there had been such change in military situation as might lead to early political developments including peace negotiations he answered in the negative. His mood seemed to be one of bitter irritation at supposed friendly states and not of pessimism and he denied existence of any defeatism in Finland.

SCHOENFELD

760D.61/1186: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 28, 1940—6 p. m.
[Received 10:27 p. m.]

219. Mr. Assarsson, the new Swedish Minister, called to see me this afternoon. As we are old friends from Stockholm and Lima he gave

"The Chargé in the United Kingdom, in his telegram No. 491, February 28, 9 p. m., reported that in an interview with Lord Halifax, the British Secretary of State for Foreign Affairs, the latter said he had "told the Finnish Minister that Great Britain will continue to send more and more help to Finland within the limits possible." He also stated that the present policy of His Majesty's Government is that war will not be declared against Russia, although he said that they will pursue their policies in all directions regardless of the possibility that as a result Russia may declare war against them." (711.41/457)
me a detailed composite account of his talks with Molotov and
Kalinin on the occasion of the presentation of his letters of credence
yesterday. He said he gained the impression that the Soviet Govern-
ment might be prepared to consider peace with Finland but only
on terms considerably more onerous than those proposed during the
negotiations which preceded the outbreak of the war. He was of the
opinion that the Soviet Union would demand the entire Karelian
Isthmus to Viborg, Hango and a relatively small piece of territory
northeast of Lake Ladoga but that it might be willing to surrender
its claim to the Rybachii Peninsula and would probably be willing to
offer some territory in Central Karelia as compensation. He said
that Molotov had not mentioned Kuusinen’s name but that Kalinin
had stressed the necessity of Kuusinen being a member of a new
Finnish government. He said that Kalinin had said to him “You
know, Kuusinen is not at all Communist” and he inferred that the
Soviet government might be satisfied with the inclusion of Kuusinen
in a new Finnish government without the necessity of a government
dominated by Kuusinen or of a Communist government. He said
he felt that the Soviet Government might be prepared to accept a
really Finnish democratic government provided Kuusinen were in-
cluded and that in his opinion this would be the principal stumbling
block and that while the Finns might be prepared to cede the Karelian
Isthmus up to Viborg, and even Hango, no Finnish negotiators would
dare to include Kuusinen even as a minority member of a truly
Finnish democratic cabinet.

It is not yet clear whether the intimations of a possible Soviet dis-
position to consider peace negotiations with Finland are genuine or
whether they are in part motivated by a desire to influence the attitude
of the Scandinavian countries in regard to increased assistance to
Finland by playing on their obvious self-interest in holding out the
prospects of a negotiated peace with an independent Finland. In
this connection it is of interest to note that Molotov’s remarks to the
German Ambassador, which apparently closely paralleled his state-
ments to the Swedish Minister, conveyed the impression to the former
that there was little prospect of a negotiated peace.

STEINHARDT

66 Mikhail Ivanovich Kalinin, President (Chairman) of the Presidium of the
Supreme Council of the Soviet Union.
67 See telegram No. 202, February 23, 1 p. m., from the Ambassador in the
Soviet Union, p. 547.
Moscow, February 28, 1940—7 p. m.
[Received 7:13 p. m.]

220. At a luncheon which Molotov gave in my honor today I had an opportunity to discuss with him at considerable length and with unusual intimacy a number of subjects of current interest. As a result of our conversation I received the definite impression that the Soviet Government is not yet prepared to consider a negotiated peace with Finland but is on the contrary determined after taking Viborg to endeavor to press on toward Helsinki. Should this effort fail of success within a reasonable time the Soviet Government might consider a negotiated peace but I doubt it will do so until this test has been made. I likewise gained the impression that the Soviet Government considers the formal entry of Sweden or Great Britain into the Finnish-Soviet conflict to be unlikely, although not impossible. With respect to my telegram No. 219, February 28, 6 p. m., Molotov made it quite evident that the Soviet Government is well aware of the selfish interest of Sweden with respect to an early settlement of the Finnish-Soviet conflict.

With respect to Japan Molotov’s remarks implied that despite the current trade and boundary negotiations the Soviet Government regards that country to be its enemy as well as that of the United States, apropos of which he remarked that he would not be surprised were the American Navy and the Red Army some day to collaborate in suppressing this common foe.

Molotov stated that the Soviet Government is not greatly concerned over developments in the Black Sea area and does not anticipate hostilities there with France, Great Britain, or Turkey. (See last paragraph my 209, February 24, 4 p. m.)*

As to relations with the United States it was apparent from Molotov’s remarks that the Soviet Government is acutely aware of the present anti-Soviet sentiment in the United States and that it is both annoyed and disturbed thereby. At the same time, however, Molotov clearly indicated that the Soviet Government desires to relax the resulting strain on Soviet-American relations.

In conclusion I sensed that Molotov desired to leave with me the impression that in general the Soviet Government is neither disturbed by nor dissatisfied with its present position and that with regard to

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* Not printed.
certain internal inconveniences it is expected that the advent of spring
will result in an improvement, especially with respect to food supplies,
transportation, etc.

STEINHARDT

760D.61/1201: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSEINKI), March 4, 1940—2 p. m.
[Received March 4—1:22 p. m.]

125. Minister for Foreign Affairs told me today that next few
days would determine whether negotiations could be undertaken for
peace with Soviet Russia or whether it would be necessary to fight to
the end. He said soundings had been going on for the past month.
Replying to my inquiry whether possible terms had been indicated
in these soundings he said Finnish Government had a fairly clear
idea of them and that they called for greater concessions than those
which had been refused last November. He asked me whether in the
event negotiations should begin the United States would lend any
help at Moscow. I answered that as I had told the Prime Minister
under your instructions about 2 months ago you would be glad to
take under benevolent advisement at any time any concrete suggestions
Finnish Government might wish to make to you.

Tanner said that last Saturday, presumably meaning March 2, the
Allies had again sought consent of Swedish and Norwegian Govern-
ments for passage of Allied forces to assist Finland and the reply had
again been negative. Swedish Government was advising Finnish
Government to make peace and showed no disposition to send substan-
tial forces to help. Swedish attitude, however, was obscure and un-
certain probably due to German pressure.

The Minister said again that Finnish troops were tired having had
no rest for more than a month. Nevertheless, I gathered that a de-
cision for continuing the fight remains at least equally as likely as one
to start negotiations. He mentioned inaccessible location of this
country as leading factor from standpoint of the Allies with refer-
ence to sending help, pointing out that this affected question of trans-
port and supply of any substantial Allied forces.

I do not believe any decision has been reached here to start peace
negotiations and accept any Russian terms. On the contrary, decision
to continue the fight seems rather more probable.69

SCHOENFELD

69The Minister in Finland reported in telegram No. 131, March 6, 3 p. m., that
"Field Marshal Mannerheim and the Army deplore present tendency of civil
authorities to give consideration to possible negotiations for peace to which
they are vehemently opposed at this time." (760D.61/1216)
SOVIET RELATIONS WITH OTHER POWERS

760D.61/1217 : Telegram

*The Ambassador in the Soviet Union (Steinhardt)*

to the Secretary of State

Moscow, March 7, 1940—1 a.m.
[Received March 6—11:18 p.m.]

248. Personal for the Secretary only. My 219, February 28, 6 p.m.,
and Department's 145, March 5, 7 p.m.† Since my talk with Molotov
at his luncheon February 28th the Swedish Minister has had a
conversation with him concerning the possibility of bringing the hostil-
ities in Finland to an end. Last night the Swedish Minister had a
further talk with Molotov, in the course of which the latter referred
to his talks with me and intimated that the Soviet Government would
not be averse to an armistice should the Finnish Government desire
to send one or more emissaries to Moscow. Although Molotov was
not specific in setting forth Soviet peace terms the Minister gained
the impression that the Soviets would require a line slightly north-
west of Viborg thence around Lake Ladoga to include the territory
northeast of that lake which the Soviet armed forces have thus far
been unable to occupy, Smnalso ‡ Hango and the islands in the Gulf
of Finland but that out of consideration for Norwegian and Swedish
sensibilities the Soviet Government might not press its claim to any
part of the Rybachii Peninsula § or Petsamo. He also gained the
impression that the Soviets would not cede any territory to Finland
in return for the foregoing concessions on the grounds that they
would not make the same concessions to an independent Finnish gov-
ernment that they were prepared to make to the Kuusinen govern-
ment. Insofar as concerns the Aland Islands the Minister said that
Molotov had intimated that the Soviet Union would not be averse to
these islands remaining in *status quo* or even these being transferred
to Sweden.

He said that at no time during the conversation was Kuusinen's
name mentioned and that therefore he was by no means certain but
that once negotiations began an attempt might be made by the Soviets
to insist upon a Kuusinen government or the inclusion of Kuusinen
in the Finnish Government and that he was convinced the Finns
would not agree to any such condition.

He stated that Molotov had clearly implied that at the present stage
the Soviet Government does not desire any intermediary or media-
tion by a third power.

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† Latter not printed.
‡ Apparently garbled; perhaps Sortavala was intended.
§ Fisherman's Peninsula; Kalastajasareento.
The Minister stated that in his opinion it would be necessary for Tanner and perhaps Mannerheim to leave Finland at least temporarily if the negotiations are to succeed.

The Minister concluded that the apparent willingness of the Soviet Government to consider peace at the present time has been induced in part by the unfavorable reaction in the United States to the attack on Finland and particularly the President's last speech.\textsuperscript{73}

As a result of his talk with Molotov last night the Minister believes that the Soviet Government is now feeling its way carefully with a desire to bring the Finnish conflict to an end on such terms as will fully safeguard Soviet prestige, but he does not think that the Soviet Government has yet entirely determined on its course of action.

While it is impossible at this time to evaluate with any degree of accuracy the sincerity of the Soviet willingness to negotiate a settlement with an independent Finnish Government, the opening of informal discussions is in itself of considerable significance. The obvious explanation is that the Soviet Government having doubts as to the possibility of obtaining a final military decision over Finland beyond the advent of the thaw which will render military operations virtually impossible for a period of from 1 to 2 months, necessitating the maintenance of a force believed to be approximately 1,000,000 men under arms on the Finnish front with the consequent drain on Soviet internal economy, complicated by the possibility of serious developments in the Black Sea area,\textsuperscript{74} is interested in ascertaining the exact terms which the Finnish Government would be prepared to accept at the present time.

\textbf{STEINHARDT}

\textit{760D.61/1223:} Telegram

\textit{The Minister in Sweden (Sterling) to the Secretary of State}

\textbf{STOCKHOLM, March 7, 1940—6 p.m.}

[Received March 7—4; 18 p.m.]

114. Have just seen Erkko. He gave me the following under promise of absolute secrecy.

In the past few weeks approaches have been made by the Soviet Government to Finland for peace negotiations but pending the possibility of obtaining effective help from Sweden and later from the

\textsuperscript{73} Speech by President Roosevelt to the American Youth Congress at Washington on February 10, 1940, wherein he remarked that American sympathy was about 93 percent with the Finns; for text, see Samuel I. Rosenman (compiler), \textit{The Public Papers and Addresses of Franklin D. Roosevelt}, vol. ix, pp. 85, 82.

\textsuperscript{74} For correspondence concerning Soviet activities in the Balkans and the seizure of Bessarabia, see pp. 444 ff.
Allies, the Russian terms which were very drastic had been rejected. As time went on and all hope abandoned for direct military aid from Sweden and latterly from the Allies because of Sweden's refusal to permit the transit of troops, together with the increasingly critical military situation, the Finnish Government had reconsidered its attitude and had suggested a truce while negotiations could be carried on. This was refused by the Soviets. Yesterday the Finnish Government decided that no relief being in sight it should accept the Russian invitation to send envoys to Moscow. They arrived here late last night and flew to Moscow this morning. They include Tanner and Paasikivi among others.

Erkko said that he could not divulge the exact details of the Russian demands so far formulated but they were generally as severe as those of last November and included Hango. The Finnish Government felt it was better to submit to even drastic demands than to have Finland wiped off the map. Hitler's attitude he had ascertained was entirely negative in this crisis; he was even stating that Finland deserved what she was getting.

Erkko was very despondent. He was bitter at Sweden's attitude not only for failing to come to Finland's aid but for using strong pressure on Finland to make terms at almost any price. He realized the position of President Roosevelt regarding any further démarche to the Soviet Government but wondered if there were not some means whereby Russian demands could be softened. Repeat to Paris.

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700D.01/1227: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (Helsinki), March 7, 1940—6 p.m.
[Received 9:10 p.m.]

132. At 4:30 this afternoon I received through the Legation at Stockholm the following telegram from Ambassador Steinhardt dated March 7, 10 a.m.

"I think my friends are now ready to do business at a very high price. Would your associates be interested even though the price seems high to me and if so can you give me an idea of how high they would be willing to go?"

At 5 p.m. this afternoon, I brought foregoing message to the attention of the Minister of Foreign Affairs. He informed me the

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8 For the subsequent correction that Risto H. Ryti, and not Viinö A. Tanner, was a member of the Finnish delegation going to Moscow, see the Minister's telegram No. 115, March 8, 11 a.m., p. 301.

9 Juho Kusti Paasikivi, Minister without Portfolio in the Finnish Cabinet from December 1, 1939.
Russians were demanding not only Hango but also the cities of Viborg and Sortavala, cession of which last two would make Finland indefensible. He then authorized me to inform you that Finnish Government would be prepared to consider cession of territory on Karelian Isthmus along the line Suvanto to Koivisto as well as the port of Hango but could not accept Russian demand for cession of territory north of Lake Ladoga. In strict confidence he said however Finnish Government might be prepared to make greater concessions without defining what these might be.

Minister for Foreign Affairs then added that he “would be thankful if the Government of the United States could find means to urge the Soviet Government not to make excessive demands so that a quick peace could be reached”.

Tanner said the only alternative to peace at this time would be an appeal by Finland to the Allied Governments for their intervention which appeal he was sure would be heeded by them but such intervention would immediately involve this country and possibly the other northern states in the war of the great powers. Finland had asked Scandinavian Governments first whether they would send substantial forces of their own to help Finland and secondly whether they would permit passage of Allied Forces through their territories. To both inquiries the answer of the Scandinavians had been negative. In reply to my inquiry Tanner said that the Allies were confident they could make their intervention effective notwithstanding and he added in reply to further inquiry that the Russians knew this to be the fact, feeling that [Finland] was willing, however, to sacrifice itself for the sake of peace in this corner of the world.

I am sending no direct reply to Ambassador Steinhardt’s telegram and would ask the Department to acknowledge its receipt to him on my behalf.

SCHOENFELD

760D.61/1228b: Telegram

The Secretary of State to the Ambassador in the Soviet Union (Steinhardt)  

WASHINGTON, March 7, 1940—9 p. m.

150. Erkko has informed Sterling at Stockholm that the Finnish government has accepted Russian invitation to send envoys to Moscow and that a delegation including Tanner and Paasikivi flew from Stockholm to Moscow early this morning. It is believed that the Russian terms are drastic.

Björkd.

Substance of this telegram transmitted on the same date to the Minister in Sweden as No. 44, and to the Minister in Finland as No. 81.
Kindly arrange to see Molotov immediately, putting the conference on as personal a basis as possible. Please state to him that this government has no purpose of intervening in the negotiations between Finland and the Soviet Union, but the American people are vividly interested. Our public opinion would be deeply impressed were the Soviet government to take a generous attitude towards Finland.

In your discretion you might further intimate that you are informed that there has been increasing popular demand here for measures affecting economic relations with certain areas, and that some of such movements would be slowed down, depending on the degree of moderation and generosity arrived at in the Finnish settlement.

The substance of this telegram has been transmitted to Stockholm and Helsinki.

HULL

760D.61/1225 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 8, 1940—11 a.m.
[Received March 8—7 a.m.]

253. Department’s 150, March 7, 9 p.m. It occurs to me that an invitation to the Finnish delegates to stay with me at Spaso House during their sojourn in Moscow might hold out distinct advantages. It may be however that they have already made other arrangements in which event instructions to them from Helsinki would be necessary.

I am endeavoring to obtain an immediate appointment with Molotov in conformity with the Department’s above-numbered telegram.

STEINHARDT

760D.61/1229 : Telegram

The Minister in Sweden (Sterling) to the Secretary of State

Stockholm, March 8, 1940—11 a.m.
[Received March 8—10:35 a.m.]

115. I had a further conversation with Erkko this morning in which I conveyed the substance of your 44, March 7, 9 p.m.; he was deeply appreciative.

He brought out several points of interest:

(1) Contrary to current rumors, the Swedish Government has not acted as intermediary in the negotiations except to transmit a month ago an informal message from the Soviet Government that the latter was ready to receive proposals from Finland. As it was learned

79The Ambassador’s residence in Moscow.
80See footnote 78, p. 300.
that Russia still had in mind her original demands no reply was made by Finland to this approach. Since then Sweden has taken no part in the Russo-Finnish conversations but nevertheless exerting strong pressure on the Finnish Government through the Swedish Minister at Helsinki \(^1\) to come to terms.

(2) The Allies have notified the Finnish Government that it must decide before March 12 whether or not it will accept the Russian terms; otherwise after that date Allied assistance to Finland will stop.

(3) As mentioned in my 114 of yesterday, Hitler is assuming an antagonistic attitude toward Finland, claiming Finland is showing no gratitude for Germany's help in Finland's civil war of 1918. Goering on whom Finland had built hopes was taking his orders from higher up.

(4) The Finnish delegation at Moscow is meeting Molotov at 4:00 this afternoon. It appears that Ryti and not Tanner is on delegation. Repeated to Moscow.

STERLING

760D.61/1225: Telegram

_The Secretary of State to the Ambassador in the Soviet Union (Steinhardt)_

WASHINGTON, March 8, 1940—11 a.m.

151. Your 253, March 8, 11 a.m. We believe it inadvisable for the Finnish delegates to stay with you. You may, however, in your discretion call upon them and render them such courtesies as may seem appropriate. We feel that in such contacts as you may have with them you should take care to avoid creating the impression that they are obtaining advice from you, in view of Russian assertions that their real grievance against Finland was the use of Finland by non-Baltic powers in a manner disliked by Russia.

HULL

760D.61/1233: Telegram

_The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State_

Moscow, March 8, 1940—2 p.m.

[Received March 8—11:40 a.m.]

255. A Swedish plane arrived yesterday evening bearing Ryti, Paasikivi, General Wallin,\(^2\) Wuomanen,\(^3\) two minor Finnish officials, and a

\(^{1}\) S. E. G. Sahlin.

\(^{2}\) Gen. Rudolf Walden is the person meant.

\(^{3}\) Väinö Voitonmaa is intended.
secretary. The omission of Tanner from the delegation is in my opinion wise.

The visit has been veiled in the utmost secrecy, the delegates having been provided with Swedish passports bearing fictitious names, and the plane having landed at an obscure airport. The presence of the delegation in Moscow is in consequence thus far known only to the Kremlin, the Swedish Legation and this Embassy.

I have just had a talk with the Swedish Minister who has not yet seen any of the delegates. He assured me that notwithstanding press despatches to the contrary the Germans have had no connection of any kind with the negotiations leading to the presence in Moscow of the Finnish delegation. He also said that the suggestion of an immediate armistice has thus far not met with the approval of Kremlin which apparently wished first to explore the possibility of a final peace.

The Minister intimated very clearly that he and his Government hoped for the cooperation of the United States in strengthening the position of the Finnish delegates during the negotiations. He stated that he believed that once the presence of the Finnish delegation in Moscow became known it would be helpful if the interests of the United States in the successful outcome of the negotiations were to be publicly disclosed as this would have a material effect on the Soviet position since it is common knowledge that the Soviet Government is seriously concerned about its relations with the United States particularly in respect of purchases in the United States.

STEINHARDT

760D.61/1241: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), March 8, 1940—4 p.m.

[Received 5:44 p.m.]

133. I spoke to the Minister for Foreign Affairs this afternoon in the sense of your telegram No. 81, March 7. He expressed deep appreciation of your action especially when I pointed out that your démarche at Moscow had doubtless been decided upon before you could have received my telegram No. 132 of yesterday and had therefore not been motivated by his requests of yesterday but was spontaneous.

Tanner told me that the military position was unchanged and that Finnish Government had requested additional British bombing planes which had been promised and which if now available would have made defense of Viborg much easier.

* For correspondence concerning difficulties in relations between the United States and the Soviet Union, and efforts for their alleviation, see vol. III, pp. 244 ff.

* See footnote 75, p. 300.
I mentioned the rumor that Soviet Government had served an ultimatum requiring answer to its demands before tonight and he explained that probable foundation for this story was the fact that the Russians had threatened on February 28 to increase their demands if those then made were not accepted by March 1. At the request of the Finnish Government for more time the Russians had, however, desisted from this requirement.

The negotiations had been conducted throughout with the aid of the Swedish Government and had taken place both through Swedish Legation at Moscow and Soviet Legation at Stockholm. I inquired whether the report was true that former President Svinhufvud and Minister Paasikivi were in Stockholm at the present time. Tanner said the former had probably gone to Germany where he is highly regarded, but if so, he had done so without any mission on behalf of the Finnish Government. As for Paasikivi, the Minister for Foreign Affairs told me under the promise of absolute secrecy that he was now in Moscow and in negotiation with Molotov. When I asked his opinion as to the prospect of successful outcome of the negotiations Tanner merely referred to this fact.

I inquired whether the Russians had made any allusion during the current negotiations to the continuance of Tanner himself and of Field Marshal Mannerheim in the Finnish political world and he said they had made no reference to domestic political matters in Finland. Answering my query as to the Soviet view of the relation of the Terijoki régime to the present situation Tanner said with a smile that much more important personalities than Kuusinen had been liquidated in Russia when deemed expedient.

I also asked Tanner whether the Germans had brought active pressure to bear on Finland recently, and he answered in the negative saying that report just received from Finnish Legation at Berlin regarding Sven Hedin’s latest conversation with Hitler had been marked chiefly by the latter’s ranting about Finland’s alleged unfriendliness to Germany which could therefore take no interest in this country. Tanner said that nevertheless Germany had throughout taken a sufficient guarantee. Regarding the Swedes he said their great fear was of an Allied passage through their country and this accounted for their intensive activity to bring about present negotiations.

SCHOENFELD

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46 Pehr Ervind Svinhufvud had been President of Finland between February 16, 1931, and February 15, 1937.
47 Sven Hedin, Swedish explorer, acquaintance of Hitler. For memorandum of this conversation, March 4, regarding the possibility of German mediation in the Finnish-Soviet war, see Documents on German Foreign Policy, 1918-1945, series D, vol. viii, p. 862.
Moscow, March 8, 1940—4 p. m.

[Received 9 p. m.]

258. Department’s 150, March 7, 9 p. m. I have just returned from a conference of an hour and a half with Molotov for the purpose of conveying to him the substance of the Department’s telegram under reference. He was effusively cordial and expressed great appreciation for the friendly interest now and heretofore shown by the President and the United States Government in the restoration of peace between Finland and the Soviet Union. He said that by reason of that interest he was now prepared to “communicate” to me the terms on which the Soviet Government would be prepared to conclude peace with Finland which are as follows:

(1) Hango and the islands immediately surrounding the peninsula on a long term lease;
(2) The Karelian Isthmus, including Viborg and the Bay of Viborg;
(3) The northwest shore of Lake Ladoga including Sortavala and thence northeast along the railroad to the present frontier.

He then said “these are the main points” and stopped.

I thereupon inquired concerning the Rybachii Peninsula and Petsamo. He laughed and said, “We are interested but not insistent,” and added “Rybachii is of secondary importance.” I asked him what territory his Government proposed to give the Finns in exchange. He replied “After a war we cannot give any territory in exchange.” He added, “There must be no delay in the negotiations; they must not be dragged out as they were the last time.”

He then told me that when his Government had been asked through Stockholm whether it would receive a Finnish delegation the Soviet Government had made it a condition that the Finns must be prepared to cede Hango and the Karelian Isthmus.

I asked him whether the Soviet Government expected to dictate the composition of the Finnish government. First he avoided a direct answer, but when I pressed him and reminded him of his statement to me that the Soviet Government did not desire to affect or impair the independence of Finland in the slightest degree (see my telegram No. 734, October 12, 4 p. m. 88), and that the American public would not regard a Finnish government dictated by Moscow as consistent with national independence as understood in the United States he hesitated a moment and then said, “The Soviet Union is not

interested in the composition of the Finnish government." I then pressed for a definite statement by inquiring, "Do I then understand that the Finns are free to have any government they choose?" He replied, "Yes, they may have their own government. We are not interested."

After a further general discussion our conference concluded with a renewed expression on his part of appreciation for the interest of the President and the American Government.\textsuperscript{88} He said he would ask me to come to see him if any serious difficulties developed in the course of the negotiations.

I received the impression this afternoon for the first time that the Soviet Government is really desirous of negotiating peace with Finland; but I am by no means convinced that in the course of the negotiations the Soviet may not endeavor to go beyond the terms outlined to me, particularly in respect of the composition of the Finnish government. In this connection the publication this morning of the article by Kunsinen (referred to in my telegram 256, March 8, 3 [5] p. m.\textsuperscript{89}), demanding the removal of the present Finnish Government, including Ryti, who is now in Moscow as one of the Finnish delegates, may be significant.

I gained the impression that Molotov wishes the terms so specifically outlined by him to me conveyed to the Finnish Government in Helsinki, doubtless by reason of the alleged failure of Tanner, during the previous negotiations, to avail himself of the full limit of the concessions concerning Hango which he had been authorized to make by his Government.

\textbf{STEINHARDT}

760D.61/1253 : Telegram

\textit{The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State}

Moscow, March 9, 1940—noon.
[Received 1:44 p. m.]

264. The French Chargé d'Affaires\textsuperscript{91} called to see me this morning and told me in the strictest confidence that he had received instructions from his Government to endeavor to make contact with Ryti in Moscow and to invite his attention to a recent offer by Daladier

\textsuperscript{88} As reported in despatch No. 1746, April 26, from the Minister in Finland, the Prime Minister of Finland later on declared that "this démarche of the United States was the only influence which had served to moderate the Russian terms." (760D.61/1433)

\textsuperscript{89} Not printed.

\textsuperscript{91} Jean Payart.
to the Finnish Minister in Paris, the substance of which was that if the Finns would continue the war with the Soviets and not make peace Great Britain and France would furnish Finland with all of the assistance that was necessary to maintain a successful defense including troops as well as planes, cannons and munitions. I asked the Chargé whether it was his understanding that this means that the British and French were prepared to send an expeditionary force of regular troops to Finland. He said he assumed it must mean this as it was obvious that the Finns could not defend themselves indefinitely without a substantial contingent of foreign troops and that it was his understanding that the offer had been unconditional and contemplated such assistance as might be needed to maintain the Finnish defense successfully. The Chargé d’Affaires stated that he was in quite a quandary as to how to make contact with Ryti as he said that he assumed the Soviet authorities would not disclose his whereabouts or permit him to have access to Ryti.

STEINHARDT

760D.61/1253: Telegram
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 9, 1940—9 p.m.
[Received March 9—8:55 p.m.]

266. Department’s 151, March 8, 11 a.m. Pursuant to the authorization contained in the Department’s instruction under reference I called upon the Finnish delegation this afternoon. They gave me a detailed account of their meeting from 7:30 to 10:30 last night at the Kremlin with Molotov, Zhdanov, and General Vasilov. They said that the attitude of the Russians had been polite but [reserved?] and that the following terms had been submitted to them.

(1) Hango and the islands immediately surrounding the peninsula on a long term lease.

(2) The proposed frontier on the Karelia Isthmus to start at a point near the town of Ristsalama at the mouth of the Bay of Viborg, running thence northeasterly crossing the main line of the Leningrad—Helsinki railway near the town of Nurmi; thence north of Sortavala, paralleling the Viborg—Sortavala railway at a distance of approximately 15 kilometers to the northeast of the railway; thence to the

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Harri Holma.
Andrey Alexandrovich Zhdanov, Secretary of the Central Committee of the Communist Party of the Leningrad Oblast since 1934, and holder of other Party and Government positions.
Brigade Commander (sometimes called Brigadier General) Alexander Mikhailovich Vasilevsky is the person intended.
northeast of Lake Janisjarvi; and thence northeast to the present front, intersecting the same approximately midway between latitudes 62 and 63 degrees; this being the Russian frontier, more or less, at the time of Peter the Great.

(3) The western portion of the Rybachii Peninsula at present under Finnish sovereignty.

(4) A strip of territory approximately 75 kilometers long and 20 to 25 kilometers wide due west of Kandalaksha, so as to withdraw the present Finnish frontier from its proximity to the Murmansk–Leningrad railway line.

No conditions were imposed by the Russians in respect of the composition of the Finnish government, nor was any reference made to Kuusinen; nor were other demands of any kind presented, such as for a mutual assistance pact or other political commitments; nor was any reference made to the non-fortification of the new frontier.

Mr. Ryti informed me that he did not have full plenipotentiary powers and that in consequence the terms presented had been referred by the delegation to Helsinki for instructions.

No meeting has been arranged for today but a further meeting is expected tomorrow.

I gained the impression that the terms presented were somewhat less drastic than the Finnish delegates had anticipated and that they are at present preoccupied with three main considerations: (a) that the acceptance of terms considerably more severe than those proposed by the Soviets at the time of the breakdown of the negotiations in November would meet with popular disapproval in Finland; (b) that the Soviet Government may add to the demands already made as the negotiations progress; and, (c) an attempt to persuade the Soviet Government to abandon its demand for the Rybachii Peninsula, the strip of land west of Kandalaksha and to agree to a frontier on the Karelian Isthmus which will not require the surrender of the entire shore of the Bay of Viborg and will run approximately 10 kilometers southeast of the line proposed. They also stated that they were seriously concerned over the loss of the mouth of the Saima Canal which empties into the Bay of Viborg north of Viborg.

The delegates were of the opinion that the presence of Zhdanov and Vasilevsky and the absence of Stalin might mean that the terms presented were those of the military and not necessarily Stalin’s final reply and they were hopeful of being able to obtain at least some modification at tomorrow’s meeting. They stated that there had been some discussion of an armistice but that he [Ryti] doubted the Soviet Government would agree to an armistice until the Finnish Government had committed itself to acceptance of the terms submitted.

STEINHARDT
SOVIET RELATIONS WITH OTHER POWERS

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 11, 1940—4 a.m.  
[Received March 11—12: 34 a.m.]

268. My 266, March 9, 9 p.m. The Swedish Minister, whom I met at the theater tonight, informed me in strict confidence that the Finnish delegation had again seen Molotov, Zhdanov and General Vasilevsky for 2 hours last night but had failed to obtain any modification of the Soviet [demands] which in addition to those [in] my telegram under reference included in the construction by Finland of a railroad across the waist of Finland from the Soviet border to the Gulf of Bothnia. A further meeting took place this morning with the same Soviet representatives who were even more adamant. Stalin was not present at either meeting.

The Swedish Minister added that he understood the British and French are now preparing for active intervention in Finland and that Great Britain and France, as reported by our Legation in Stockholm, have set the deadline for Finnish acceptance or rejection of the Soviet terms at March 12. He stated in this connection that the Soviet representatives, who presumably had been informed by the Finns of the prospect of Anglo-French intervention, had professed to regard it as a bluff.

The Minister told me that he had telegraphed his Government at 4 p.m. today requesting authorization to call on Molotov tomorrow morning and to inform him that: (a) it had been his understanding, and that of his Government on the basis of a written memorandum from the Soviet Government at the time the visit of the Finnish delegates was arranged, that aside from Hango, the Karelian Isthmus and the shore of Lake Ladoga, no other major demand would be presented; (b) in the opinion of the Swedish Government the British and French were not bluffing; (c) while the Swedish Government had gone on record as being opposed to the [transit] of English and French troops to Finland, public opinion in Sweden was rising to the point where the replacement of the present Government headed by one by Sandler which would permit such transit, could not be excluded.

STEINHARDT

55 i. e., March 10.  
56 i. e., March 9.  
57 i. e., March 10.  
58 Sandler, a former Minister for Foreign Affairs.
760D.61/1288: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, March 11, 1940—6 p. m.

[Received 9:33 p. m.]

621. My 468, February 21, 10 a. m., and 590, March 8, 8 p. m., Svinhufvud, former President of Finland, has been staying at the Finnish Legation here since his arrival in Berlin 3 days ago and although he failed in his effort to see the Chancellor, has conversed with other German officials. He is now leaving for Rome and has communicated to me through the Finnish Minister the following impressions derived from his discussions in Berlin:

1. Objections are not being raised by Germany to the departure for Finland of increased numbers of volunteers from Sweden and it is possible that a similar accommodating attitude on the part of the German Government towards the transit through Sweden of British and French volunteers in limited number might be expected. Furthermore no objections are being raised by Germany to the shipment to Finland via Sweden of additional Allied war material including airplanes.

2. Sweden need not have feared a German attack even if it had participated openly in the war and Germans disclaim having threatened Sweden in this respect.

3. Germany might reluctantly admit action by the British and the French at Petsamo and Murmansk as such steps might result in a rupture of relations between the Soviets and the Allies and furthermore the German Government would not be inclined to risk the unpopularity of a war against Finland on the sole basis of an Anglo-French attack on Murmansk.

4. Allied help to Finland which would involve the establishment of England and France in the northern part of Scandinavia or the use of Norwegian ports to land Allied troops would certainly meet with German opposition which might take the form of air attacks on Finland or an ultimatum to Sweden.

5. Although the Soviet-Finnish conflict and its possible consequences are sufficiently disturbing to the Germans to warrant a possible willingness to facilitate a peace, the highest authorities in Germany with a view to Soviet-German relations profess indifference as to the future fate of Finland. This apparent indifference might change, however, in the event that Finland might maintain its stand and that through overcautious aid to Finland a conflict in Scandinavia might be precipitated. Germany, it is said, owing to its dependence

*Neither printed.*
SOVIET RELATIONS WITH OTHER POWERS

upon Russia for supplies is not in a position to alter Russian demands on Finland, but there seems to be an understanding of the important argument that if Finland on the basis of the concessions demanded should now make peace with the Soviets without adequate guarantees the latter would later reopen the conflict with Finland and accordingly there is some indication that a form of guarantee by Germany of Finnish integrity following a peace might be forthcoming.

Repeated to Moscow.¹

KIRK

760D.61/1288: Telegram

The Secretary of State to the Ambassador in the Soviet Union

(Steinhardt)

WASHINGTON, March 11, 1940—midnight.

160. Reference Berlin's 621, March 11, 6 p. m. In the absence of any known authoritative sources for the impressions of Svinhufvud as given through the Finnish Legation in Berlin and in the lack of any indication from the Finnish Government as to the character of his mission, it is believed that it would be inadvisable to convey to the Finnish delegation the substance of his conversations in Berlin.

HULL

760D.61/1300: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 12, 1940—1 p. m.

[Received 1:22 p. m.]

278. For the President and the Secretary only. The Swedish Minister has just informed me that despite a further effort on his part yesterday afternoon at an interview with Molotov to obtain some modification of the Soviet terms as outlined in my 266, March 9, 9 p. m., he had been unsuccessful and that a similar effort by the Finnish delegates at a further conference with the same three Soviet representatives had also failed. Accordingly the Finnish delegates have been instructed by their Government to accept the Soviet terms and they have done so. They are at present discussing matters of detail and are awaiting full powers to sign. The Soviet Government has again refused an armistice until the terms of peace have been

¹The Chargé stated in his telegram No. 622, March 11, 7 p. m., that he had informed the Embassy in Moscow of this conversation at Svinhufvud's request, but only for "information and such action as may be deemed appropriate." (760D.61/1288)
signed. The Swedish Minister anticipates that this will take place tomorrow or the next day.

The Minister requested that the foregoing be held in the strictest confidence.

STEINHARDT

780D.61/1301: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 12, 1940—2 p. m.

[Received 2:30 p. m.]

277. My telegram No. 266, March 9, 9 p. m. The German Embassy in Moscow, although avoiding any direct participation in the Finnish-Soviet negotiations, nevertheless is apparently being kept fully informed of their progress by the Soviet Government. A member of that Embassy, who is fully conversant with the terms presented to the Finnish delegation, has stated in strict confidence that the delay in concluding the negotiations has been occasioned by the demand of the Soviet Government for inclusion within the territory to be ceded to it on the Karelian Isthmus of the important power and industrial center of Imatra northeast of Viborg. The Finns have been endeavoring to obtain a modification of the Soviet demand on this point inasmuch as the Imatra power station serves all of Southern Finland and its loss would be a serious blow to Finnish national economy. My informant said that the fact that Stalin had up to yesterday not taken part in the discussions may indicate that the Soviet Government would be prepared to make a concession, but he was strongly of the opinion that with this possible exception no other modification in Soviet terms was to be anticipated.

My informant was frank in admitting that the German Government is desirous of seeing the Soviet-Finnish conflict terminated on almost any terms and advanced the opinion that the Finns would do well to accept since he professed to regard the prospect of effective British or French assistance as illusory. He expressed doubt however which he was careful to characterize as a personal opinion that Germany would take direct action against Sweden in the event that the Swedish Government conceded transit to French and British troops to Finland but stated that since the Soviet Union and Germany would in such an event be allies Germany would send airplanes and submarines to Murmansk. He added that he thought that if the present negotiations are successful the Soviet Government might attempt to solve the awkward problem of its commitments to the Kuusinen government by creating an autonomous Finnish or Karelian People's
Republic within the Soviet Union comprising the area ceded by Finland and the area "ceded" by the Soviet Union under the treaty of December 3 [2], 1939, with Kuusinen as its head.\footnote{The area on the Karelian Isthmus, which Finland ceded in the peace treaty of March 12, 1940, was incorporated on March 31, 1940, into the existing Karelian Autonomous Republic and the whole became the Karelo-Finnish Soviet Socialist Republic. (See telegram No. 332, April 1, 1 p. m., from the Chargé in the Soviet Union, p. 324.) Otto W. Kuusinen became president of the Presidium of the Supreme Council of the Karelo-Finnish S. S. R., and on August 7, 1940, also vice president of the Presidium of the Supreme Council of the Union of Soviet Socialist Republics.}

\textsuperscript{2} Steinhardt

\textit{The Minister in Finland (Schoenfeld) to the Secretary of State}

\textbf{Grankulla (Helsinki), March 12, 1940.}

[Received March 13—1:55 a. m.]

142. My despatch 1668, January 10 last.\footnote{For the guarantee previously given for $10,000,000, see telegram No. 436, December 13, 1939, 1 p. m., from the Minister in Finland, Foreign Relations, 1939, vol. I, p. 1029.} I have received from Minister for Foreign Affairs note dated today transmitting guarantee of Finnish Government covering obligations of Finnish-American Trading Corporation together with extract from Cabinet council meeting of March 8th authorizing guarantee and note addressed to the Secretary of State. Guarantee reads as follows:

"\textbf{Guarantee:} The Finnish Government hereby unconditionally guarantees the payment of obligations heretofore or hereafter entered into by the Finnish-American Trading Corporation in favour of the Export-Import Bank of Washington and/or the Reconstruction Finance Corporation up to a total principal amount of $30,000,000, therein included the obligations the payment of which has already been guaranteed by the Finnish Government up to the amount of $10,000,000, together with interest thereon.\footnote{Not printed.} Helsinki this 9th day of March 1940. For and on behalf of the Finnish Government (signed) Mauno Pekkala, Minister of Finance, J. W. Minni, Permanent Secretary of the Ministry of Finance."

Note to the Secretary of State is dated March 12, 1940, numbered 14309 and reads as follows:

"\textbf{Excellency,} I have the honour hereby to inform Your Excellency that Mauno Pekkala as Minister of Finance and Mr. J. W. Minni as Permanent Secretary of the Ministry of Finance had full legal authority to execute on behalf of the Finnish Government the enclosed instrument dated March 9, 1940, guaranteeing the payment of obligations heretofore or hereafter entered into by the Finnish-American Trading Corporation in favour of the Export-Import Bank of Washington and for the Reconstruction Finance Corporation up to"
to a total principal amount of $30,000,000, together with interest thereon, and that the said guaranty as executed constitutes a binding and valid obligation of the Finnish Government.

I should be very much obliged to you if through your good offices the Export-Import Bank and the Reconstruction Finance Corporation be advised of the above statement.

Accept etc. (signed) Vaino Tanner, Minister for Foreign Affairs.”

I shall forward originals of two documents quoted above and of the Cabinet minutes by the next pouch.

SCHOENFELD

760D.61/1305 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 13, 1940—2 a. m.
[Received March 12—9:55 p. m.]

281. The foreign correspondents have just been furnished the substance of a communiqué about to be released announcing the signature of a treaty of peace between the Soviet Union and Finland on substantially the same terms already reported by me. The treaty is to be ratified within 3 days and instruments of ratification are to be exchanged in Moscow. Hostilities are to cease on March 13th at noon and the Soviet troops are to occupy the new frontiers on March 15 at 10 a. m. I will telegraph the full text of the communiqué as soon as available.

STEINHARDT

760D.6111/41 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 13, 1940—noon.
[Received 2:20 p. m.]

283. My 281, March 13, 2 a. m. The texts of the peace treaty and of a protocol annexed thereto are published in Pravda today. The following is a brief summary of their contents. Full texts, I understand, have been sent abroad by Tass.

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5 Signed at Moscow on March 12, 1940: for texts, see Finland, Ministry for Foreign Affairs, The Finnish Blue Book (Philadelphia, 1940), p. 115, or the sequel publication, Finland Reveals Her Secret Documents on Soviet Policy, March 1940–June 1941 (New York, 1941), p. 35; or the translation from the Russian original from Pravda in Department of State Bulletin, April 27, 1940, p. 455.

6 Telegraph Agency of the Soviet Union, official communications agency of the Soviet Government.
Preamble refers to the desire of both countries to terminate hostilities and guarantee mutual security, including that of the City of Murmansk and the Murmansk Railway.

Article I provided for the termination of hostilities in accordance with the attached protocol.

Article II establishes the new boundary line between the Soviet Union and Finland in accordance with which there will be included in the territory of the Soviet Union “the entire Karelian Isthmus to the city of Viborg and the Gulf of Viborg, the islands therein, the western and northern shores of Lake Ladoga, with the cities of Keksholm, Sortavala, Suojärvi, a number of islands in the Finnish Gulf, the territory to the east of Merkijärvi, with the city of Kuolajärvi, a portion of the Rybachii and Srednii Peninsulas”, in accordance with an attached map.

Article III provides that both contracting parties shall bind themselves to refrain from any attack on the other and from participating in any coalition directed against the other.

Article IV provides for the leasing by the Finnish Republic for 30 years, for an annual rental of 8,000,000 finnmarks, the peninsula of Hango, its surrounding sea area within a radius of 5 miles to the south and 3 miles to the north and west, as well as a number of islands in the vicinity for the creation of a naval base; and accords to the Soviet Union the right to maintain there at its own expense the necessary land and air forces. The Finnish Government within 10 days of the entry into force of the treaty agrees to evacuate its troops from and turn over to the Soviet Union the peninsula of Hango and the islands.

Article No. V provides that the Soviet Union shall withdraw its troops from the Petsamo oblast, which shall be voluntarily turned over to Finland in accordance with the peace treaty of 1920; and Finland also in accordance with the peace treaty of 1920, shall not maintain in the waters of the Arctic Ocean any naval vessels in excess of 100 tons with the exception of 15 naval and other armed vessels whose individual tonnage shall not exceed 400 and will not maintain submarines or military aviation in those waters. Finland likewise undertakes not to establish any naval bases in that area.

Article No. VI provides for the free transit of goods between the Soviet Union and Norway and that these be “freed from examination, customs duties, transit or other charges or any control with the exception of those normally provided by international practice for the regulation of transit communications.” Likewise citizens of the Soviet Union may have free passage to and from Norway on the basis

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Signed at Dorpat (Tartu, Yuryev) on October 14, 1920; for text, see League of Nations Treaty Series, vol. III, p. 6.
of passports issued by the appropriate Soviet authorities and Soviet "unarmed aviation" shall be granted free transit across the Petsamo region between the Soviet Union and Norway.

Article No. VII grants the Soviet Union the right of transit of goods between the Soviet Union and Sweden, [and for] the development of this transit [along the] shortest railway route the Soviet Union and Finland consider it essential to construct, each on its own territory if possible during 1940, a railway line connecting Kandalaksha and Kemijärvi.

Article No. VIII provides for economic conversations and the conclusion of a trade agreement between the two countries.

Article No. IX provides for the entry of the treaty into force on the date of its signature and for exchange of ratifications within 10 days (not 3 as was reported last night) in the city of Moscow.

The protocol attached to the treaty provides for the cessation of hostilities at 12 noon March 13 Leningrad time and provides detailed schedules for movements of troops in stages in various regions from 10 o'clock March 15 to March 26, 1940. The evacuation of Petsamo by the Red Army is to be completed by April 10th. In addition Article No. VI places responsibility on the military commanders of both armies to prevent destruction of properties such as power stations, bridges, etc., in regions to be evacuated.

The treaty and protocol were signed by Molotov, Zhdanov and Vasilevsky for the Soviet Union, by Ryti, Paasikivi, Walden and Woinonaa [Voionmaa] for Finland.

No further details in regard to the exact location of the new frontier are contained in the treaty or protocol but according to a rough map also [in] Pravda today the line appears to run from 25 to 30 kilometers to the north and parallel to the Viborg–Sortavala railway from the Gulf of Finland to Lake Ladoga.

The leading editorial in Pravda today on the signature of the peace treaty is relatively restrained in tone and seeks to emphasize, citing Molotov's radio speech* to that effect, that the only aim of the Soviet operations was a guarantee of security for the Soviet Union and in particular Leningrad which the editorial states is fully assured by the present treaty. The editorial contains the customary assertion that the negotiations last fall failed due to the machinations of "certain European states" who were desirous of extending the war to that corner of Europe and directing it against the Soviet Union. In this connection the editorial writes that the Anglo-French imperial-

ist circles had incited Finland “as they formerly had Poland and other states” to war with the Soviet Union by promises of help, which turned out to be illusory. In conclusion there is a statement that the Soviet people have achieved that which they wished and peace now reigns on the frontiers of the Soviet Union. The editorial made no mention of Kuusinen or the People’s Government of Finland nor of the personalities of the present Finnish Government.

STEINHARDT

760D.61/1313 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

GRANKULLA (HELSINKI), March 13, 1940—4 p. m
[Received March 13—10:20 a. m.]

143. Minister for Foreign Affairs has just completed radio announcement in Finnish and Swedish, announcing conclusion of peace at Moscow effective 11:00 this morning; outlined general terms, details not yet available pending return Finnish delegation, but substantially establishing same frontier treaty of Nystad 1721; also cession of Hango Peninsula, Finnish portion Fisherman’s Peninsula, Petsamo. Minister gave reasons Government’s decision made peace this time failure Scandinavian States lend effective military aid and their refusal permit passage Allied troops, hence Government deemed best accept Russian terms notwithstanding losses territory since result continued struggle [was] certain while army now undefeated. Minister said unity, strength, industry Finnish people which had been exemplary during hostilities would assure reconstruction since political integrity maintained though territory amputated, Kuusinen régime being cast aside. Past now to be forgotten, people looking to future which will determine whether Government’s policy right or wrong.

SCHOENFELD

[The text of a statement by President Roosevelt on the Soviet-Finnish situation, released to the press by the White House on March 13, 1940, is printed in Department of State Bulletin, March 16, 1940, page 295.]

*A proclamation by the Finnish Government, published in the press on March 14, 1940, informed the people that hostilities ceased on the preceding day.
10 Treaty of peace between Russia and Sweden signed at Nystadt on August 30, 1721; for text see Jean Dumont, Corps universel diplomatique du droit des gens; ... (Amsterdam, 1726-1731), vol. vili, part 2, p. 36.
GRANKULLA (HELSINKI), March 15, 1940—1 p.m.
[Received March 15—12:55 p.m.]

150. Acting Director of the Bank of Finland \(^{11}\) told me last night
that in addition to financial needs arising out of resettlement of people
evacuated from ceded areas and general reconstruction, Finnish Gov-
ernment must contemplate heavy increase in armament within period
of a year. He inquired whether credit recently granted by Export-
Import Bank could be used for acquisition of armament now that
Finland is at peace. I said I doubted that these funds could be so
used but suggested that inquiry be made in Washington.

When I suggested in conversation recently with German Minister
that great development might be anticipated in Finnish military pre-
paredness as result of present situation he expressed the view that day
of small nations situated within orbit of great powers was past and
that supposed justification for their social, political and economic
independence was merely an illusory relic of the era of liberalism.
He thought that since cooperation between Russia and Germany was
henceforth to be permanent the entire Baltic area must remain within
their sphere of influence implying that small states in this area could
be a factor of equilibrium only in the event of renewed rivalry between
Germany and Russia which he did not expect.

SCHOENFELD

Moscow, March 20, 1940—noon.
[Received 12:48 p.m.]

315. A Tass denial published in the Soviet press this morning refers
to reports in the foreign press alleging that Finland, Sweden and
Norway are continuing negotiations for the conclusion of a “so-called
defensive alliance” for the military protection of the frontiers of Fin-
land and alleging that Soviet Union has no objection to such a defen-
sive alliance. The denial states that “Tass is empowered to declare
that these reports concerning the position of the Soviet Union are not
in accordance with the facts since, as is evident from the notorious
anti-Soviet speech of the President of the Norwegian Storting, Mr.
Hambro, on March 14, any such alliance would be directed against the

\(^{11}\) Jukka (Johan) W. Rangell.
Soviet Union and would be in direct contradiction to the treaty of peace concluded between the Soviet Union and Finland on March 12."

I am informed by the Swedish Minister that he went to see Molotov at the latter's request day before yesterday concerning the reports of a defensive pact between Norway, Sweden, and Finland, and that Molotov had inquired as to the truth of these reports, to which the Minister had replied that Norway might be threatened by England and Sweden by Germany and that was the reason for the consideration which was being given to the possibility of a defensive alliance between the northern countries. Molotov then stated that the Soviet Government considered that any such alliance would be directed against the Soviet Union, to which the Minister blandly replied that this was ridiculous, inasmuch as there was no threat from the Soviet Union, which had just terminated a war against Finland.

The Tass announcement published today makes the Soviet attitude quite clear concerning the formation of any such northern bloc to include Finland and demonstrates that the Soviet Government through the medium of article III of the Treaty of Peace intends to exert some influence on the conduct of Finnish foreign relations. 12

STEINHARDT

760D.6111/81: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, March 25, 1940—4 p. m.
[Received March 25—1: 50 p. m.]

162. With evacuation tomorrow of final zone of areas ceded to Russia, except in undefined Salla sector and pending definitive delimitation of frontiers as well as evacuation by Russians of Petsamo due April 10, the first stage of new situation following conclusion of peace at Moscow March 12 will be complete. Outstanding impression of this period is spirit of calm resolution not essentially different from spirit in which Finns conducted hostilities. It may be expected that the ensuing long period of reconstruction [will be marked?] by exactly the same spirit.

Reserving appraisal of economic consequences of the peace for a special report 13 as directed in Department's No. 97, March 22; 14 it may

12 The Ambassador in the Soviet Union sent to the Department of State, in his telegram No. 316, March 20, 1 p. m., an appraisal of the probable lines of the foreign policy of the Soviet Union following the end of the war with Finland; see vol. III, p. 188.

13 Not printed.

14 Not printed; this telegram requested information on the extent of reconstruction needed in Finland, and the economic importance of the ceded regions (860D.50/83).
be mentioned that authoritative monetary estimates of losses amount to more than 30 billions of finnmarks aside from cost of industrial and other reconstruction, resettlement and rehabilitation of evacuees and the standing difficulties of maintaining and restoring vital export trade during and after the war between the Allies and Germany.

It has been indicated that the Cabinet will be reorganized immediately after Easter holidays and that it will be a coalition government dedicated primarily to concentration of effort upon reconstruction of the country in accordance with the wish of all social and political groups regardless of former party differences. It is now evident that Finnish people share [the] Ryti Cabinet's conviction that acceptance of Russian peace terms was wise because it was inevitable. It is also apparent from all utterances public and private that this acceptance of the inevitable by no means signifies supine resignation or abandonment of the hope that political fortune will eventually favor Finnish interests. Disposition loyally to abide by the peace treaty is clearly accompanied by conviction of its coercive nature and consequent impermanence.

In these circumstances principal developments of the measurable future in Finland seem to include: (1) maintenance and greatly increased expansion of the country's military resources notwithstanding newly created strategic obstacles; (2) measures designed with a view to physical and moral welfare of the Finnish people; (3) extreme exertion to restore and expand agricultural and industrial capacity of the country; (4) maintenance of maximum national unity; (5) vigilant foreign policy substantially along the lines thus far followed, soundness of which is not thought to be in doubt and apparent failure of which is considered mainly attributable to momentary combination of adverse and overwhelming factors.

Schoenfeld

758.60D11/12: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 26, 1940—7 p.m.
[Received 7:08 p.m.]

330. The Swedish Minister told me this afternoon that he had seen Molotov yesterday and had discussed with him the proposed Norwegian-Swedish-Finnish defensive alliance. He said that Molotov had expressed opposition to such an alliance on the grounds that it

15 The Cabinet of Prime Minister Risto H. Ryti was reorganized as a national government on March 27.
could only be directed against the Soviet Union and had inveighed against Hambro's recent utterances. The Minister said that he had endeavored to persuade Molotov that the proposed alliance was not in conflict with article III of the Soviet-Finnish peace treaty and that it was exclusively intended to insure the security of the three countries concerned "as much against England as the Soviet Union." He said that Paasikivi had subsequently seen Molotov and that somewhat to his surprise Molotov in his talk with Paasikivi had raised no objection to the proposed alliance nor made any reference thereto.

The Minister stated that it is contemplated that diplomatic relations between the Soviet Union and Finland shall be resumed in the immediate future and that the present Finnish Minister to Washington is under consideration for the post of Minister to Moscow but that his selection is by no means certain. He also expressed the opinion based on statements made to him by Paasikivi that Tanner cannot remain as Foreign Minister and that Paasikivi may succeed him and added that he anticipated that the new Finnish government would be an all-party reconstruction government. He said that in the discussions between Paasikivi and the Soviet authorities no trade questions had as yet been taken up nor any matters affecting the political field, but only details concerning the new frontier populations, railroads, prisoners, reciprocal removal of mines, and similar problems.

I inquired of the Minister whether the Swedish Government had been requested to give or had voluntarily given to the Finnish Government an engagement of any kind to enter into a defensive alliance in return for the conclusion of peace. He replied that while there had been no such "engagement" he personally considered that Hansson and the present Swedish Government were under a "moral obligation", that this was generally understood in Swedish governmental circles, and that a failure to carry out this moral obligation might result in a change in the Swedish Government. He said that at the present time the Norwegian Government was considerably less in favor of the proposed alliance than the Swedish Government and that the Finnish Government had been pressing for the alliance.

Despite the statement of the Swedish Minister that the Finnish Minister is taking the lead in pressing for the conclusion of this alliance, I am inclined to doubt, in view of the present position of that country vis-à-vis the Soviet Union and in particular of article III of the Soviet-Finnish peace treaty, that Finland would be able to enter into any such alliance unless the Soviet Government, perceiving some advantage therefrom withdraws objection. Although up to the

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18 Rolf J. Witting replaced Väinö A. Tanner as Foreign Minister in the Cabinet reorganization of March 27.
present the Soviet Government has both publicly and privately chosen to regard the proposed alliance as directed against the Soviet Union, Molotov’s failure to take up the question with Paasikivi may indicate a possibility that this attitude will not be maintained.

STEINHARDT

860D.00/878: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSENIK, March 28, 1940—1 p. m.

[Received 3:15 p. m.]

165. Prime Minister Ryti told me today that principal task of his reorganized Cabinet would, of course, be reconstruction and rehabilitation requiring large expenditures for which not only foreign help but an internal capital levy would be necessary. There would necessarily be considerable reduction in the standard of living and the Government must try to prevent such reduction to a level where social unrest would threaten Bolshevism which though the Russians had failed in their effort to impose it on the Finnish people might in that event become a real danger.

The Prime Minister said there had been not far from 60,000 casualties during the hostilities including some 18,000 killed and approximately the same number seriously wounded. Caring for dependents of the dead and for the incapacitated would involve heavy expense. There was also problem of increasing domestic production of consumption goods in order to reduce volume of such imports besides the problem of the reorganization of export industries. At my request he promised to provide me with statement showing estimated cost of the program which he said had not yet been worked out.

Ryti asked me particularly to convey to you his appreciation of your démarche at Moscow just before his first conversation with the Soviet authorities which he said had been very valuable. He thought it had induced the Soviet Government to desist from their proposed mutual assistance pact which had at first been included in the Russian terms. Neither the British, the French, nor the Swedish diplomatic representatives at Moscow had the slightest influence on the Russians, nor had the Germans, though they claimed to have been helpful, exercised such influence as they might have. He said that only the action of our Ambassador had been effective in moderating Russian demands.

Answering my inquiry regarding proposed defensive alliance with Sweden and Norway, the Prime Minister said that he regretted the public announcement made on the subject by Tanner on March 18
which had caused needless difficulties, but he was optimistic about the result of the negotiations. Swedish military authorities strongly favored the plan and Ryti said he had recently received their preliminary military scheme. This called for organization of Finnish defense line along the new lake frontier which had been found by the general staff here to be less unfavorable than was generally thought. The Swedes would take care of the northern regions. Ryti expected no further encroachment by the Russians for at least 6 months as the gains they had achieved had been very costly, but much would depend on the course of the war between the powers. Molotov had told him at Moscow that the Soviet Government was very anxious to keep out of the war. Meanwhile demobilization of the Finnish Army would proceed gradually and by careful selection in the light of the needs of the national economy, and the youngest classes were being called up to relieve economically more valuable men and to keep the forces up to strength.

After seeing the Prime Minister I had a conversation with Tanner who is now Minister of Public Welfare. He said he expected to be obliged to make many calls upon us for help and I answered that I was confident there would be every disposition on our part to render all possible assistance.

SCHOENFELD

758.60D11/13: Telegram

The Minister in Sweden (Sterling) to the Secretary of State

STOCKHOLM, March 28, 1940—3 p.m.
[Received March 28—1:30 p.m.]

152. Moscow informed the Finnish, Swedish, and Norwegian Governments yesterday that in its interpretation of the Finnish-Soviet peace terms it would consider the proposed Nordic defensive alliance as an unequal act and if consummated the Soviet Government must change its attitude towards the three countries.

This information came from Erkko who, after consultation with the Crown Prince and Günther today, does not believe that Sweden will force the issue.

STERLING

[For remarks concerning Finland in Molotov’s speech before the Sixth Session of the Supreme Council of the Soviet Union on March 29, 1940, see telegram No. 337, March 29, from the Chargé in the Soviet Union, volume III, page 191.]
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, April 1, 1940—1 p.m.  
[Received April 1—9:50 a.m.]

342. At the joint session of both Houses yesterday the Supreme Soviet adopted a law introduced by Zhdanov to transform the Karelian Autonomous Republic into a constituent republic under the name of the Karelo-Finnish Soviet Socialist Republic, thereby raising the number of constituent republics to 12. The new republic will include the territory of the former Autonomous Karelian Republic and the territory ceded by Finland under the treaty of peace, with the exception of a small strip in the immediate vicinity of Leningrad. In explaining the change of name Zhdanov pointed out that certain of the regions obtained from Finland which will form part of the new republic are “purely Finnish.”

Thurston

[Secretary of State Hull, in his memorandum of April 2, of a conversation with the Ambassador of the Soviet Union, Konstantin Alexandrovich Umansky, declared that the Soviet Union had “plunged into fighting with Finland to the surprise of all of us;” gave no definite answer when the moral embargo would end, except to say that “we do not know when his country may embark upon another war;” and stated that the United States Government possessed “the most satisfactory evidence of Russian bombing of civilian populations.” For text of the memorandum of this conversation, dated April 2, see volume III, page 266.]

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, April 2, 1940—11 a.m.  
[Received 1:30 p.m.]

170. In my first conversation yesterday with new Minister for Foreign Affairs, Dr. Witting told me that negotiations regarding defensive alliance with Sweden and Norway were not likely to lead to positive result for the present. It would first be necessary greatly to strengthen Norwegian military organization which was very weak as well as to bring Swedish military forces to higher level of efficiency including more extensive training which had been rather neglected, there being too many men in Sweden lacking in military training.

He informed me that delimitation of new frontier with Russia would take about 3 months. Finnish plenipotentiaries now at Moscow were meanwhile discussing numerous questions arising out of the
peace settlement. The Soviet Government had suggested that conversations regarding these matters be held at Viborg but Finnish Government preferred to take them up at Moscow. Exchange of regular diplomatic representatives would be effected in the near future.

The Minister expressed appreciation of the assistance received from the United States during hostilities and the hope that it would continue during the period of reconstruction.

SCHOENFELD

758.60D11/17: Telegram

_The Minister in Sweden (Sterling) to the Secretary of State_

**STOCKHOLM, April 4, 1940—noon.**
[Received April 4—9:53 a.m.]

164. Erkko, who has just returned from Helsinki, told me today strictly confidentially that the Finnish Government will not press the Swedish and Norwegian Governments for an open defense alliance but that the matter will be thoroughly explored. As little as possible will be said about it openly but it is hoped that practically the same effect may be brought about through an unwritten, unpublicized gentlemen’s agreement. An official of the Swedish Foreign Office implied yesterday that the Government is clearly opposed to an open alliance since the Soviet views were made known officially.

STERLING

760D.6111/92: Telegram

_The Chargé in the Soviet Union (Thurston) to the Secretary of State_

**Moscow, April 6, 1940—9 a.m.**
[Received April 6—7:45 a.m.]

355. The Swedish Minister informed me last evening that negotiations between the Finnish and the Soviet representatives with respect to post-war adjustments are proceeding satisfactorily and in an amicable atmosphere and that Paasikivi probably will return to Helsinki next Tuesday.27 Diplomatic relations between the two countries will be reestablished in the near future and it is understood that the Soviet Minister now in Riga will be appointed to Helsinki.28

The Minister is of the opinion that the evacuation of ceded territory and its occupation by the Soviets is being carried out without undue difficulties and that the joint Finnish-Soviet commission establishing the new boundary line is operating in conformity with the requirements of natural and economic factors.

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27 April 9.
28 Ivan S. Zotov arrived in Helsinki on April 6 and presented his credentials as the Soviet Minister in Finland on May 23. Dr. Juho Kusti Paasikivi was appointed Finnish Minister in the Soviet Union on April 7.
Mr. Assarsson had no knowledge of any expansion of the Soviet demands upon Finland, rumors of which have been circulated here, especially in connection with an alleged effort to acquire the nickel deposits in the Petsamo zone.

THURSTON

760D.61/1386: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, April 8, 1940—1 p. m.
[Received April 8—8:20 a. m.]

359. Embassy’s telegram 136, February 4, noon. ¹⁹ A circular note from the Commissariat for Foreign Affairs announces that in view of the conclusion of a treaty of peace between the Soviet Union and the Finnish Republic and the cessation of military operations between them “the blockade of the coast of Finland and the waters adjacent to it, announced in the Commissariat’s notes of December 7, 1939, and February 3, 1940, has been discontinued.” ²⁰

THURSTON

860D.51/445: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, April 10, 1940—4 p. m.
[Received April 10—1:08 p. m.]

186. Tanner, Minister of Supply, told me today that much larger credits than those now available to Finland in the United States would be required in 2 or 3 months for essential food supplies and industrial raw materials in order to carry this country through next winter. Alluding to recent soundings by the Finnish Minister at Washington regarding possible loan of $100,000,000 he said that this amount in addition to money already loaned ²¹ would be the minimum required.

SCHOENFELD

¹⁹ Not printed.
²⁰ The Soviet Union had declared a blockade of the entire Bothnian coast of Finland and a part of the coast of the Gulf of Finland. The Finns considered this blockade as contrary to law, because the Soviet Union insisted that it was not at war with Finland, and because the Soviet Union was incapable of maintaining an effective blockade in accordance with the principle laid down in the Declaration of Paris of April 16, 1856. For text of the Declaration, see British and Foreign State Papers, vol. xlvi, p. 26, or Sir Edward Hertslet, The Map of Europe by Treaty (London, 1875), vol. ii, p. 1282.
²¹ Money already loaned through the Export-Import Bank of Washington amounted to $30,000,000. Of this, $10,000,000 was represented by the loan announced on December 10, 1939, and $20,000,000 additional, following the approval on March 2, 1940, of the act increasing the lending authority of the Export-Import Bank (54 Stat. 38).
SOVIET RELATIONS WITH OTHER POWERS

760D.6115/48: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, April 13, 1940—3 p. m.
[Received April 13—2:45 p. m.]

379. The Moscow newspapers publish the text of an act signed at Petsamo on April 9 by representatives of the Red Army and of the Finnish Army, acting in accordance with articles VI and VII of the Protocol appended to the peace treaty between the Soviet Union and Finland, signed March 12, effecting the transfer to Finnish authorities of Petsamo and the port of Liinahamari with all buildings and equipment appertaining to municipal economy and local industry.

STEINHARDT

740.0011 European War 1939/2278: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

[Extract] 22

Moscow, April 16, 1940—7 p. m.
[Received 8:33 p. m.]

392.

(5) The Minister 23 said that in view of persistent rumors that the Soviet Union had taken advantage of the present situation to make new demands on Finland he had asked Paasikivi whether there was any truth to these reports and that Paasikivi had replied categorically in the negative stating that all matters connected with the demarcation of the new boundary line between Finland and the Soviet Union as well as all other matters awaiting settlement between the two countries were progressing entirely satisfactorily and that he had no reason to anticipate any new demands upon Finland by the Soviet Union. Paasikivi pointed out to him that the return of Petsamo to Finland, the removal of mines and the steps which are being taken daily towards restoring normal relations between the two countries were inconsistent with any present intention on the part of the Soviet Union to make new demands of Finland.

(6) The Minister said that the Swedish Government had requested an indemnity of Swedish kroner 49,000 of the Soviet Government for the aerial attack of Pajala during the Finnish war. After some

22 Another portion of this telegram is printed on p. 550.
23 Per Vilhelm Gustaf Assarsson, Swedish Minister in the Soviet Union.
bargaining the Soviet Government agreed to pay 40,000 kroner and has instructed the Soviet Minister in Stockholm to effect the payment of that amount.

STEINHARDT

760D.61/1397 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, April 17, 1940—noon.
[Received 12: 43 p. m.]

200. In reply to inquiry, Minister for Foreign Affairs informed me this morning that fortification and garrison established in the Åland Islands during and previous to recent hostilities with Soviet Russia were being maintained by virtue of article VII of the Geneva Convention of 1921, 24 but without raising the issue with the signatories. In view of probability that the Russians would be given facilities for setting up a base on the Estonian Island of Osmussaar opposite Hango, the Minister did not anticipate that the Russians would raise objection to such maintenance unless it should turn out that they had designs against Sweden of which there were no signs at present. In response to intimation as to the possibility of increased German interest in the Åland group, 25 the Minister was noncommittal.

SCHOENFELD

760D.6115/50 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, April 30, 1940—noon.
[Received April 30—10: 54 a. m.]

478. Pravda today announces the signature April 29 in Moscow by Molotov and Paasikivi of a protocol delineating the frontier between the Soviet Union and Finland 26 in accordance with article 2 of the peace treaty of March 12, 1940.

THURSTON

24 Convention relating to the Nonfortification and Neutralization of the Åland Islands, signed at Geneva on October 20, 1921; for text, see League of Nations Treaty Series, vol. ix, p. 213.

25 See telegram No. 577, June 1, noon, from the Minister in Sweden, p. 554.

26 The Ambassador in the Soviet Union reported in telegram No. 1358, October 16, 5 p. m., that the demarcation of the land and sea frontiers over a distance of 705 kilometers had been completed by the placement of 1,036 land and 8 sea frontier posts (760D.6115/56). The Minister in Finland, however, advised that the Finnish Government did not expect that the actual boundary protocol would be signed until November 5 (760D.6115/57). See also telegram No. 460, November 6, 1 p. m., from the Minister in Finland, p. 353.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

No. 454 Moscow, May 6, 1940.

[Received May 29.]

Sir: I have the honor to refer to the Embassy's despatch No. 371, of March 16, 1940, transmitting the text of the treaty of peace between the Soviet Union and Finland which was concluded on March 12, 1940, and to inform the Department that the Moscow press of May 3 published a brief Tass despatch from Kandalaksha which reported that the construction of the 160 kilometer railway between Kandalaksha and Kuolajarvi was completed on April 30, thus connecting Kuolajarvi with the Murmansk railway line.

The construction of this line is in accordance with Article 7 of the peace treaty referred to, by which the two countries agreed that each would construct, "if possible during 1940, on its own territory a railway uniting the city of Kandalaksha with the city of Kemijärvi". The section mentioned in the Tass news item represents, of course, the Soviet portion of the line. The rapidity with which this section is stated to have been completed leads to the inference that the construction may be only temporary in character, particularly when climatic conditions in the region, which is north of the Arctic Circle, are taken into account.

Respectfully yours,

WALTER THURSTON

[An option was afforded Finland to postpone payments on its debts to the United States by Public Resolution No. 84, approved on June 15, 1940 (54 Stat. 398). Finland was informed of this action in a note of June 22, 1940, from Secretary of State Hull to the Finnish Minister, Hjalmar J. Procopé. The option was accepted by Finland for the payments due on December 15, 1940, in a note of November

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27 Not printed.
28 The Soviet explanation of the economic purpose of this railroad construction was that it would provide transit through Finland linking Murmansk and other northern Soviet towns by the shortest route with the Baltic ports and with Sweden, and would provide an outlet for Russian goods on the Atlantic. According to Izvestiya, March 24, 1940, apatite from the Kola Peninsula, the most important Soviet export to Sweden, would go by this route.
29 The Minister in Finland stated in his telegram No. 215, May 3, 4 p. m., that the Minister for Foreign Affairs declared that the Finnish section of the line from the Soviet terminus to Kemijärvi "would be proceeded with as provided in the peace treaty with the Soviet Union, which had undertaken to provide the steel rail and that the work on the Finnish portion would cost Finland about 100,000,000 marks." (740.0011 European War 1939/2028)
20, 1940, from the Finnish Minister to the Secretary of State. The
texts of these documents are printed in Department of State Bulletin,
December 7, 1940, pages 501–503.]

740.0011 European War 1939/3761 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, June 13, 1940—8 a.m.  
[Received 3:06 p.m.]

261. The Prime Minister told me this afternoon that notwithstanding Molotov's emphatic statement to him of intention of Soviet Union to keep out of the present war, important military leaders in Russia have lately expressed the conviction that the Soviet Union will be at war with Germany within a year. He believed present conversations between Lithuania and the Soviet Government were definitely related to this conviction. In reply to my inquiry as to how eventual conflict between Russia and Germany might affect Finland, the Prime Minister told me he had instructed Finnish diplomatic representatives positively not to enter upon any discussion on that topic under any circumstances. He mentioned in this relation existence of a supposedly official German map, of which I have no doubt Department is informed, greatly extending to the eastward the territory of Finland, but gave me to understand that Finnish Government is refraining scrupulously from intimating any political ambitions in any quarter.

SCHOENFELD

660.D.6131/39 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, June 17, 1940—2 p.m.  
[Received June 17—12:30 p.m.]

271. My telegram No. 260, June 12. Minister of Foreign Affairs informed me today that there is no truth in rumor recently circulated here that trade agreement negotiations with the Russians had broken down. On the contrary he said they were nearly completed and as previously reported would be substantially on a clearing basis. Among other things Finnish shipyards would build large number of small ships for river and harbor use for the Russians using steel to

29 For correspondence on the occupation of the Baltic States and their incorporation into the Soviet Union, see pp. 357 ff.
31 Not printed.
32 A Finnish trade delegation had arrived in Moscow on May 25, 1940.
be obtained if possible from Czechoslovakia and from the United States. The negotiations with the Germans were also making good progress and the German negotiators were showing very considerate spirit.

SCHOENFELD

760D.61/1437: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSEINII, June 17, 1940—4 p.m.
[Received 4:44 p.m.]

273. My telegram No. 261, June 13, and despatch No. 1753, May 9. My telegram No. 261, June 13, and despatch No. 1753, May 9. My telegram No. 261, June 13, and despatch No. 1753, May 9.我的电报第261号，6月13日，以及5月9日的电报第1753号。Minister for Foreign Affairs informed me this morning that Finnish Government would be obliged to pay some compensation to the Soviet Government for industrial equipment removed from plants in ceded areas contrary to treaty of peace in cases where such equipment could not conveniently be restored. He did not specify amount of compensation which will probably not be known until the Joint Commission dealing with these matters completes its work. He made it plain that Finland is not in a position to refuse even unreasonable demands in this respect but gave me the impression that the Russians were not showing unreasonable attitude.

He is apparently persuaded that for the present Soviet Government is not placing Finland in the same category with south Baltic States where he said frankly Soviet policy is based upon preparation for defense against Germany.

SCHOENFELD

660D.6131/42: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 29, 1940—10 a.m.
[Received 3 p.m.]

772. Embassy’s 585, May 26, 11 a.m. Pravda publishes a Tass communiqué this morning announcing the signature yesterday of a trade agreement and a payments agreement between the Soviet Union and Finland. The communiqué states that the trade agreement provides for the reciprocal application of the most-favored-nation principle and that a special appendix regulates the legal status of the Soviet trade mission in Finland; that the protocol to the trade agree-

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23 Despatch not printed.
24 Not printed.
25 Ratifications were exchanged at Helsinki on August 12.
ment concerning trade turnover fixes the total value of this during the first year of its validity at 7,500,000 United States dollars for each party, or an aggregated turnover between the two countries of $15,-
000,000; that Finland will supply to the Soviet Union tugboats,
lighters, electrical equipment, copper wire, leather, technical paper,
butter, meat and other goods, and that the Soviet Union will supply
Finland with wheat, rye, petroleum products, manganese ore, cotton,
tobacco and other goods. The communiqué concludes that the agree-
ments were signed by Mikoyan for the Soviet Union and by
Kotilainen, Finnish Minister for Trade, and Paasikivi for Finland.
Repeated to Helsinki.

THURSTON

860D.6359 International Nickel Co./7: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 6, 1940—3 p. m.
[Received 5:32 p. m.]

822. Embassy’s telegram 779, June 29; Embassy’s 790, July 2,
3 p. m. I have been informed by the Swedish Minister that on
June 23 the Finnish Minister was invited to call at the Kremlin
where he was notified by Molotov that the Soviet Government desired
to acquire the Petsamo nickel mines. When the Finnish Minister
pointed out that these mines are Canadian-owned Molotov stated that
of course he was aware of that fact but that the Finnish Government
undoubtedly would find it possible to arrange matters.

On June 28 Molotov again summoned the Finnish Minister and
after inquiring why no answer has been made to his representations
regarding the nickel mines, informed him that the Soviet Government
was preoccupied over the status of the Åland Islands. He stated,
however, that it did not contemplate occupying them but that it must
require that all fortifications erected thereon by the Finnish Gov-
ernment be razed at once and that a “Soviet Consulate” be established
at Mariehamn.

It is Mr. Assarson’s impression that while the Finnish Government
has accepted the new Soviet demands with respect to the Åland
Islands the status of the nickel mines is as yet undetermined.
Repeated to Helsinki.

THURSTON

* * *

26 Anastas Ivanovich Mikoyan, People’s Commissar for Foreign Trade of the
Soviet Union.
27 Väinö Aleksanteri Kotilainen, Finnish Minister for Commerce and Industry.
28 Neither printed.
SOVIET RELATIONS WITH OTHER POWERS

760D.61/1450 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, July 8, 1940—1 p.m.
[Received 3:30 p.m.]

305. Minister for Foreign Affairs informed me today that recent representations of the Soviet Government regarding the Åland Islands had presented the alternatives of complete neutralization and return to the status of the Geneva Convention of 1921 or a joint militarization by Finland and the Russian Soviet Government. Since the second alternative would have caused concern both in Sweden and in Germany, the Finnish Government had preferred the first. Accordingly Finnish garrison was being withdrawn and guns and other equipment removed while the few gun emplacements and unarmored casemates were being destroyed. The Minister said he was recommending to a Cabinet meeting today that the Government give its consent to the assignment of a Soviet Consul at Mariehamn as also requested by the Russians.

Repeated to Moscow and Stockholm.

SCHOENFELD

740.0011 European War 1839/4495 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, July 8, 1940—4 p.m.
[Received July 8—1:55 p.m.]

308. Commenting on rapid absorption of the Baltic States by the Soviet Union now proceeding, the Minister for Foreign Affairs told me this morning that the relation of Finland to the Soviet Union had always been very different from that of those States and gave me to understand that the Finnish Government does not anticipate analogous developments here.

SCHOENFELD

760D.61/1477 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, July 29, 1940—3 p.m.
[Received 3:35 p.m.]

327. Minister for Foreign Affairs informed me today that negotiations with the Russians for settlement of outstanding questions have been progressing successfully. Among questions settled the following are the principal ones:
1. The agreement regarding Åland Islands will place Soviet Union in position analogous to that of signatories of Geneva Convention of 1921, and the Soviet Consul to be appointed to reside in provincial capital will have the right similar to that of local representative of any such signatory to assure himself by occasional personal inspection that provisions of that Convention are complied with in respect of demilitarization.

2. Agreement has been reached regarding railroad traffic over Finnish lines from junction points and to leased area at Hango. One Russian train consisting of 47 freight cars and 3 locomotives with equipment for leased area recently arrived here and was divided by the Finnish authorities into two trains owing to shortness of curves on local roads, this having given rise to unwarranted sensational reports.

3. There is agreement also regarding state and municipal and private property in Hango and elsewhere affected by the peace treaty of last March. Finland substantially accepted Russian view regarding restoration and compensation and will have to pay estimated amount of 200 million Finnish marks less undetermined credits to be settled in clearing.

The Minister expressed annoyance at reports by United Press correspondent at Stockholm regarding alleged ultimatum to Finland last week and told me Finnish Minister at Washington would be instructed to bring this informally to the attention [of] the officials of press organization mentioned.

With reference to possible support by the Soviet authorities of a small dissident group in the Social Democratic Party here the Minister pointed out that such party splits were of long standing and their significance had been explained to the Kremlin. He seemed to attribute no great importance to this matter which is the subject of recent despatches to the Department.

Answering my query as to German and Swedish view of the agreement between Finland and the Soviet Union regarding the Åland Islands, the Minister told me that those two Governments had been apprised of it and made no comment or objection.

SCHOENFELD

860D.6359 International Nickel Co./10: Telegram

The Minister in Finland (Schoenefeld) to the Secretary of State

Helsinki, July 29, 1940—4 p. m.
[Received July 29—3:03 p. m.]

328. The Minister of Foreign Affairs told me today that directors of the Petsamo Nickel Company had now agreed to deliver nickel ore

Mariehamn.

This report concerned the reputed presentation to Finland of Soviet demands in the nature of an ultimatum, which the Finnish News Bureau characterized as being without foundation.
from their mines to the Germans and the Russians until the end of the current year in the proportion of 60 and 40 percent respectively. While this arrangement was not palatable to the British Government it had acquiesced.

Schoenfeld

860D.00B/212: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, July 31, 1940—4 p. m.
[Received 5 p. m.]

336. My telegram No. 329, yesterday 41 and recent despatches regarding Communist activity in Finland. The Prime Minister told me today that regardless of the value to be placed upon them assurances received by him from Molotov last March were to the effect that Soviet Government would not interfere in Finnish domestic politics. Only today a member of the Soviet Legation assured the Minister of Finance 42 that the Communist agitators would receive no support from Moscow. Ryti said there were approximately 8,000 known Communists in this country and the Government would deal firmly with any unlawful activity on their part. Further attempted disturbances might be expected but they would be abortive.

Though he had been somewhat uneasy in recent weeks regarding Russian attitude in pending questions this attitude had improved and was now satisfactory. He had reason to believe though there was no official confirmation of it that when the Soviet Government apprised the German Government of its intentions in the Baltic States Hitler personally insisted on a distinction being drawn between the status of those countries and Finland.

Schoenfeld

860D.51/454: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, July 31, 1940—7 p. m.
[Received July 31—5:05 p. m.]

339. The Prime Minister informed me today that he was planning to instruct the Finnish Government [Minister] at Washington to take up again the possibility of a United States Government loan to Finland. Ryti said he understood that nothing could be done about this until after November next but it seemed possible that preliminary work might be accomplished in order that the matter could be

41 Not printed.
42 Mauno Pekkala.
handled expeditiously thereafter. The amount mentioned by him remains $100,000,000 which has been under discussion since last year.

Ryti said that barring unforeseen contingencies the Finnish budget would be balanced by the latter part of next year and that already there had been a great improvement there being weeks when income and expenses were almost in balance. There could be no publication of figures for the present because they were still treated secretive [according?] to law but the situation was getting steadily better. Meanwhile supplies of all kinds both for subsistence and essential manufactures were coming along in satisfactory style. Unemployment was well under control, incomes rising and prices likewise under control in some cases even falling. Exports to European markets were reviving but they would represent little free exchange which remained dependent on access to overseas markets through the restricted facilities of Petsamo so long as the war in its present phase continued. He pointed out that the war damage compensation bill now awaiting third reading in Parliament would work out substantially in practice as originally rendered by the Government. The Prime Minister was cautiously confident about the financial situation of Finland.

SCHOENFELD

860D.77/86: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, August 1, 1940—10 a.m.

[Received 2:05 p.m.]

340. The Prime Minister informed me yesterday that in pending railroad traffic agreement with the Soviet Union, Finnish Government would stipulate that each Russian train using Finnish lines to Hango would be in charge of Finnish engineer and conductor and that 24 hours’ notice must be given of arrival of trains of which there should be no more than one in any 24 hours. It would also be stipulated that any troops so transported up to a specified total number should be unarmed.

Ryti added that the plan for special facilities for Russian transit had originally contemplated only commercial traffic corresponding to those granted Finland in certain Russian ports. The military scheme for traffic to Hango had emanated from the Soviets and though disagreeable to the Finnish Government the latter did not feel in view of the facilities lately granted by Sweden to the Germans over Swedish railroads that it could refuse. The experimental train referred to

*The Swedish Riksdag accepted a German demand in a secret session on June 21, 1940, which became publicly known about July 5, allowing Germany to use Swedish railroads for the transportation of supplies and unarmed soldiers into Norway.*
in my telegram number 327, July 29, was loaded chiefly with rails and material for construction of fortifications.

SCHOENFELD

[For remarks regarding Finnish-Soviet relations by the People’s Commissar for Foreign Affairs of the Soviet Union, addressed to the Seventh Session of the Supreme Council of the Soviet Union on August 1, 1940, see paragraph 7 of telegram No. 945, August 1, midnight, from the Chargé in the Soviet Union, volume III, page 208.]

860D.00B/214: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, August 3, 1940—1 p. m.
[Received 4:10 p. m.]

346. Reference telegram No. 951, August 2, from Embassy Moscow.44 Minister for Foreign Affairs informed me this morning that he had discussed with Soviet Minister here effort of the dissident group of Social Democrats known as Society of Friends of the Soviet Union 45 to create difficulties and had pointed out that they had been threatening their opponents with dire retribution here and alleged supporters in the Soviet Union, including the threat of renewed bombing of Finnish towns and individual execution by the firing squad. He had suggested that no such activity would be tolerated in the Soviet Union and made it plain that it would not be permitted here.46 The Minister for Foreign Affairs told me that of course any pretext would serve the Soviet authorities if they were disposed to force an issue, but I gained definite impression that Finnish Government is not disposed to compromise on the question of law and order within the country.

SCHOENFELD

44 Not printed.
45 This society, sometimes referred to as the Society for Peace and Friendship between Finland and the Soviet Union, apparently was founded in May 1940 by Mauri Ryömi, a student, and Lauri Viléniius, a laborer. Both leaders were sentenced to jail on September 7, and the society itself was ordered dissolved by decree of the Municipal Court of Helsinki on December 23, 1940.
46 On the next day, in his telegram No. 349, the Minister in Finland said that Prime Minister Ryti told him that it was known that considerable funds had been sent from the Soviet Union to the agitators responsible for recent disturbances in Finland. While these disorders had been insignificant, they were expected to cease entirely “in view of new police regulations prohibiting gatherings of more than 50 persons without permit and granting additional police powers in relation to public meetings.” (860D.00B/215)
The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, August 7, 1940—1 p.m.

[Received 1:11 p.m.]

355. Following telegram has been sent [to] Embassy Moscow.

August 7, 1 p.m. Your 971 47 to the Department and previous telegrams. No evidence has come to my attention of action by the Finnish authorities justifying charges of persecution made in the Soviet press. I should appreciate your telegraphing me on the basis of your observation of developments leading up to the absorption of the Baltic States whether recent reports and comment in Soviet newspapers regarding Finnish affairs may be considered similar enough to those preceding annexation of those countries to warrant the belief that they reflect similar intentions with regard to Finland.

Repeated to Department as my No. 355.

SCHOENFELD

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 8, 1940—1 p.m.

[Received 2:38 p.m.]

989. I have answered Schoenfeld’s 355, August 7, 1 p.m., in the following terms:

“August 8, 1 p.m. Strictly confidential for the Minister. Your August 7, 1 p.m. In all instances of Soviet aggression since my arrival here last year, the ultimate decisive moves have been preceded by press campaigns of varying degrees of intensity and duration. On the basis of this observation alone, the present campaign against Finland should be regarded as ominous. In addition, however, military observers here (including the Finnish Military Attaché) have reported new troop movements towards Finland during the last few days, and it is estimated that some 25 Soviet divisions are now adjacent to that country.

Whether such action as Soviet Government may contemplate against Finland will take the form of limited demands for additional rights and facilities or political reorganization, or complete absorption as in the case of the Baltic States, can of course only be surmised. Regards.”

THURSTON

47 In this telegram of August 6, 11 a.m., the Chargé in the Soviet Union had reported Soviet press comments on alleged persecution in Finland of the Society for Peace and Friendship between Finland and the Soviet Union and on hardships imposed on Finnish workers. (860D.00B/216)
The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, August 13, 1940—noon.

[Received 3 p. m.]

368. Minister for Foreign Affairs informed me this morning that the Finnish Government has no advice either from Minister Paasikivi, who now is here on short leave, or from other sources that would tend to confirm numerous alarming rumors regarding Soviet intentions vis-à-vis Finland. He deprecated these rumors and said that he had endeavored to trace their origin with the result that he was inclined to think they were being put out chiefly from London.

Ratifications of trade agreement with the Soviet Government were exchanged here yesterday. The Finnish Commission dealing with restoration of and compensation for property in ceded areas reported yesterday that detailed agreement was approaching completion in perfectly tinted atmosphere. Railroad agreement was substantially complete, remaining differences arising only from purpose of Finnish Government clearly to specify privileges to be granted to the Russians for transit. Joint Boundary Delimitation Commission was carrying out its operations normally and was expected by next October to complete its work preliminary to detailed operations on the ground.48

Regarding activities of so-called special envoy of Friends of the Soviet Union here the principal agitators with one exception, the Minister for Foreign Affairs said, were individuals with a record for common crimes which was being made known to those concerned, presumably meaning the Soviet Government.

The Minister mentioned rumors of alleged mobilization here and said they were entirely without foundation.

Schoenfeld

800D.00/885 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 17, 1940—11 a. m.

[Received August 17—9:50 a. m.]

1083. The Soviet press announced today without comment in a Tass despatch from Helsinki the reorganization of the Finnish Government noting particularly the elimination of Tanner as Minister of

48 In a radio address on August 20, 1940, Prime Minister Ryti emphasized the Finnish desire for good relations with the Soviet Union, and referred to the number of problems which had been settled after the end of the war.
Supply. Reference in this connection is made to the Embassy’s 909, July 25, 6 p. m.⁴⁹ which indicated that one of the reasons for the return of the Finnish Minister here to Helsinki was to attempt to bring about a reorganization of the Finnish Government and the exclusion of certain political figures, in particular Tanner, who were regarded by the Soviet Government as anti-Soviet. The Moscow press recently has refrained from the publication of any news items or comment hostile to the present Finnish Government or to alleged persecutions of the Finnish working class, a lull, however, which may only be temporary.

Repeated to Helsinki.

THURSTON

740.0011 European War 1939/5177: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 19, 1940—4 p. m. [Received August 19—3:25 p. m.]

1039. The Military Attaché⁵⁰ informs me that from reliable sources he has learned that there are no further movements of troops to the territories adjacent to Finland and that apparently the concentration of 30 divisions in that area reported in the Embassy’s 1009, August 13, 10 a. m.⁴⁹ (20 divisions on the Finnish frontier and 10 in Estonia) have been completed. He also states that it is reported that there have been certain movements in the last few days into Soviet-occupied Poland and Lithuania. The extent of these movements however is not known.

It is believed that the movement of troops to the Soviet borders is designed to reinforce the border troops in order to cover any operation which the Soviet Government might undertake against Finland, the date of which, it is believed will depend in the first instance on the development of the German offensive against England.

Repeat to the War Department.

THURSTON

760D.61/1497: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, August 27, 1940—2 p. m. [Received 2:13 p. m.]

385. My telegram No. 305, July 8. Minister for Foreign Affairs informed me this morning that formulation of agreement with the

⁴⁹ Not printed.
⁵⁰ Maj. Ivan D. Yeaton.
Soviet Union regarding Åland Islands was not yet completed and that Finnish Government was hopeful of obtaining consent of the Russians to retention of the gun emplacements built there before and during the recent hostilities on the grounds that their demolition with explosives would cause renewed alarm in the Islands and undesirable speculation elsewhere. In the meantime withdrawal of all troops and military equipment from the Islands had been completed.

SCHOENFELD

760D.61/1501

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] August 30, 1940.

The Minister of Finland came in without any particular business. In the course of some general remarks back and forth he indicated that his country was more or less fearful of further Russian aggression. I replied that I did not have sufficient substantial information up to date on which to predicate a positive statement on the subject; that, of course, I had heard some utterances in both Russia and Finland on the subject. He expressed a desire that this Government might quietly say a word on appropriate occasions to Russia that would be helpful. I replied generally that, of course, this Government was always interested and disposed to say so on appropriate occasions.

760D.61/1503: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSEIKI, September 5, 1940—10 a.m.

[Received 2:45 p.m.]

394. My telegram No. 393, September 4, 7 p. m. The Prime Minister also told me yesterday that, just as he had had reason to think during the hostilities last winter with the Soviet Union that definite agreement existed between the Russians and the Germans regarding concessions to be obtained by the former from Finland, so he now believed that the terms of the treaty ending the war in March represented complete fulfillment of the German engagement in the premises. This engagement having been fulfilled the German Government was now free to determine its policy in the north without this commitment to the Russians.

Ryti added that notwithstanding the present occupation of Norway by the Germans, increasing consideration was being given to revival

Not printed.
of the idea of a close alignment of Sweden, Finland and Norway which might even take the form of a federal union among them but excluding Denmark which was thought to be permanently under German control. Purpose of such union would be to preserve independence of the northern tier of countries. It was not practicable in present circumstances to permit these matters to become subject of official discussion between governments but they were being considered seriously in Swedish political and military circles.

Though the Prime Minister did not say so, it was obvious that similar consideration was being given them here. When I reminded the Prime Minister of former Foreign Minister Tanner’s announcement last March of the plan for northern defensive alliance and the fate which befell it through Russian opposition Ryti repeated his regret that such public statement had been made. He attributed Tanner’s action in his tenure of office at Moscow [sic] to the desire of an experienced politician to soften in the public mind the blow represented by the simultaneous announcement of the terms of peace.

Projecting the foregoing into a future not necessarily remote but involving possible rivalry between the Germans and the Russians either with reference to mineral deposits in this area or for other reasons, I surmise that if Finland is again attacked and resists, Finnish statesmen will decide on resistance partly because active support from Sweden is not thought to be excluded. Though seemingly without allies and without hope, like the Austrians after their defeat at Wagram, Finland might indeed find that both allies and hope would be forthcoming.

SCHOENFELD

760D.62/68 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSDINK, September 11, 1940—noon.
[Received September 12—8:40 a.m.]

404. I believe tentatively but increasing that there has been a notable change for the better from the Finnish point of view in the official attitude of Germany with regard to this country which in its turn has been making discreet but persistent efforts in recent months to cultivate German good will. Though the conclusion at the end of June of the German-Finnish trade and clearing agreement may signify no more than the fact that the Germans are seeking to strengthen commercial relations with any country accessible to them there seem to be certain directions in which they have shown especially friendly interest in Finland. Among evidences of improvement in the Ger-

*The defeat of the Austrians by Napoleon I on July 5-6, 1809.
man attitude is participation under personal auspices of the Reich’s sports leader of a German team in athletic meet held here last week—and with Swedish and Finnish teams. Minister of Foreign Affairs told me yesterday that this participation was due to personal decision of Hitler. A new German commercial information office has just been opened in Helsinki. The German high command has issued an invitation to a Finnish military delegation which has been accepted to visit the western battlefields. Finnish industrial and business leaders who have visited Germany unanimously report very accommodating spirit in which they have been received both in official circles and at recent commercial fairs, and reciprocal German delegations of businessmen particularly in the timber and paper trades and particularly in mineral and metallurgical fields are increasing in number.

I learn from the Minister for Foreign Affairs that the impression above described is shared by the Finnish Government. I am informed by Finns recently in Germany that numerous small attentions shown them there reflect marked German sympathy which is sometimes regarded as the measure of increasing disapproval in Germany of Russian policy. Such expressions of sympathy by Germans, I am informed, are usually accompanied by the caution that as official policy in Germany is entirely dependent on the Führer personally it cannot be predicted.

For their part governmental and business leaders in this country appear to have suppressed the anti-German feeling which was so noticeable following the Russian-German agreement of last August and the Russian attack on Finland. They seem to be returning to a policy of cooperation with the Germans while at the same time hoping eventually to resume former close relations with the British from whom at the present they are cut off. There seems to be no disposition to take an unrealistic view of the necessity for cultivating political, economic and so-called cultural relations with the Soviet Union but in present circumstances I should say there is increasing hope which may not be unfounded that Germany may find it expedient not again to sacrifice Finnish interests to the Russians.

SCHOENFELD

860D.7761/9 : Telegram

*The Chargé in the Soviet Union (Thurston) to the Secretary of State*

Moscow, September 15, 1940.

[Received September 15—noon.]

1173. The press this morning reports the signature in Moscow on September 6th of a Soviet-Finnish agreement concerning railway
Communications. According to the brief announcement appearing in the press, the agreement provides for direct passenger and freight traffic between the Soviet Union and Finland, the right of transit through Finland for Soviet-Swedish trade, and for railway communication with the areas leased by the Soviet Union on the Hango Peninsula. Repeated to Helsinki.

THURSTON

760D.51/1513 : Telegram
The Ambassador in the Soviet Union (Steinhardt)
to the Secretary of State

Moscow, September 18, 1940—4 p. m.
[Received September 19—12:50 a. m.]

1186. (1) The Swedish Minister informed me yesterday that he has been advised by the Finnish Minister that the recent Finnish-Soviet railway agreement does, as reported in the Embassy's 1173, September 15, provide that Soviet troops passing through Finland to Hango shall not be accompanied by their arms. This agreement is a modification of the original Soviet demands.

(2) With respect to the Soviet demands regarding the leasing of the Petsamo nickel mines reported in the Embassy's 822, July 6, Paasikivi informed Assarsson that the Soviets at one time proposed that 60 percent of the output of the nickel mines should be allocated to Germany; that an amount adequate to meet normal Finnish requirements should go to Finland; and that the balance should be taken by the Soviet Union. During the last few days however the Soviet Government has intimated to the Finnish Government that it is desired that no nickel shall go to Germany and that after satisfying legitimate Finnish demands all the nickel should be taken by the Soviet Union.

(3) As to the Åland Islands last discussed in the Embassy's telegram 909, July 25, the Soviet Government has now proposed as an alternative to the required demolition of all fortifications that the Islands be jointly fortified by the Soviet Union and Finland. The Finnish Minister informed the Swedish Minister that it was his opinion that the Finnish Government would reject the alternative proposal. During the discussion of this question it is understood that Molotov replied to a suggestion by Paasikivi that the other powers interested in the Islands as a result of the convention of 1921 should

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44 Convention regarding Joint Goods Traffic by Rail between Finland and the Union of Soviet Socialist Republics, signed at Moscow on September 6, 1940; for official texts, see Finland, Treaty Series, 1940, No. 19, pp. 110–115.

45 Not printed; but see telegram No. 327, July 29, 3 p. m., from the Minister in Finland, p. 333.
be consulted regarding their final status with a statement which disposed of the countries concerned with the exception of Sweden. Molotov said that Germany was “too far away to bother consulting”; that the Baltic States is essentially now a part of the Soviet Union and that England and France had no interest in the Baltic and in any event had no means of access thereto.

In respect to Sweden, Molotov told the Finnish Minister that the Soviet Government had no objection to the [their?] consultation with the Swedish Government or if the Finnish Government so desired, to Sweden being a party to the convention. In this connection the Swedish Minister informed me that he had already received advices to the effect that his Government did not wish to be a party to the new convention concerning the Åland Islands ostensibly on the grounds that since Sweden had always been the strongest advocate of demilitarization of the Islands it would be inconsistent with its previous position to take any part in the negotiations between Finland and the Soviet Union looking toward the demilitarization [remilitarization?] of the Islands. The Minister added that the real reason for Swedish reluctance to becoming involved in a question of the Åland Islands was a desire to avoid Swedish participation in Finnish-Soviet negotiations or relations. In conclusion the Minister confirmed the opinion previously expressed (see Embassy’s 1152, September 11, 1 p. m.59) that there had recently been a distinct lessening of tension in Soviet-Finnish relations and that Paasikivi had told him a few days ago that for the first time in recent weeks he was beginning to discount the possibility of a Soviet move against Finland. Assarsson added that this lessening of tension had found its reflection in a more conciliatory and friendly attitude on the part of the Soviet Government towards Sweden and towards himself personally. The Minister added that Paasikivi attributed this lessening of tension in large measure to the elimination of Tanner from the Finnish Government since his presence there had been strongly resented by the Soviet Government which had regarded his retention as an anti-Soviet gesture on the part of Finland.

S. Steinhardt

866D.51/461

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 23, 1940.

The Finnish Minister came in to see me, at his request. He was unhappy at the fact that the Reconstruction Finance Corporation had declined to entertain their application for a loan. He advised that the

59 Not printed.

302072—59—23
Swedes were prepared to waive the undrawn balance of their Export-Import Bank loan in favor of the Finns, if that would do any good. I told the Minister that the situation in the north Baltic was still highly obscure; we had to take account of the fact that Finland lay at the moment between two large forces, Germans in Norway, Russians on the opposite border; that we knew that the Germans were pressing for transit rights for their troops through Finland, and by consequence the whole situation hardly provided that foundation for a loan which was within our normal practice. We have considered Export-Import Bank loans as primarily in the nature of commercial loans.

But, I said, this did not preclude the possibility of working out relief in some measure. I therefore repeated the suggestion I had previously made to Mr. Mikkola that they ask for a relief allocation. I pointed out that they had an undrawn balance of nine million dollars arising out of a previous Export-Import Bank loan and that this would probably enable them to go forward with some of the immediate purchases they felt they needed—especially fats.

The Finnish Minister said they needed a good many agricultural materials, notably cotton—the clothing situation is extremely bad. He asked whether it would be in order for him to tackle the head of the Surplus Commodities Corporation and see what there was available. I told him I thought this could do no possible harm.

A. A. Berle, Jr.

760D.61/1919: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, September 25, 1940—7 p. m.
[Received September 26—12: 87 a. m.]

1232. The Moscow press today contains no reference to Finland. The sudden recrudescence yesterday of anti-Finnish items in the press after a month's silence on the subject may have been due to

The unexpended balance of the Export-Import Bank credit to Sweden was about $10,000,000.

Mr. Berle had noted in a memorandum of September 13, 1940, that he already knew that "Mr. Jesse Jones' reaction to earlier intimations from the Finns has been that it would be highly unwise to make any such loan." (760D.51/463)

This suggestion had originally been made on September 17.

Erkki Mikkola, Commercial Counselor of the Finnish Legation.

That is, an allocation from the President's relief fund.

The Ambassador in the Soviet Union had noted in his telegram No. 1217, September 24, 2 p. m., that the Moscow press had published seven news items critical of conditions in Finland. There was also a short announcement of the opening of direct rail and passenger traffic on September 23, between Finland and the Soviet Union, in accordance with the agreement of September 6, 1940. (760D.61/1515)
Soviet knowledge of the Finnish agreement with Germany announced on the British radio today to permit German troops to pass through Finland en route to Norway. Although the paper in question has not yet been received by the Embassy, I am informed by an American correspondent that a recent edition of a paper in Petrozavodsk, Soviet Karelia, contained a violent attack upon Finland, asserting that the Society for Friendship and Peace with the Soviet Union is only prevented from becoming an overwhelming mass movement in Finland by the terrorist and repressive actions of the Finnish Government.

Repeated to Helsinki.

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STEINHARDT

740.0011 European War 1939/3751 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, September 26, 1940—1 p. m.
[Received September 27—1:52 a. m.]

416. My telegram No. 411, September 24. Minister of Foreign Affairs informed me this morning that first official proposal to the Finnish Foreign Office on behalf of the German Government regarding desire of the latter to transport troops and material to northern Norway through Finnish territory was received on September 21. It was couched in friendly but definite terms and the Minister said it it had since transpired that German transports had already then left German ports for Finnish ports in the Gulf of Bothnia. Exchange of notes was effected on the evening of September 22 and though lacking in precision the arrangement contemplates transport of only limited numbers of men and quantities of material. Finnish railway equipment would be used between Finnish ports and Rovaniemi, whence the Germans would employ their own motor transport and fuel.

The Minister for Foreign Affairs was fully cognizant of the difference between the arrangements made for Russian transport to their leased area at Hango and the facilities granted Germany as a belligerent. He said he expected today to receive a protest from the British Government through its Minister here. However unpalatable this state of affairs necessarily was, the Finnish Government was not in a position to oppose the German demand especially in view of

43 The German-Finnish agreement for the transit of German troops through Finland to Norway was signed on September 22, 1940; it was announced in the Soviet press in a Tass despatch from Berlin on September 28. For text, see Documents on German Foreign Policy, 1918-1945, series D, vol. xi, Doc. No. 86.
44 Not printed.
45 Gordon Vereker.
the precedent represented by the Swedish-German agreement regarding transit and on manner in which northern Finland is embraced by Soviet territory and German-controlled territory as a glance at the map reveals.

The Minister asked me to make the situation clear to you and to express the hope that the friendly interest of the United States in Finland would not be unfavorably affected by the latest developments. Witting intimated that there were signs of irritation in the Soviet Union over the German-Finnish transit arrangement and he attributed to this irritation the recently renewed publication in the Soviet press of articles critical of alleged conditions in Finland.

SCHOENFELD

760D.62/75 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 2, 1940—11 a. m.
[Received 2:25 p. m.]

1263. In connection with the recent German-Finnish agreement for the passage of German troops through Finland it is reported in diplomatic circles in Moscow that the German Government is considering a definite guaranty to Finland of its existing frontiers. I have thus far been unable to confirm the foregoing report but I understand that it is also in circulation in Finland and Sweden.

STEINHARDT

760D.62/76 : Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, October 3, 1940—10 a. m.
[Received 12:50 p. m.]

419. My telegram No. 416, September 26. The Prime Minister informed me yesterday afternoon that the transit arrangement with the Germans contemplated the passage of some 5,000 (?) 67 auxiliary troops including air force, ground, quartermaster and labor forces and that the material to pass through Finland included 12 heavy anti-aircraft guns. The Germans had also ordered a large number of super-fabricated wooden buildings as well as a quantity of lumber estimated at 10,000 standards to be delivered from Finland for constructing barracks in northern Norway. It was the Prime Minister’s original understanding that two German divisions would be transported through

67 Query appears in the original.
southern Norway, Sweden and Narvik to the Tromso area but he was informed yesterday that four such divisions would be garrisoned in northern Norway.

The Prime Minister said that the German action was plainly a precautionary measure with reference to the Soviet Union and betokened no great degree of confidence in German-Soviet relations. When the Finnish Foreign Minister apprised the Soviet Minister here of the Finnish-German transit agreement the latter was apparently taken completely by surprise and his only question had been, "Was there a German ultimatum?"

It is apparent that the transit agreement is considered here as a measure of stabilization which though precarious is not unwelcome to Finnish opinion.

SCHOENFELD

760 D.61/1522: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, October 3, 1940—noon.
[Received 5:03 p. m.]

421. My telegram No. 327, July 29th, first paragraph. Prime Minister Ryti informed me yesterday that negotiations were substantially concluded with the Soviet Union with a view to the latter’s adherence in effect to the principles of the Geneva conference [Convention?] of 1921 regarding the Åland Islands. Agreement would be submitted shortly to the Finnish Diet. Though in earlier stages of the negotiations Molotov had been insistent upon an explicit stipulation imposing upon the Soviet Union and Finland jointly responsibility for defense of the islands contemplated in article VI of the convention and had subsequently modified this plan so as to include Sweden he had suddenly in the latest conversation with the Finnish Minister given up the idea of special rights for the Soviet Union. Ryti thought this change of position was not unconnected with the recent Finnish-German transit agreement.

Repeated to Moscow. Copy by mail to Stockholm.

SCHOENFELD

760 D.61/1521: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, October 3, 1940—1 p. m.
[Received 4:42 p. m.]

422. My telegram No. 337, July 31, and Moscow’s telegram [No. 989], August 8, 1 p. m. The Prime Minister informed me yesterday

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*Not printed.*
that Finnish Government had no reason to think there had been any recent increase of Soviet forces in the vicinity of Finnish border but that there was greatly increased concentration of Russian troops in more southerly areas. He said the new defense line in Finland was incompactly superior to the so-called Mannerheim Line of last winter and though not complete was highly satisfactory to the military authorities. Available supplies of munitions had been augmented by receipt of equipment ordered from Germany prior to the hostilities with the Soviet Union and latest receipts included a hundred 37-millimeter antitank guns. The equipment and ammunition ordered from the United States had all been received. The Prime Minister said that the military supplies now available, though they had been costly, represented a form of insurance well worth-while.

SCHOENFELD

760D.61/1525: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 9, 1940—11 a. m.
[Received 4 p. m.]

1314. The Finnish Minister yesterday informed me that the agreement reached between the Soviet and Finnish Governments in regard to the Åland Islands in substance reaffirms their status as laid down in the 1921 convention. He also confirmed the information contained in the telegram No. 420, October 3, 11 a. m. from the Legation at Helsinki, adding, however, that at the Soviet request this division was to prevail for only the first year of the agreement.

The Minister also informed me that the total number of German troops that have thus far passed through Finland under the recent German-Finnish transit agreement have been 2,000. He added that Molotov had inquired as to the purpose of this transit agreement and when informed that it merely provides for a limited number of German troops going and coming on leave to and from northern Norway, Molotov offered no criticism or further comment. The Minister stated that Finnish-German relations were correct but that he had no reason to believe that a German guaranty of Finland was desired by the Finnish Government or was in any way imminent. In respect of Soviet-Finnish relations the Minister confirmed the in-

*The Finnish Diet authorized the Government on October 8, 1940, to conclude the proposed convention. It was signed on October 11, and ratifications were exchanged at Helsinki on October 21. For text, see Finland, Ministry of Foreign Affairs, Finland Reveals Her Secret Documents on Soviet Policy, March 1940—June 1941, p. 65.

†Not printed.

§See telegram No. 328, July 29, 4 p. m., from the Minister in Finland, p. 334.
formation contained in my No. 1152, September 11, 1 p. m.\textsuperscript{73} that during the past 6 weeks there had been a noticeable change for the better in the attitude of the Soviet Government in regard to Finland; that virtually all questions of any importance between the two countries had been settled and that recently on no less than two occasions Molotov had categorically assured him that the Soviet Union had no further claims on Finland.

\textbf{Steinhardt}

\textit{760D.61/1528: Telegram}

\textbf{The Minister in Finland (Schoenfeld) to the Secretary of State}

\textbf{Helsinki, October 10, 1940—2 p. m.}

[Received 2:30 p. m.]

429. In response to my inquiry today as to the truth of rumors of new Russian demands on Finland in recent weeks with reference to possible naval bases at Abo and Vasa as well as regarding Hango, the Minister for Foreign Affairs told me this morning that there was no truth in the former rumors and that with reference to Hango the only possible foundation for such rumors might be the desire of the Russians for control of a small skerry in Lappvik Bay to facilitate communications there and regarding which there was no difficulty. The Minister for Foreign Affairs told me that there was no present tension in relations with the Soviet Union\textsuperscript{73} and that progress was being made in the only remaining question involving compensation and restoration for property removed from the ceded areas.

Repeated to Moscow. Copy by mail to Stockholm.

\textbf{Schoenfeld}

\textit{760D.62/82: Telegram}

\textbf{The Minister in Finland (Schoenfeld) to the Secretary of State}

\textbf{Helsinki, November 1, 1940—noon.}

[Received 3:45 p. m.]

452. The Minister of Foreign Affairs recently assured me that number of German troops passing through Finland under transit arrangement had been comparatively small and as I gathered had not exceeded number mentioned in my No. 419, October 3. He denied knowledge of any foundation for rumor recently current here that the

\textsuperscript{\textit{73}} Not printed.

\textsuperscript{\textit{73}} The Ambassador in the Soviet Union reported in telegram No. 1828, October 10, 6 p. m., that his Swedish colleague "had reason to believe that the recent relaxation in tension in Soviet-Fluish relations had been due to an indirect warning conveyed by the German Ambassador in Moscow to Molotov some weeks ago to the effect that it would be wise for the Soviet Union not to make any further demands on Finland." (860D.00/899)
Germans had undertaken at the instance of the Russians to waive their transit rights, it being implied in the rumor that the Germans had again abandoned Finland to the Soviet Union.

Though my British colleague in moments of depression has expressed opinion that the Germans and the Russians are in agreement not only regarding the Petsamo nickel mines, with reference to which he has lately been active, but also regarding the fate of Finland, in general, I see no reason to doubt that Prime Minister Ryti's view as reported in my telegram No. 394, September 5 still holds. British Minister credits the Finns with naive illusions regarding advantages to them from alleged existing rivalry between the Germans and the Russians, but in my opinion such illusions would be best described as hopes and the present Finnish Government is fully aware that it is subject to forces over which it has no control. This was confirmed to me last night by Erkko, former Foreign Minister, who reiterated the hope of every public man here for an early peace in the Anglo-German war and advocated action by our Government to that end at the first favorable opportunity. Erkko thought such an opportunity had been presented by failure of German air attack on Britain as well as by success of British evacuation of Dunkirk. He said the Germans are desperately anxious for peace and the situation reminded him of that between the Soviet Union and Finland last January when as Minister at Stockholm he received intimations from the Russians that if only they could have some degree of victory, this would be welcome as for settlement of the war and the sequel had so proved.

SCHOENFELD

860D.6559 International Nickel Co./15: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 3, 1940—3 p.m.
[Received November 3—1:30 p.m.]

1475. My 1186, September 18, 4 p.m., and 1314, October 9, 11 a.m. I am reliably informed that several days ago Vishinsky \(^*\) called the Finnish Minister and told him that the Soviet Government had now decided that it deserved the entire output of the Petsamo nickel mines and that it expected the Finnish Government to accede to this request and if not the Soviet Government would be forced to consider what measures it should adopt to obtain the output of the mines. Insofar as I am aware the Finnish Minister has not yet communicated to the Soviet Government the Finnish reply to the demand. In view of

\(^*\) Andrey Yanuaryevich Vyshinsky, Assistant People's Commissar for Foreign Affairs of the Soviet Union.
reports reaching Moscow from Helsinki that the Germans have no less than 15,000 troops north of Vasa and are said to be constructing headquarters there, the Soviet demand for the entire output of the nickel mines to the exclusion of Germany may be of special significance in its effect on Soviet-German relations unless the demand was presented following consultation and agreement with Germany.

STEINHARDT

760D.61/1536: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, November 6, 1940—1 p.m.
[Received November 6—12: 58 p.m.]

460. The Prime Minister told me today that with the signature yesterday of the boundary protocol at Imatra \(^7^\) between Finnish and Russian boundary commissions pending ratification shortly, a number of outstanding issues with the Soviet Union was being steadily reduced. Another difficulty had arisen in the form of Soviet protest against a number of books recently published in Finland regarding last winter's war, some of which the Soviet Government considered derogatory to the Red army. Some of these publications had been suppressed and the Prime Minister expressed the opinion that pending the termination of the general war there was no particular reason why publications of this type should be allowed to circulate.

SCHOENFELD

740.0011 European War 1939/6592: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 9, 1940—2 p.m.
[Received 4: 43 p.m.]

1506. The Swedish Minister told me yesterday that recently the German Ambassador here has expressed to him concern regarding what he termed the somewhat defiant attitude which the Finnish Government is now adopting towards the Soviet Union apparently in the belief that Finland was assured of German support in the event of a Soviet attack. The Ambassador, according to Assarsson, said that it might become necessary for Germany to warn the Finns against provoking the Russians since Germany at the present time had no inten-

\(^7^\) See telegram No. 475, April 30, noon, from the Chargé in the Soviet Union, and footnote 26, p. 328. In the exchange of notes of May 10, 1941, announcing the ratification of this protocol, the date of its signature is given as November 18, 1940.
tion of impairing its relations with the Soviet Union for the sake of Finland and would not offer any military assistance to Finland in the event of a Soviet attack. The German Ambassador then made the general statement that as long as the present war continued Germany could not afford to risk the possibility of a conflict with the Soviet Union.

As I have previously indicated, the maintenance and development of friendly relations with the Soviet Union has been the consistent policy of the German Ambassador and, as reported in my 1359, October 17, noon,77 despite certain undercurrents of opposition to this policy during his recent visit to Berlin he was successful in obtaining the support of his Government for its continuance.

STEINHARDT

760D.61/1538: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, November 14, 1940—1 p.m.
[Received 3:26 p.m.]

466. Minister for Foreign Affairs informed me today that he now expected pending matters with the Soviet Minister of Propaganda to be cleared up by the 20th of this month including ratification of boundary protocol and final formulation of agreements regarding restoration and compensation for property in the areas ceded to the Soviet Union last March which he said would cost the Finnish Government about 250 million Finnmarks.

In general, according to the Foreign Minister, relations with the Soviet Union had given the Finnish Government little concern for the past month or more except for the question of the nickel ore from Petsamo. The situation was now as follows: The British were prepared to give up their concession to the Finns for disposal in their discretion but in the hope that no nickel would go to Germany; the Russians want the concession and would be prepared to give the Germans 60 percent of the ore; the Germans who point out that in normal times their nickel requirements are obtainable from the American continent are interested in obtaining ore only for the duration of the present war. In response to my inquiry as to the Finnish position Witting made no definite answer and I assume he had in mind the suggestion of Prime Minister Ryti reported in my No. 461, November 6,78 as to direct agreement between the Russians and other powers

77 Post, p. 588.
78 Not printed.
SOVIET RELATIONS WITH OTHER POWERS

concerned. Meanwhile, I understand, Soderhjelm, representing Petsamo company, is returning to Moscow very soon for further conversations.

SCHOENFELD

8560D.6259 International Nickel Company/19: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

HELSINKI, December 9, 1940—4 p.m.
[Received December 9—3:03 p.m.]

483. My telegram No. 466, November 14. Soderhjelm who has just returned from Moscow to continue discussion of Petsamo nickel situation on behalf of the company informed me last night that the Russians still demanded transfer of the concession to joint Finnish-Russian company, that the Germans are willing to acquiesce provided they get 60% of the output, that the British agree in principle to proposed transfer to Russian interests provided Germans get none of the output, and that Finnish Foreign Minister has given Germans assurance that their desires regarding output will be met. Russians are not prepared to make any commitment regarding supply of ore to Germans and Molotov says bluntly they want the concession. German generals in northern Norway express readiness to oppose Russian move on Petsamo nickel mine but Soderhjelm says that no one expects German Government to sanction any such action. Ramsay, member of the board of the Petsamo Nickel Company, left Stockholm yesterday for Berlin to discuss with representatives of I. G. Farben Industrie how present concession can be preserved. Interest of this German company seems to coincide with that of British and American nickel enterprises and to be plainly at variance with interests of German Government. Soderhjelm says Ramsay still believes it may be possible to keep situation in suspense and to avoid an issue which is evidently the line of thought of Prime Minister Ryti as reported in my telegram No. 461, November 6.

Soderhjelm is preparing detailed report for Stanley of International Nickel of which he promises me a copy in about two weeks.

* J. O. Soderhjelm, counsel for International Nickel Company of Canada, Ltd., at Helsinki.
* Henrik Ramsay, special Finnish delegate who also conducted negotiations in London with British interests concerned over the Soviet demands upon the Petsamo nickel mine's concessions.
* Not printed.
He says situation changes almost daily and remains confusing which seems obvious from foregoing.

SCHOENFELD

860D.00/906: Telegram

The Minister in Finland (Schoenfeld) to the Secretary of State

Helsinki, December 22, 1940.
[Received December 22—4:55 p.m.]

495. Minister [of] Defense, General Walden, who became Acting Prime Minister upon accession Ryti to Presidency Republic, tendered Cabinet’s resignation yesterday. President requesting them to remain office pending formation new government.

SCHOENFELD

860D.001/24: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 23, 1940—3 p.m.
[Received December 23—2:40 p.m.]

1769. My 1740, December 17, 1 p.m. Although the Soviet press has refrained from any direct comment on the election of Ryti as President of Finland, today’s newspapers reproduce what appears to be a full summary of the speech which he is said to have made yesterday including a quotation of the portion concerning the desire of the Finnish people to maintain friendly and good neighborly relations with the Soviet Union as well as with Germany and Sweden. While not conclusive the reproduction of Ryti’s speech would appear to indicate that the Soviet Government is not displeased with the election of Ryti.

Repeated to Helsinki.

STEINHARDT

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Risto H. Ryti was elected on December 19, 1940, as President of the Republic of Finland by 288 votes to 12 scattered or blank votes, following the resignation and sudden death of Kyösti Kallio. A message of sympathy from President Roosevelt on the death of Kallio is printed in Department of State Bulletin, December 28, 1940, p. 583.

A reconstructed Council of State was appointed on January 3, 1941, with Jukka (Johan) W. Rangell, formerly Acting Governor of the Bank of Finland, as Prime Minister.

Not printed.
II. FORCIBLE OCCUPATION OF THE BALTIC STATES AND THEIR INCORPORATION INTO THE SOVIET UNION

860P.00/237 : Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, February 11, 1940—7 p. m.
[Received February 11—4:21 p. m.]

31. President Ulmanis’s last night extended scheduled 20 minutes’ radio broadcast into a 40 minutes’ warning to the nation. He spoke of the blockade on Latvian economy and made strong appeal for frugality and industry. Finally he said “Should the grave, the critical moment come, then on an average one man from every country homestead would have to put on his uniform. In such an event you can calculate for yourselves that in Riga there are no storehouses filled with underwear and boots. Therefore, be advised to lay in at least two changes of shirts and other things; say, two towels and also a good pair of boots. . . . If it were not serious I would not tell you this; and one more thing, the safest place for a year’s supply of bread and other foods is the farmer’s own barn and pantry.”

The foregoing which contradicts the anti-hoarding measures of the Government has greatly alarmed public opinion.

In connection with the foregoing, rumors of further developments in the Baltic States are again current. Soviet Ministers in all three countries have all been summoned to Moscow, as well as Torgprest representatives. Estonian Minister in Moscow has simultaneously returned to Tallinn. Reports are circulating that Moscow is demanding extensive concessions from Estonia along the Gulf of Finland and that a Soviet admiral is conducting negotiations to this end with Estonians in Narva. Significance is locally attached to the fact that Munters has repeatedly seen President Ulmanis during the last few days.

I have only been able to learn that Estonian Foreign Minister has written Estonian Minister in Riga, that the Soviet Union was making extensive demands but that Estonian Government was de-
terminated to resist. This policy, he said, had the approval of General Laidoner, the Estonian Commander-in-Chief.

WILEY

769N.61/64: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, February 12, 1940—1 p. m.  
[Received February 12—9:32 a. m.]

34. My 31, February 11, 7 p. m. High Foreign Office official confirms that Soviet Government is pressing demands upon three Baltic States. He states he is not aware how far these demands go in respect of Estonia but he does not take them too seriously as far as Latvia is concerned. He believes that the Soviet Union is merely trying to see what the traffic will bear, that no single demand is particularly important, and that the situation should not become dangerous for the present. Latvia and Estonia are united in their decision to resist further Soviet encroachment but he says Lithuania has yielded to the Soviet demands on one point, the admission of families of the Red Army garrisoned in that country. He states that the demand for the admission of wives and children is in violation of a formal assurance given personally by Stalin who said “there will be no families.” In conclusion, Foreign Office official stated that there were now very strained relations with the Soviet Minister who was supremely stupid and had been making himself “insupportable”. He confirmed that the President’s “fighting speech” was a warning to Russia, but intimated that the President considered the moment timely to close Latvian ranks in the face of foreign danger, which in the past had been unduly minimized by home propaganda for home consumption.

Finnish successes seem to have considerably stiffened Latvian resistance to both the Soviet Union and Germany.

WILEY

769N.61/66: Telegram

The Minister in Estonia (Wiley) to the Secretary of State

Tallinn, February 13, 1940—5 p. m.  
[Received 6:26 p. m.]

16. Luncheon today with the Foreign Minister, Estonian Minister to Moscow who is now here, and two directors of the Foreign Office.

*J*osif Vissarionovich Stalin, Secretary General of the Central Committee of the All-Union Communist Party (Bolsheviks); member of the Politburo and Orgburo of the Party.

*For correspondence on relations between Finland and the Soviet Union, see pp. 269 ff.*

*John C. Wiley was Minister to both Estonia and Latvia, with residence in Riga.*
They told Ambassador Steinhardt and me (1) that there had been no approach to Estonia for mediation of Finnish-Soviet conflict; (2) that recalling of the Soviet Ministers to the Baltic States for conference in Moscow was not considered dangerous. It probably had to do with innumerable technical questions which require solution (one Foreign Office official in an aside said “probably our loyalty studied, too”?) and (3) that no political demands were being made by the Soviet Government. The Foreign Minister denied categorically that Lithuania had yielded in respect of admission of Red army families. Indeed, he said Latvia alone had weakened on this point. Foreign Minister stated that at present there was, on the whole, excellent collaboration between Baltic States.

My impression is that all three countries are standing fast on the limit of original concessions to Moscow and consider the moment opportune to make it clear that they will not yield further.

General Berks, Latvian Commander-in-Chief, now here on official visit to General Laidoner.

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760N.61/67: Telegram

The Minister in Estonia (Wiley) to the Secretary of State

TALLINN, February 15, 1940—10 a.m.
[Received February 15—7 a.m.]

18. My telegram No. 16, February 13, 5 p.m. In respect of press reports which have been current that the Soviet Union is formulating new and far-reaching political demands on the Baltic States, Ambassador Steinhardt and I have reached the conclusion from conversations with Foreign Ministers of Latvia and Estonia and with General Laidoner that no such demands have thus far been presented and that they consider it most unlikely there will be any change in their situation for the present.99

General Laidoner does not, however, dismiss the possibility that the Soviet Union may endeavor to have the Baltic States exercise united pressure on Finland should the Soviet Union subsequently seek to terminate hostilities.

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99 Laurence A. Steinhardt, American Ambassador to the Soviet Union.
99 The Chargé in Lithuania, Bernard Guifier, reported in his despatch No. 769 (Diplomatic), March 21, 1940, that in a conversation with Ludwiga Seja, the Latvian Minister, the latter had stated that the Soviet Union had been demanding admission of nonmilitary auxiliary personnel, and wives and children of Soviet officers (760N.61/70).
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 17, 1940—6 p. m.
[Received 7:35 p. m.]

185. I returned to Moscow today following 6 days in transit through Riga, Tallinn, Narva and Leningrad. As a result of my observations and conversations with well-informed persons during the past week I have gained the following impressions:

(1) While there are persistent rumors in Latvia and Estonia to the effect that the Soviet Government contemplates further control over those States, Wiley and I were assured by the Foreign Ministers of both countries that no important demands have recently been made of them by the Soviet Government and that they do not anticipate such demands. It was apparent to me nonetheless that Soviet influence in Latvia and Estonia is already very great, is steadily increasing, and that the Latvians and Estonians in general feel that the Soviet military forces which are everywhere in evidence, especially on the railways, constitute virtually an army of occupation.

(2) It is evident that the Swedish Government is actively engaged in the Baltic States in an endeavor to bring about action leading to the cessation of the Finnish-Soviet conflict. I believe that in these activities Sweden is at present acting independently of Germany and Estonia, both of which countries are likewise engaged in similar activities.

(3) There has been a decided improvement recently in conditions in Leningrad which I found to be far better than previous reports would indicate. Food conditions at the present time in that city do not appear to be worse than usual, transportation appears to be normal. I could detect no signs of tension or discontent. The shops appeared to be better stocked than those in Moscow. I saw no wounded or other signs of the war in progress but a few miles distant, aside from the black out.

(4) On the journey from Tallinn to Leningrad, and especially after passing Narva, I observed large military concentrations which included abundant light field artillery and light and medium tanks, field kitchens, and troops of all categories including substantial bodies of ski troops. At one airfield near which the train stopped for some time, I observed abundant quantities of gasoline and approximately 30 large tri-motored bombers of modern design. I assume that these forces are being assembled in the neighborhood of Leningrad primarily as reserves for the offensive operations in progress on the Karelian Isthmus although it is possible that should the Gulf of
Finland freeze to a degree that would make such an operation practicable they might be utilized in an attempt to outflank the Mannerheim positions.

(5) With respect to the policy of the Soviet Government toward the Finnish conflict all of the persons with whom I spoke confirmed my impression that the Soviet Government has thus far not been responsive to attempts to bring the conflict to an end through mediation or otherwise although it is generally felt that should the present offensive fail the Soviet Government might thereafter be willing to give consideration to a negotiated settlement provided virtually all of its terms could be met. I observed a general belief that in that event the Soviet Government might be inclined to accept mediation on the part of Germany, Estonia, Sweden or the United States, or at least avail itself of the good offices of one of these countries. I am convinced, however, that until the Soviet Government has satisfied itself that it cannot achieve a decisive military victory it will not entertain any proposals for mediation and that as a result of its lack of success thus far it is now devoting much more serious attention to the technical measures necessary for the prosecution of the war and is now attaining a greater degree of proficiency in organization and attack than heretofore.

(6) I was particularly impressed by the noticeably bad condition of the Soviet railway system, especially by the deteriorated condition of the rolling stock which is in a far worse state than the roadbed. There appeared to be a grave shortage of locomotives and in addition to this existing capacity, a decidedly inefficient organization inasmuch as it dwindled thousands of freight cars lying idle on sidings. Judging by the chalked date markings on the sides and their appearance, most of these cars had been on such sidings for several weeks. The speed of the passenger trains on which I traveled was only a few miles an hour. The trip from Moscow to Riga required 42 hours. The second night the train was unlighted, without sleeping accommodations, and without food or even water throughout the whole trip.

STEINHARDT

7601.61/162: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, April 13, 1940—4 p. m.
[Received April 13—2: 19 p. m.]

48. According to information obtained informally and unofficially at the Foreign Office, Molotov recently in conversation with Estonian

1 Vyacheslav Mikhailovich Molotov, People’s Commissar for Foreign Affairs of the Soviet Union.

302072—59—24
Minister asked for the island of Osmussaar and two Estonian Foreign Office representatives and one military officer have left for Moscow to negotiate. It is anticipated that the island will be leased to the Soviet Government in the hope of obtaining concessions in removing Soviet airbase at Kuusiko 100 kilometers south of Tallinn and to restrict garrison at Tallinn and possibly other concessions.

Am informed that the foregoing does not mean that the Soviets have further designs on Estonia but that they wish to consolidate their strategic position in the Baltic.

LEONARD

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860P.60/264: Telegram

*The Minister in Latvia (Wiley) to the Secretary of State*

*Riga, April 30, 1940—10 a.m.*

[Received April 30—5:25 a.m.]

86. There has recently been a sharp increase in anti-Government activities. Much revolutionary propaganda has circulated and posters have been put up calling on the people to rise on May 1st and overthrow the Government.

The Minister for Public Relations\(^2\) in private conversation tells me that he foresees no situation which would go beyond a couple of hundred arrests. He says that 65% of the people are with the Government and professes to believe that Moscow is not behind subversive activities.

I understand that police precautions have been

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WILEY

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760M.61/96: Telegram

*The Chargé in the Soviet Union (Thurston) to the Secretary of State*

*Moscow, May 29, 1940—midnight.*

[Received May 29—9:40 p.m.]

601. A Tass\(^3\) communiqué issued tonight states that there have been several recent cases of the disappearance of men from Soviet military garrison established in Lithuania and that these disappearances were organized by persons acting in disguise for organs of the Lithuania Government for the purpose of extorting military information. Student interpreters are cited.

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\(^2\) A. Berzins.

\(^3\) Telegraph Agency of the Soviet Union, official communication agency of the Soviet Government.
The communiqué states that on May 25th (apparently following unsatisfactory conversations between the two Governments), Molotov notified the Lithuanian Minister at Moscow⁴ that the Soviet Union considers the behavior of the Lithuanian Union to be provocative and fraught with grave consequences; demanded the immediate discontinuance of such provocative acts and the return of men still missing; and expressed the hope that Lithuania will follow the course suggested and not compel the Soviet Union to take other measures.

Repeated to Riga and Kaunas.

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The Minister in Latvia (Wiley) to the Secretary of State

Riga, May 30, 1940—5 p.m.
[Received 5:50 p.m.]

107. Moscow's No. 601, May 29, midnight. Competent official of Foreign Office professes to be at a loss to explain Soviet procedure towards Lithuania. Under existing treaties Soviet Government should be able to satisfy all desires in the Baltic area including increase of garrisons and bases without recourse to pressure. He described the situation as grave even if the Soviet complaints were fabricated. That the Soviet Union had made its quarrel with Lithuania public was a very bad sign.⁵

My Estonian colleague for whose opinions I have considerable respect considers the situation very dangerous for the Baltic States. He believes that the Soviet Union may be synchronizing the final development of its Baltic policy with events in the west. The Estonian Minister added that some of the incidents cited in the Tass communiqué were indeed based on fact.

However the Lithuanian Counsellor claims that the Soviet move has come as a complete surprise to his Government which is at an utter loss to explain its patriotic [sic] purpose.

The new Soviet Minister⁶ is paying conspicuous lip service to Soviet friendship for Germany.

A special meeting of the Latvian Cabinet is now in protracted session with the President.

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⁴ Ladas Natkevičius.
⁵ In telegram No. 90, May 31, 3 p.m., the Minister in Lithuania, Owen J. C. Norem, stated that "the Lithuanian Foreign Office suggested that the matter be kept secret but the Russians preferred to publish the affair over the radio and in the press." The Minister gave as his personal opinion his belief that "Russia will not make any further move at this time but will reserve the present case for some action in the future should it seem feasible." (760M.61/100)
⁶ Vladimir Konstantinovich Derevyansky, previously Soviet Minister in Finland, had presented his credentials on May 8, 1940.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 2, 1940—10 a.m.  
[Received 12:07 p.m.]

609. Embassy's telegram No. 608, June 1, 5 p.m.  
7 The source quoted in the final paragraph of the Embassy's telegram under reference stated yesterday (24 hours after the conversation reported) that the German Ambassador had in the meantime seen Molotov and my informant now has the impression that the possibility of an immediate invasion of Lithuania has decreased. He attributed this chiefy to Soviet preoccupation with the situation in the Mediterranean and its desire to keep a maximum military force in the south undistracted by possible developments in the Baltic.

He recalled that in the Soviet-German agreement reported in the Embassy's telegram 465, August 24, [1939] noon, the Soviet Union had been given a free hand in the Baltic and that Germany would not regard a Soviet invasion of Lithuania as in any way directed against itself.

THURSTON

7601.61/168 : Telegram

The Minister in Estonia (Wiley) to the Secretary of State

Tallinn, June 3, 1940—6 p.m.  
[Received June 4—2:40 p.m.]

57. The source mentioned in my telegram 45 of March 30, has informed me that General Loktionov (see paragraph No. 4 of the same) arrives today by air. The visit has been foreseen for some time and it is believed that only technical matters will be discussed. Though he has been taken aback by recent Pravda attack on Estonia (see telegram No. 55) and much concerned by Soviet-Lithuanian developments, he can only describe Estonian relations with the Soviet Union as having so far followed a most satisfactory course. Negotiations have gone smoothly and in return for Estonian concessions,
including use of the island of Osmussaar, the Soviet Air Force has
given up the two fields nearest Tallinn and the Red Army is evacuating
Haapsalu. The thorny question of payments arising out of mutual
assistance pact with Russia had also been substantially settled.
Moreover, a protocol providing for Soviet armaments for the Estonian
Army which was concluded some time ago is working smoothly. The
first Soviet delivery took place May 1st and the second will follow
within a few days.

Informant denied that Russian troops were being moved westward.
On the contrary, the movement was towards the Black Sea area. The
best Soviet pilots in Estonia, veterans of the Finnish war, were being
sent there, as well as some of the planes based here. He said talk of a
reversal of Soviet policy towards Germany was nonsense.

He added that anti-German sentiment in Estonia was preoccupying
the authorities. Crew members of German vessels had been assaulted
and there was constant danger of incidents with the large number of
Germans who were constantly traveling mysteriously around the Bal-
tic States.

WILEY

760N.61/74 : Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 4, 1940—4 p. m.
[Received 4:34 p. m.]

620. ... who has heretofore proved to be well-informed regarding
Baltic matters and disposed to discuss them frankly, informed me
this morning that he is not inclined to fear any general Soviet military
action against the Baltic States at this time.

... stated that as far as Estonian-Soviet relations are concerned,
there has been no unfavorable development and that normal nego-
tiations continue with respect to the numerous problems arising out
of the presence of Soviet forces in Estonia—such as the use of Es-
tonian telephone and telegraph services and highways and railways.
He stated that the publication of the Tass despatch reported in the
Embassy's telegram No. 592 of May 28, noon, was interpreted in Es-
tonia as conveying an official Soviet admonition but that it has not
been followed up by any other action.

With respect to the current visit to Moscow of the Latvian Minister

38 Signed at Moscow on September 28, 1939. A translation of the text of this
treaty is printed in Department of State Bulletin, November 11, 1939, p. 543;
39 For correspondence on wartime cooperation between Germany and the Soviet
Union, see pp. 539 ff.
40 Not printed.
of War,\footnote{Gen. K. Berlids.} he stated that he had no reason to ascribe to it any particular, much less any ominous, significance and that he is inclined to regard it as being of much the same nature as the visit made some months ago (Embassy's telegram No. 1041, December 18 [8], 11 a. m.)\footnote{Foreign Relations, The Soviet Union, 1933–1939, p. 980.} by General Laidoner.

... stated that he is less certain with respect to Lithuania and that the incident to which the Tass communiqué, cited in the Embassy's telegram 601 of May 29, midnight, referred is not yet closed. In common with others who have sought an explanation of the Soviet action in this instance, he believes it to be not improbable that the Soviet Government is becoming somewhat apprehensive over the prospect of an early German victory in the current war and that it may be seeking to bring about a situation under cover of which it can strengthen the Lithuanian frontier against Germany.

... requested that the facts be kept secret in view of the harm which might befall his country should they become known.

THURSTON

740.0011 European War 1939/3507: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, June 7, 1940—noon.
[Received 1:08 p.m.]

115. The Military Attaché has just arrived in Riga from Kaunas. In Kovno,\footnote{Kaunas.} Lithuanian General Staff circles frankly foresee new Soviet demands of a sweeping nature. The German, Latvian and Estonian Military Attachés told Huthsteiner that the incidents alleged by the Soviet Government had been fabricated. All regarded the situation as grave. The German Military Attaché made the prediction that new Soviet demands on Lithuania would involve not only an increase of the Soviet armed forces but a great measure of control over Lithuanian domestic affairs. Of course, he went on, similar demands would be made on the other Baltic States. The German Military Attaché added that it was now clear that Germany had been guilty of a damnable blunder in evacuating the German Baltics.

On his return from Kaunas, Huthsteiner met the German Military Attaché to Helsinki and Tallinn who until recently was accredited here also. He forecast that by September 1st the Baltic States would cease to exist.

Major Huthsteiner's impression is that the German General Staff expect the Russians to take over this area and that for the present Germany will not make serious objection.
The Major's German informants confirm the entry of Italy in the war in the near future.²⁹ Hostilities they say will be over by September 1st and England will have to swallow bitter terms of peace. Please inform War.

WILEY

760M.61/105: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 8, 1940—noon.
[Received 4:20 p.m.]

647. Minister Norem's 94, June 5, 2 a.m.²¹ The Soviet press announces the arrival at Moscow yesterday of the Lithuanian Prime Minister, Mr. Merkys, accompanied by General Reklaitis²² and an official of the Lithuanian Ministry for Foreign Affairs. It states that the visitors were met by an Assistant President of the Soviet of People's Commissars of the Soviet Union, by Dekanozov, an Assistant People's Commissar for Foreign Affairs, and other Soviet civil and military officials, and that the station platform was decorated with Soviet and Lithuanian flags and that Merkys, the Lithuanian Minister at Moscow, and the Soviet Minister at Kaunas were received [yesterday?] by Molotov.

I was introduced last night to the Soviet Minister at Tallinn, whose presence in Moscow at this time may indicate that Baltic problems in general are under discussion. The Latvian Minister,²³ however, whom I also saw last night, confirmed the statement reported in the Embassy's 620, June 4, 4 p.m., that the visit to Moscow of the Latvian Minister of War has no particular significance.

THURSTON

760P.61/129: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, June 10, 1940—6 p.m.
[Received June 10—4:30 p.m.]

118. A new wave of rumors of impending Sovietization has swept Riga. Even responsible Latvian circles share the anxiety. The Foreign Minister however, insists that so far as he knows these rumors are entirely without foundation; that Berkis, Latvian Minister of

²⁹ For correspondence regarding efforts made by the United States to keep Italy from entering the war against the Allies, see vol. II, pp. 685 ff.
²¹ Not printed.
²² Presumably Gen. Stasys Rastikis, Commander in Chief of the Lithuanian Army.
²³ Frīdis Kocīns.
War now in the Soviet Union, has reported nothing of an alarming nature and that the Soviet incident with Lithuania does not appear to have created a dangerous situation.\textsuperscript{25}

\textit{WILEY}

\textbf{740.0011 European War 1939/3821: Telegram}

\textit{The Chargé in the Soviet Union (Thurston) to the Secretary of State}

\textbf{Moscow, June 15, 1940—4 p. m. [Received June 15—3:07 p. m.]

681. I have just been informed by the Associated Press correspondent that an official communiqué was issued a few minutes ago by the Soviet Government stating that an ultimatum addressed by it to the Lithuanian Government had been accepted by the latter this morning at 9 o’clock, one hour before its time limit expired.

The communiqué which is not yet available to the Embassy is somewhat lengthy. I understand that its principal points are that the former Lithuanian Minister of Interior\textsuperscript{26} and head of the Political Police Department\textsuperscript{27} must be brought to trial in connection with the Soviet protest, (Embassy’s telegram 601, May 29, 12 midnight) that the number of Soviet troops in Lithuania must be increased and that the Lithuanian Government must be reorganized.

Repeated [to] Kaunas and Riga.

\textit{THURSTON}

\textbf{740.0011 European War 1939/3839: Telegram}

\textit{The Minister in Lithuania (Norem) to the Secretary of State}

\textbf{KAUNAS, June 15, 1940—4 p. m. [Received 8:40 p. m.]

107. Russian armored divisions crossed the Lithuanian border at several points at 2 p. m. today following Moscow rejection of Rastikis’ appointment. Demands said to include a favorable government with possible Communist inclusion, the trial of former Lithuanian Minister of the Interior and of the Director of Security, increased garrisons and free movement of troops. The Lithuanian Government accepted and Soviet Minister and Assistant Soviet Commissar

\textsuperscript{25} The Minister reported in a later telegram, No. 122, June 14, 3 p. m., that it was generally understood that General Berlis had “signed a protocol extending the scope of Latvian-Soviet military cooperation.” (780P.61/132) The original pact of mutual assistance between Latvia and the Soviet Union had been signed at Moscow on October 5, 1939. A translation of the text of this treaty is printed in Department of State Bulletin, November 11, 1939, p. 542; or League of Nations Treaty Series, vol. cxcviii, p. 385.

\textsuperscript{26} K. Skucas, removed from his office on June 13, 1940.

\textsuperscript{27} A. Povilaitis, Director of the Department of State Security since 1932, removed from his office on June 13, 1940.
for Foreign Affairs\textsuperscript{28} left Moscow by plane at noon. Lithuanian Government awaits their arrival before making further proposals. Attitude here of officials one of great tension and apprehension. 

\textbf{Norem}

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740.0011 European War 1939/3837: Telegram

\textbf{The Chargé in the Soviet Union (Thurston) to the Secretary of State}

Moscow, June 15, 1940—6 p.m.  
[Received June 15—3:10 p.m.]

682. Embassy’s telegram 681, June 15, 4 p.m. I am informed that in connection with the Soviet ultimatum to Lithuania it was also charged that subsequent to the conclusion of the Soviet-Lithuanian Pact of Mutual Assistance,\textsuperscript{29} Lithuania entered into a military alliance with Latvia and Estonia aimed against the Soviet Union.

Repeated to Riga and Kaunas.

\textbf{Thurston}

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740.0011 European War 1939/3831: Telegram

\textbf{The Chargé in Estonia (Leonard) to the Secretary of State}

Tallinn, June 16, 1940—11 a.m.  
[Received 8:04 p.m.]

62. I have just learned from a reliable official source that Estonia was confronted today by demands from the Soviet Union to permit Soviet troops to march into Estonia tomorrow, namely on June 17. The Government of Estonia is now in conference and it is believed it will accede to Soviet demands. I have also been informed that similar demands have been made on Latvia.

\textbf{Leonard}

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740.0011 European War 1939/3837: Telegram

\textbf{The Minister in Lithuania (Norem) to the Secretary of State}

Kaunas, June 16, 1940—1 p.m.  
[Received 2:05 p.m.]

111. President Smetona together with various officials and civilians fled to Germany last evening.\textsuperscript{30} This morning the Lithuanian Gov-

\textsuperscript{28} Vladimir Georgievich Dekanozov.

\textsuperscript{29} Suggested at Moscow on October 10, 1939. An English translation of this "Treaty on the Transfer of the City of Vilno and Vilno Province to the Lithuanian Republic and on Mutual Assistance between the Soviet Union and Lithuania" is printed in Department of State Bulletin, December 16, 1939, p. 705.

\textsuperscript{30} President Antanas Smetona, together with several members of the Government, crossed the frontier into Germany at Eydtkühnen (Eydtkau) without German visas and were interned by German authorities at Angerburg in East Prussia.
ernment officially proclaimed his post vacant and asked Prime Minister Merkys to act ad interim. Mr. Bizauskas, Vice Prime Minister, is carrying on negotiations with the Soviet representatives. They met at midnight and this morning at 10 a.m. The Soviet representatives asked new instructions when told of President’s fleeing. No definite conclusions have been reached since the Russians declare the provisions of the ultimatum are not as yet fulfilled. The two men named by the Soviets, former Minister of Interior Skucas and former Director of State Security, having fled, voluntarily gave themselves up and are now returning to Kaunas. Soviet informant declared that the new government must be completely pro-Russian. All strategic points are occupied by Soviet troops. Demands include free access routes from the Soviet Union to Lithuania and sufficient army reinforcements to be stationed at all important points to insure against incidents directed against the Russian troops.

Repeated to Moscow.

NOREM

740.0011 European War 1939/3817: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

RIGA, June 16, 1940—1 p.m.

[Received 2:25 p.m.]

126. This morning’s press published a Latvian telegraph agency version of the incident reported in my 125, June 15, 9 p.m., as follows:

“At early dawn on Sunday the frontier post at Maslenki on the Latvian-Soviet border was found destroyed by fire. The corpses of two frontier guards and that of one woman were found on the spot as well as one woman and a 14-year-old boy seriously wounded. Moreover, 11 frontier guards and several local inhabitants have disappeared. A special commission of investigation headed by General Bolstein of the frontier general brigade has proceeded to the locality in order to investigate this sinister affair.”

In the Government organ Rīts the foregoing statement was inconspicuously published on page 15.

The Latvia Telegraph Agency also replied to the Soviet allegation that shortly after the conclusion of the mutual aid pact between Lithuania and the U. S. S. R., Lithuania had become secretly allied to Latvia and Estonia converting the so-called Baltic Entente into a military pact directed against the Soviet Union.

31 Not printed.
32 June 16.
In the Rits this morning the Agency announced that it had been authorized to explain that Lithuania had not joined the Latvian-Estonian military alliance, concluded November 1923 and that no other military pact existed between the Baltic States.

The fact that the situation is grave in Latvia as well as Lithuania may be deduced from indications that the Ministry of War has been busily burning its confidential files for the last two days. Officials of the Government are inaccessible to the Diplomatic Corps and the only firsthand information from an authoritative source comes through the British Military Attaché who by chance encountered General Berkis, the Minister of War, at the entrance of his Ministry. The latter, though most reticent, admitted that there had been frontier incidents other than the one made public, that Soviet troops were massed on the Latvian frontier, and that new Soviet demands were expected.

The Swedish Military Attaché states that five antiaircraft batteries have been set up in Riga and that extra ammunition has been issued to the troops. The consensus, however, does not foresee Latvian opposition to Soviet forces should they occupy the country.

Please inform War Department. Repeated to Moscow.

WILEY

740.0011 European War 1939/3831 : Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, June 16, 1940—8 p.m.
[Received 11:50 p.m.]

112. The Acting President of Lithuania, Merkys, announced in a short talk at 4 p.m. today that all necessary steps are being taken to form new government. He urged the people to accept the fact of the military occupation and to return to their normal work. One director of the Lithuanian Foreign Office has been in close touch with our Mission and stated this evening that nothing new was obtainable at 8 p.m. this evening although indications are that the results are sad for Lithuania. Evening sessions seem advisable and we may expect some announcements tomorrow morning. Talks are being conducted by Merkys, Bizauskas and certain Cabinet members for Lithuania and Dekanovoz, Assistant Soviet Commissar for Foreign Affairs, Posdnyakov, Soviet Minister to Lithuania, and various advisers acting for Russia.

Signed at Tallinn on November 1, 1923; for text, see League of Nations Treaty Series, vol. xxiii, p. 83; it was supplemented by a new treaty signed at Riga on February 17, 1934, ibid., vol. cix, p. 105.
One report says that a Russian Commissar may replace Lithuanian Cabinet.
Repeated to Moscow.

740.0011 European War 1939/3830: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, June 16, 1940—midnight.
[Received June 16—9:14 p. m.]

63. Supplementing my telegram No. 62, I have now been informed from official source that the Estonian Government has just accepted the Soviet's demands and that additional troops will be stationed in Estonia and at bases not previously occupied. Further, the Government has resigned and the President of Estonia will form a new government.

I have been informed from another reliable source that this morning's Estonian regular traffic airplane while en route from Tallinn to Helsinki was shot at by a submarine of unknown nationality but missed its mark and further that evidence points to the shooting down of the Finnish plane 2 days ago on which clerk Antheil was lost.

Repeated to Riga.

Leonard

740.0011 European War 1939/3846: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 17, 1940—2 a.m.
[Received June 16—11:17 p. m.]

684. At 1 o'clock this morning it was announced over the Moscow radio by Tass that ultimatums were presented to Estonia and Latvia and accepted by them today demanding the reorganization of their Governments and the admission into their territories of additional Soviet forces.

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54b June 16, 11 a.m., p. 369.
56 Konstantin Päts.
6 Henry William Antheil, Jr., a clerk in the American Legation in Finland, was travelling as a courier on an airplane of the Finnish Aero Company which exploded in midair at 2:06 p.m., June 14, 1940, soon after leaving Tallinn for Helsinki. There was suspicion that the disaster was caused by fire from a Soviet submarine or, more likely, from Soviet pursuit planes which were observed in the area. For information on this incident, see Finland Reveals Her Secret Documents on Soviet Policy, March 1940—June 1941 (New York, 1941), pp. 32, 49-50.
57 June 16 is intended.
It is otherwise reported that such forces have already crossed the Latvian border.
Repeated to Riga.

THURSTON

740.0011 European War 1939/3845 : Telegram

The Minister in Latvia (Wiley) to the Secretary of State

RIGA, June 17, 1940—10 a.m.
[Received June 17—7 a.m.]

129. My 128, June 17, 2 a.m. Am officially informed Soviet troops are crossing border at many points and will occupy Rezekne, Krustpils, Daugavpils, Jelgava, Riga. It is expected they will enter capital this afternoon. Government has resigned but it is expected Ulmanis will remain as State President.

WILEY

740.0011 European War 1939/3874 : Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, June 17, 1940—11 a.m.
[Received 12:08 p.m.]

64. Following up telegrams Nos. 62 and 63. I have been confidentially informed that a new Estonian government will not be formed until after conferences with and approval of Soviet authorities. Soviet troops crossed the Estonian Russian border early this morning. Also troops by sea are arriving. I am also informed that Tallinn, Pärnu, Tartu and Valga and possibly other places eventually will be occupied.

I have learned confidentially that the “demands” of yesterday were telegraphed through the Estonian Minister at Moscow about the middle of the afternoon and required reply by midnight of the same day.

I have also been informed that flying and steamship services with Finland and Sweden are temporarily suspended and during at least next 2 days vessels destined for Tallinn will be diverted to Paldiski. Repeated to Riga.

LEONARD

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* Not printed.
* Dvinsk.
* Mitau.
* Dorpat, Yuryev.
* Baltiski, Baltic port.
Moscow, June 17, 1940—11 a.m.
[Received 1:08 p.m.]

687. The Soviet move against Estonia and Latvia appears to have been made without preliminary discussion with the Governments of those countries and almost without warning. In view of the reference to Estonia and Latvia made in the Soviet ultimatum to Lithuania I called yesterday afternoon at 2 p.m. on the informant (name in my 620, June 4). He assured me categorically that the Soviet charge that Lithuania had entered into a military pact with Estonia and Latvia is completely unfounded and said that he was at a loss to account for the unexpected action of the Soviet Government in making the assertion, adding that no discussions on the subject had taken place between the Soviet Government and the Estonian and Latvian Governments. He added that the public presentation of the charge in question opened the door for action of any kind but assured me that there [was no?] evidence that immediate action was contemplated. I assume, therefore, that the Soviet ultimatum must have been presented between the time of my interview and the announcement of it at 1 o'clock this morning.

THURSTON

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Riga, June 18, 1940—noon.
[Received June 18—11:08 a.m.]

134. The following are the principal highlights of the Soviet occupation of Riga yesterday: probably over 200 Soviet tanks came into the city. They looked like good, serviceable but old models. The enlisted men made good impression. Not much air force has been in evidence.

Popular manifestations of joy over the Soviet entry rapidly produced clashes between the Latvian police and the working class population. A few of the former were casualties and there was a fair amount of shooting around the city including many bursts of machine-gun fire. Rumors allege that there were some civilians killed and many wounded.

At 3 p.m. all communication with the outside world was suspended. The President spoke briefly [by] radio calling on the population to remain quiet. The Minister of the Interior 42a proclaimed a curfew from 10 to 4 and forbade the population to assemble in groups of over four.

42a Kornelījs Veitmanis.
The Foreign Minister was taken completely by surprise by the Soviet ultimatum, the German Legation also and still more curious was the Soviet Legation. The Soviet Minister, his wife and staff, were at their villa in the country and heard the news for the first time at 4 p.m. the 16th. They rushed to their dismantled residence in Riga without even a change of clothes and slept on sofas for the night.

This morning outside communications were restored and the city seems quiet and life normal. The former Government continues to function administratively and presumably pourparlers are going on with Soviet representatives for the formation of a new government.

There seems to be good cooperation between the Latvian Army and police and the Red Army.

WILEY

740.0011 European War 1939/3963: Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, June 18, 1940—2 p.m.
[Received 2:45 p.m.]

119. Occupation movements continue with Soviet units being moved towards German border. Estimated number of Russian troops 300,000. Populace remains quietly at work. Banks report normal turnover. Rumors of German concentrations seem well substantiated. Jewish inhabitants moving away from western cities.

Repeated to Moscow.

NOREM

880M.00/439: Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, June 19, 1940—10 a.m.
[Received 5:35 p.m.]

122. I have the honor to report that last evening the new Prime Minister of Lithuania 43 delivered a radio address in which after thoroughly denouncing the perfidy of the dictatorial regime of Smetona culminating in a disgraceful flight he said,

"The new forces as yet untried will work for the full benefit of all the people.

In matters of foreign policy the new government will continue to maintain normal relations and especially will establish really sincere and friendly relations with the Soviet Union in full accordance with the pact. The new government will protect the rights of the people, increase cultural level, and improve the financial situation.

43 Justas Paleckis.
The most urgent problem will be to change the political regime which was directed against the best interests of the people. For this reason we shall abolish the present Seimas, the censor's office, and the state and municipal elections carried out in a deceptive manner thanks to Mr. Skucas.

We shall release from prison all political prisoners who fought for freedom and abolish all unions and parties which enjoyed preferential status. We shall give serious attention to all national problems and remove chauvinism.

Since serious attention is necessary with regard to health, we have created a new Ministry of Health. Education of the masses shall receive serious attention. The government approves the warm welcome given Soviet troops and announces that all assistance will be granted to make their stay a pleasant one."

He closed with a plea for full cooperation.

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740.0011 European War 1939/3981 : Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, June 19, 1940—11 a.m.
[Received June 19—10:08 a.m.]

66. Supplementing my telegram No. 64, the places mentioned therein have now been occupied and in addition Viljandi, Paide and Möisaküla. The entry of the troops has taken place without untoward incidents.

The Estonian civil guards have been unarmed but not disbanded. Inhabitants have been warned not to appear unnecessarily on the streets at night but no curfew rule enforced. Cafés and other public places must close by 11 p.m.

Dwellings and other places are being requisitioned in Tallinn and elsewhere. Army barracks have been taken over for Soviet troops and Soviet Military Attaché quartered elsewhere, and I have been informed confidentially today that Soviets have asked for the Estonian General Staff Offices.

There arrived this morning in Tallinn the civil head of the Leningrad District, Zhdanov, and I have just learned confidentially that he is now conferring with the President of Estonia about forming a new government.

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44 Legislative body of the Lithuanian Government.
44a June 17, 11 a.m., p. 373.
45 Andrey Alexandrovich Zhdanov, Secretary of the Central Committee of the Communist Party of the Leningrad oblast, and holder of other party and government positions.
The Minister in Latvia (Wiley) to the Secretary of State

Riga, June 19, 1940—1 p.m.
[Received 1:05 p.m.]

133. Vyshinski,46 Vice Chairman of Sovnarkom, arrived yesterday. Last evening he visited President Ulmanis and presumably is here to set up a new government.

The Riga press yesterday announced that the behaviour of the population had made a bad impression on the Soviet troops and that the Red Command had requested the Latvian authorities to prevent further obstruction of their troop movements. This morning the Soviet Legation denies that any such request was made. The Red Command, the Legation states, was perfectly satisfied with the cordial welcome and greetings of the populace.

An official announcement forbids the circulation of rubles and the bank moratorium continues.

Conjectures regarding the future are pessimistic. It is possible that the new governments of the Baltic States will be so constituted that Anschluss with the U. S. S. R. can be voted in due course in an endeavor to forestall any Hitlerian “new order” in Eastern Europe.

It might be well for the Department to foresee the possibility that the Soviet authorities might shortly assume charge of the diplomatic and consular representation of the Baltic States. (See Legation’s 278 of October 23, 2 p.m., 1939.) 47 In such an event our entire establishment here might have to be liquidated on fairly short notice unless the Embassy in Moscow could obtain a special dispensation for the maintenance of a Consulate.

Soviet tanks and mechanized forces are here in much more substantial numbers than was first apparent. It is evident that the Foreign Minister was wrong when he recently assured me that Soviet military interest in Latvia was limited to that of an “advance post” only.

An efficient looking Soviet destroyer and a gunboat are moored alongside the President’s Palace.

The city and as far as I know the countryside are quiet.

Wiley

46 Andrey Yannaryevich Vyshinsky, Assistant People’s Commissar for Foreign Affairs of the Soviet Union, and a Vice Chairman of the Council of People’s Commissars (Sovnarkom).
47 Not printed.
Riga, June 19, 1940—4 p.m.  
[Received 9:15 p.m.]

135. The source of the following is confidential but excellent:

The Soviet forces entered Estonia in much more warlike formation than in Lithuania or Latvia, giving impression that they expected, perhaps even desired, trouble. It is clear that Soviet policy attaches very special importance to Estonia. This is emphasized by the fact that Maris Coudert, commanding the Leningrad area, met General Laidoner at Narva 2 days ago and is now in Tallinn and that Zhdanov also arrived there today. He is now in conference with President Päts. The latter is proposing that a new government be formed under the Premiership of Rei, Estonian Minister in Moscow. The fact that Zhdanov was selected to come to Estonia has been interpreted in Tallinn as an extremely bad sign. In all the Baltic negotiations in Moscow last September Zhdanov was the most difficult of all the Soviet leaders and is regarded as the principal Soviet "fire eater". However, on his arrival in Tallinn he appeared to be in very good humor and the Estonian Government is beginning to hope that the Soviet attitude of the last 2 days which has been extremely exacting may now be moderating. My informant, however, is not sanguine and foresees the possibility that after the setting up of new governments in the Baltic States the Soviet Union will insist on plebiscites which if held under Soviet bayonets might readily be perverted into a legalistical incorporation of these sooner or later into the Soviet Union. He also foresees the possibility that the Soviet Union may insist on the elimination of foreign diplomatic and consular representatives from the Baltic States.

The informant went on that according to most reliable information the Kremlin is in a state of acute anxiety and confusion over foreign political developments. Stalin's policy was premised on a long and exhausting war. With the collapse of France this policy too has collapsed. Hitler's recent statement that he did not desire the destruction of the British Empire literally caused panic in the Soviet mind. Acute fear has revived that the problems of Western Europe will be solved at the expense of Russia. To be the only major power on the Continent which might be opposed to the Axis is of course not a comforting thought.

The reference to the Revue Baltique cited by Molotov in the Soviet protest the informant said was explained by the article contributed

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48 Apparent garble; probably intended for Army General Kyrill Afanasievich Meretskov, Commander of the Leningrad Military District.
by the Lithuanian Premier Merkys to the first (and only) number. It appeared February last and was forwarded to the Department from Tallinn.

The informant stated that the plane carrying Antheil was most probably shot down not by a submarine (see No. 63 of June 16, midnight, from Tallinn) but by two pursuit planes which were seen prior to the event escorting the plane in question one on each side. The witness was a veteran, entirely responsible Estonian pilot. The Estonians think that the Soviet authorities wished to do away with La Bonne’s despatches reporting his conversations in Moscow which were going forward with two French couriers in the plane in question. The Soviets they think were fearful lest the despatches in question fall into German hands.

WILEY

860.00/427: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, June 22, 1940—4 p. m. [Received 5:25 p. m.]

70. Supplementing my telegrams Nos. 68 and 69. The announcement of the new government has pacified the situation and everything appears normal again. The members of the former government and higher military officials have their freedom.

Two members of the new government, the Minister of the Interior and the Minister for Social Affairs, are considered communistic, otherwise members are socialists or nationalists. The new Prime Minister has announced that the government will shortly make a declaration of its policy which is expected to be similar to that already made in Latvia.

Leonard

740.0011 European War 1939/4063: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, June 23, 1940—noon. [Received 12:40 p. m.]

71. Policy of the new government announced, being similar to that previously announced in Latvia, emphasis being placed on friendly

* Erik Labonne, new French Ambassador in the Soviet Union, who had an interview with Molotov on June 16.
* Neither printed.
* Johannes Vaers, a writer known as Barbarus.
* A new Latvian Cabinet had been formed on June 20, with Augusts Kirchensteins as Prime Minister and interim Foreign Minister. He was described as being "an active member of the Latvian Society for the Study of Soviet Culture."
relations with the Soviet Union and carrying out of the Soviet-Estonian mutual assistance pact in the interests of the common people, and to “support and maintain normal relations with all countries” on which will be based the independence and protection of Estonia.

New elections for Parliament are announced and reforms in local governments, as well as assurance of rights of racial minorities, and emphasis is placed on improving labor conditions and the position of the working classes and intelligentsia.

Leonard

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**860P.00/279:** Telegram

*The Minister in Latvia (Wiley) to the Secretary of State*

Riga, June 24, 1940—noon.
[Received June 24—10: 05 a. m.]

151. Minister of Interior \(^{53}\) addressed the nation last night by radio. He fulsomely lauded the Soviet Union and attacked the previous Ulmanis Government as reactionary and guilty of duplicity toward Russia. He promised a revision of existing laws and a purging with relentless persecution of the public services of their reactionary and evil elements particularly those who obstructed the carrying out of the mutual aid pact. The Minister also promised individual freedom and the protection of private property rights.

The implication is that of purges and public trials in the Moscow manner.

Wiley

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**860P.00/284:** Telegram

*The Minister in Latvia (Wiley) to the Secretary of State*

Riga, June 26, 1940—noon.
[Received 2: 47 p. m.]

161. The new Prime Minister received me briefly at the Foreign Office where he presides ad interim.

He expressed his utter amazement at finding himself at the head of the government and complained that he had no preparation whatever for his official duties.

I expressed curiosity regarding the secret military pact of the Baltic States, the existence of which the Soviet Government had alleged and he had confirmed in his proclamation. He replied that he had been obliged by the Soviet Government to say what he had said. That he had no knowledge whatever of the matter. Probably Munters alone knew whether there had been a secret agreement. He added that in Latvia as elsewhere, there was a fifth column of pro-Germans.

\(^{53}\) Vils Lacs.
I asked when the elections would take place. He answered that preparations were being hastened, but that it might take several months.

He went on that trade now [was] continuing normally. Exports to Russia would increase. There were ample reserves and Latvia had just been able to make a large shipment of grain to Denmark, where those important deliveries were expected. Germany was demanding that Latvian shipping enter into “circular trade in the Baltic”.

Apropos of nothing, he closed our interview with vehement protestations of his pro-Ally sentiment. He impressed me as a Kerensky in caricature with no trace of confidence in himself or the future of his country.

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Telegram

Riga, June 26, 1940—7 p. m.

[Received June 26—6:20 p. m.]

162. My 161, June 26, noon. In his conversation with other Chiefs of Mission this morning the Premier talked with almost alarming openness. He made inter alia the following remarks:

The situation of Latvia could be compared with that of the Mongol People’s Republic. Several Cabinet posts remained vacant because no candidate acceptable to the Soviet authorities could be found. He expected to be in office about a month. All political parties would be allowed but in practice there would probably be only one. It would not be called Communist since he understood that Moscow had another name for it—he thought it would be named Workers and Peasants Party. In discussing economic matters and trade agreements, he frankly told the Swiss Chargé that the future would be shaped by Soviet desires.

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Telegram

Riga, June 28, 1940—4 p. m.

[Received 5:05 p. m.]

167. I have just had a long private interview with the person mentioned in my 97, May 16, 1 p. m.65

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64 Alexander Fedorovich Kerensky, Minister of Justice in the Russian Provisional Government, March-May 1917; Minister of War, May-September, and Prime Minister, July to the Bolshevik Revolution, November 7, 1917.

65 Not printed.
The Soviet complaints against Latvia and Estonia were bogus fabrications. Last September Molotov specifically acquiesced in the continuance of the Latvian-Estonian alliance. On March 29 he publicly paid tribute to the excellence of Soviet relations with the Baltic States. On the eve of the Soviet ultimatum Molotov in two Tass interviews confirmed to General Berkis that the Soviet Union had no complaints against Latvia. Simultaneously, my informant queried General Lŏkţionov in Riga both officially and off the record and was told that everything was in perfect order.

My informant confirmed the accuracy of my No. 146, June 22, 3 p. m.,56 second paragraph, reporting threats against the President “who aged 10 years in 30 minutes”. The informant does not believe that foreign diplomatic and consular representatives will be permitted to remain in Latvia for more than another month at the outside.

He anticipates public trials for himself and other leaders of the regime.

I queried him with regard to the future of German-Soviet relations. He said that a change in [the relationship?] between them was inevitable. If Germany now made a big colonial “grab” the conflict might be long deferred. If not, it might come very quickly.

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740.0011 European War 1939/4276 : Telegram

*The Minister in Latvia (Wiley) to the Secretary of State*

Riga, June 29, 1940—noon.
[Received June 29—10: 28 a. m.]

168. I am very confidentially informed by a high dignitary of the Catholic Church that general mobilization will be ordered in Latvia on July 1st. He states that there is much concern in responsible Latvian circles that this measure is the prelude to a Soviet-German conflict. It also may mean the dispersal of a large part of the male population of Latvia throughout Russia under the pretense of training with modern military equipment.

Repeated to Berlin and Moscow.

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740.0011 European War 1939/4332 : Telegram

*The Minister in Latvia (Wiley) to the Secretary of State*

Riga, July 1, 1940—4 p. m.
[Received 4: 35 p. m.]

171. The German Minister 57 tells me that after the Soviet ultimatum (of which his Government had given him 9 hours’ advance

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56 Not printed.
57 Hans Ulrich von Kotze.
notice) he was instructed not to have any contact with members of the previous regime and to refuse visas to all would-be Latvian political refugees who wished to flee to Germany for asylum (there have already been over 200). When the Diplomatic Corps has to leave, the German Legation will be the first to withdraw. All this he said represented his Government’s desire to emphasize the good understanding existing between the Reich and the Soviet Union. He said that he had received an unconfirmed report from Kaunas this morning that Lithuania had already decided to petition for incorporation in the U. S. S. R. He doubted this story. Personally he thought the process would be slow. From what the Soviet Minister tells him Soviet policy desires to avoid violent measures in these countries as a demonstration of Russia’s “peaceful mission of culture”. The German Minister believes that popular elections will precede incorporation of the Baltic States in the Soviet Union and that such elections will require some time to prepare.

He thinks it is quite possible that the Soviet Union may in the meantime take over the conduct of foreign affairs. In any event the local Diplomatic Corps will have to leave sooner or later.

A local Communist who was befriended by his employer has assured him that he was in no danger and that Latvia would not be taken over for at least 6 months.

The new Commander-in-Chief received Major Huthsteiner this morning. The situation at first looked very black. He was now more hopeful of Latvia’s retaining control over domestic and cultural affairs (it seems to me that this control is already lost) but he admitted that there was no hope of controlling foreign affairs.

WILEY

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740.0011 European War 1939/4380 : Telegram

*The Minister in Lithuania (Norem) to the Secretary of State*

**KAUNAS, July 3, 1940—10 a. m.**

[Received 11:45 a. m.]

136. I have the honor to report that the Lithuanian papers today carried the formal denouncement by Lithuania of 1934 Baltic Pact intended to further better understanding and cooperation between the three Baltic States. It is quite apparent that the suggestion for this move as well as for several other recent changes emanates from Moscow. The Russians would have it appear that the local Communists and sympathizers (which group is apparently increasing in size and fervor) are demanding change of their own free will. Last evening a large demonstration was held by the soldiers of the Lithuanian Army. Banners reading “Let us make Lithuania the thirteenth
republic in the Union of Soviet Socialist Republics” illustrates the trend of thought.

Yesterday the German Minister, Dr. Zechlin, called at the Legation and said, among other things, that their estimate of the Russian troops in Lithuania was three and half army corps or approximately 160,000 men. Many of the troops that originally entered Lithuania had passed into Latvia and the figure for the three countries was 500,000. He said that for the time being they did not intend to repatriate the Germans from Lithuania. He added that relations between Germany and Russia were better since the Soviets had stabilized their move in Rumania. I asked about reported concentration of Germans in East Prussia to which he replied that these were new troops on training maneuvers. He sought several times to ascertain my views on the coming elections and their effect upon world affairs, especially upon relations with Germany. I replied that we were almost out of touch with current American news excepting that which we received over the radio. As he has just returned from Berlin his interest in American developments may not be personal but rather a reflection of anxiety as to the possibility of a conflict with us.

NOREM

860I.00/432: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 5, 1940—noon.
[Received July 5—11:18 a.m.]

82. I have been informed confidentially that the visit of the Soviet official mentioned in my telegram No. 80 is in connection with the (1) extension of coast and island defenses and reorganization of the Estonian Army, (2) elections to be held for Parliament and (3) possible change in the person of the President of Estonia, probably after the elections.

Dates of elections not yet announced but will probably be held soon, after which radical political changes may be expected.

LEONARD

124.60N/14: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

RIGA, July 5, 1940—3 p.m.
[Received July 5—12:20 a.m. (p.m.)]

181. My German colleague shares general consensus that foreign diplomatic representatives will shortly be obliged to leave Riga and

80 For correspondence concerning activities of the Soviet Union in the Balkans and the seizure of Bessarabia, see pp. 444 ff.
81 Dated July 2, 5 p.m., not printed; it advised of the second visit of Andrey Alexandrovich Zhdanov to Tallinn, where his presence caused uneasiness (740.0011 E. W. 1939/4350).
Tallinn. He foresees that Germany may be able to retain a consular office somewhere in the Baltic States perhaps Libau on basis of reciprocity since the Soviet Union is anxious to open an additional office in Germany. This suggests possibility that Department if it exercises pressure and should so desire might be able to retain a Consulate in one of the three States.

In view of the rapidity of events I would be [obliged?] if the Department could formulate general instructions covering future eventualities in Riga and Tallinn with special reference to disposition of staff, archives, codes, ciphers, Government property and leases.

WILEY

124.60N/14 : Telegram

The Secretary of State to the Minister in Latvia (Wiley)

WASHINGTON, July 9, 1940—7 p. m.

86. Your 181, July 5, 3 p. m. Department plans to maintain diplomatic missions in Riga, Tallinn and Kaunas as long as possible and hopes that if it becomes necessary to close missions to be able to keep consulates open. At this juncture of developments the Department cannot indicate which consulate it would retain in case permission is given to maintain only one.

In case of emergency you are authorized to destroy all confidential archives, ciphers and codes. It is hoped, however, that if offices have to be closed that time will be given for the proper packing, for shipment to the United States, of the archives.

Detailed instructions on all matters mentioned by you will be formulated as situation develops and clarifies.

HULL

8601.00/484 : Telegram

The Minister in Estonia (Wiley) to the Secretary of State

TALLINN, July 11, 1940—1 p. m.
[Received July 11—10:30 a. m.]

88. I saw the new Foreign Minister this morning. He said that the elections would take place “with the collaboration of the Communist Party”. I inquired regarding the future status of Estonia. He replied that personally he did not foresee immediate Anschluss with the Soviet Union but could express no opinion with regard to the future.

WILEY

02 Liepāja ; Libava.
01 Nikol Andrenen, in the Cabinet of Dr. Vares formed on June 22, 1940.
The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, July 12, 1940.
[Received July 12—4 p. m.]

150. I have the honor to inform the Department that the new Sejm to be elected on July 14 will most likely ask for immediate inclusion of Lithuania into the Union of Soviet Socialist Republics. Mr. Seja told me confidentially that the Lithuanian Minister for Foreign Affairs had been so informed on his recent visit to Moscow.42 The one list of candidates to be presented to the people includes laborers, farmers, soldiers, dancers, writers, and singers who have expressed radical views. The Minister of Finance resigned a few days ago and the Minister for Foreign Affairs is reported to have tendered his resignation for the second time.

NOREM

860F.00/290: Telegram

The Chargé in Latvia (Washington) to the Secretary of State

RIGA, July 12, 1940—6 p. m.
[Received July 12—5:06 p. m.]

187. Legation’s telegrams 178, July 5, 1 p. m. and 185, July 10, 11 a. m.43 According to press announcements, 16 lists of candidates were submitted to the election commission within the period allowed by law but only five were accepted as corresponding to the requirements of the law. These five, one for each election district, are lists submitted by the Latvian Toilers bloc. An announcement of the commission states that ballots will be considered as invalid if the candidates’ names are crossed out or new names are added.

Election propaganda emphasizes the necessity of everybody voting. The abstainers will be marked by the absence of the notations in their passports to the effect that they have cast ballots. The political directors who have been appointed for the Army tell the soldiers that it is their duty to vote with the workers.

The Toilers bloc has issued a list of slogans including one demanding the strengthening of friendship with the Soviet Union and another calling for “complete democratization of the Army.”

An order of the Minister of the Interior “suggests” that all owners of immovable property procure Soviet flags for adorning their houses on future occasions.

WASHINGTON

42 Vincas Kreve-Mickevičius, Lithuanian Minister for Foreign Affairs since June 17, 1940, had visited Moscow July 1—2.
43 Neither printed.
The Lithuanian Minister (Zadeikis) to the Secretary of State

No. 826

WASHINGTON, July 13, 1940.

Sir: Referring to my note of June 25, 1940 64 I have the honor to advise you further that, according to information available, H. E. Antanas Smetona, the President of Lithuania, before departing for abroad because of ill health, on June 15, 1940 officially requested Mr. Antanas Merkys, the Prime Minister, to substitute [for] him in the duties of the President, in accordance with Article 71 of the Constitution of the Republic of Lithuania.

On June 16, 1940, Mr. Antanas Merkys as Acting President of the Republic was replaced by Mr. Justas Paleckis, the new Prime Minister.

While President Antanas Smetona still remained abroad, Mr. Paleckis' government, which came into existence as a result of the Soviet Union ultimatum of June 14, 1940, dismissed the Seimas (Parliament) as of July 1, 1940 and on July 6 decreed that new elections be held on July 14, 1940, disregarding the fact that the whole of Lithuania is pervaded with numerous divisions of foreign troops, which is another result of the previously mentioned Soviet ultimatum of June 14, 1940.

From the information available, it appears that the scheduled elections will be carried out exclusively under the aegis of the Communist party which was legalized recently for this and other purposes by the Paleckis government.

Grave doubt and concern arises regarding the possibility of free expression of the true will of the Lithuanian nation through the impending elections under such circumstances.

Accept [etc.]

P. Zadeikis

740.0011 European War 1939/4635 : Telegram

The Minister in Latvia (Wiley) to the Secretary of State

RIGA, July 14, 1940—11 a.m.
[Received 2:42 p.m.]

189. The person mentioned in despatch No. 630, January 19, 65 tells me that he has reliable information that the Soviet Government has decided on incorporating the Baltic States and that Molotov has said that the new Lithuanian Parliament will have only one question to decide namely Anschluss. The informant added that Russia would

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64 Not printed.
65 Despatch not printed; the reference is presumably to Henry A. Hobson, Commercial Secretary and Consul in the British Legation in Latvia.
probably initiate matters with Lithuania in order to study the German reaction. 

He also told me that the new Latvian Government has been formed. It is made up of Latvian Communists who are shortly arriving from Russia. He suggested that it would be along the lines of the Terijoki government 67 which was to have been set up in Finland.

WILEY

740.0011 European War 1939/4661: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, July 15, 1940—1 p. m.
[Received 1:15 p.m.]

194. The source mentioned in my 171, July 1, 5 [4] p. m. tells me that the Latvian Government though professing optimism with regard to the future status of Latvia actually has no information whatsoever regarding Moscow’s real plans. He made it clear that he too is uninformed with regard to Soviet policy and added that he was at a loss to explain the tactics of the Red army. For example after its withdrawal from the German-Lithuanian frontier, see my 156, June 25, 1 p.m., 68 paragraph 2, it was again moved back to the frontier. My informant then confirmed that the Red army was hastily digging in along the Lithuanian border and the Dvina.

Though making it significantly apparent that mutual suspicion dominates German-Soviet relations 69 he is apparently sincere in disbelieving current reports of imminent conflict between them. He thought Hitler would not wish to invade Russia but would obtain Lebensraum at the expense of France “by readjusting the population of France and Germany on the basis of a common denominator per square kilometer”. He made the reservation though that no forecast of future events beyond September 1 could be made.

He admitted that there had been big German troop movements eastward since a large number of divisions now superfluous were being demobilized for harvesting but vigorously denied that there was any massing of combat forces in East Prussia.

WILEY

67 The puppet, Communist Soviet government of the “Democratic Republic of Finland”, set up on December 1, 1939, in the town of Terijoki under the nominal leadership of Otto W. Kuusinen.

68 Not printed.

69 For correspondence on wartime cooperation between Germany and the Soviet Union, see pp. 539 ff.
Memorandum by the Assistant Chief of the Division of European Affairs (Henderson) 68

[WASHINGTON,] July 15, 1940.

As you are aware, on one pretext or another the Soviet Government, by demands backed up with threats of force, has during the last six weeks forced the three Baltic countries of Estonia, Latvia, and Lithuania to permit the entrance of Soviet troops aggregating about 500,000 men. Under Soviet pressure the Governments in all three countries have been replaced by governments which are mere Soviet puppets. The President of Lithuania was successful in escaping to Germany; the President of Latvia appears to be a virtual if not an actual prisoner; the President of Estonia is also apparently without any power whatsoever.

Under Soviet pressure elections were ordered in these three countries for yesterday and today. It is clear from reports which reach us that these elections are merely a mockery. Only persons approved by the Soviet Government or the Communist International 71 are permitted to stand as candidates. It appears likely that following these so-called elections it will be arranged for these three republics to be merged into the Soviet Union. Whether these arrangements will be put into effect at once or whether the Soviet Government will be satisfied for some time to come with having the three countries under its actual control, although fictiously independent, remains to be seen.

On Saturday, July 13, shortly after noon, the Latvian Minister 72 presented the attached note 73 to Mr. Atherton 74 after having endeavored unsuccessfully to obtain an appointment with the Secretary or Under Secretary. In this note he points out that in view of the circumstances surrounding the holding of the elections in Latvia he "reserves the right not to recognize the results of the coming elections and the acts emanating therefrom". The Minister also states that in United States banks there are deposits of the Latvian State and of Latvian banks, corporations and private citizens, and that there are a number of Latvian ships in the waters of the western hemisphere. He asks that if attempts are made to alienate these deposits, vessels and

68 Addressed to the Assistant Secretary of State, Adolf A. Berle, Jr., and to the Adviser on Political Relations, James Clement Dunn. A note written by the latter, at the beginning of the memorandum, reads: "I feel funds of all 3 of these countries should be blocked on same basis as those of countries occupied by Germany."
71 The Communist (Third, Red) International, founded by the Bolsheviks at Moscow in March 1919.
72 Alfred Bīmanis.
73 Not printed.
74 Ray Atherton, Acting Chief of the Division of European Affairs.
other Latvian property and interests in the United States, the American Government safeguard and secure the said deposits and property. It is understood that the Lithuanian Minister has also prepared a note which he plans to hand to the Department within the next few days, if he has not already done so, in which he will point out the illegality of the elections in Lithuania. There is no Estonian Minister in this country. The only representative of that government in the United States is the Estonian Consul General in New York.

The recent events in the Baltic States have raised a number of rather important questions. The note of the Latvian Minister merely serves to render these questions more active. Among these questions are the following:

1. Is the Government of the United States to apply certain standards of judgment and conduct to aggression by Germany and Japan which it will not apply to aggression by the Soviet Union. In other words, is the Government of the United States to follow one policy with respect to, say, Czechoslovakia, Denmark, and German-occupied Poland, and another policy with respect to Latvia, Estonia, Lithuania, and Finland, which before the end of the year is likely to suffer the same fate as the other three Baltic States. Is the United States to continue to refuse to recognize the fruits of aggression regardless of who the aggressor may be, or for reasons of expediency to close its eyes to the fact that certain nations are committing aggression upon their neighbors. If our Government at this juncture desires to take no step which might arouse the displeasure of the Soviet Union it would possibly be wise for it to overlook the present Soviet aggressive acts in the Baltic States, as well as similar acts which will probably take place in Finland. On the other hand, our failure to recognize Soviet conquests just now, although not pleasant to the Soviet Government, may possibly place another card in our hands when, if ever, a conference regarding the future of Europe takes place.

2. Does the Government of the United States desire to take steps to restrain the export of funds in this country belonging to the States of Latvia, Estonia and Lithuania, as it has done recently in the case of countries taken over by Germany. If no restriction on the export of these funds is laid down, it seems almost certain that they will pass into the Soviet Treasury. It is impossible at the present time to estimate the full amount. It seems likely that the assets of all three countries in the United States will not amount to much more than 12 or 13 million dollars. In this connection it will be observed that if the three countries in question are absorbed into the Soviet

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75 Povilas Zadeikis.
76 Johannes Kaiv, Acting Consul General, in charge of the Legation of Estonia.
Union, the United States will probably not receive one cent of the several million dollars which the governments of these three countries owe us. Furthermore, American interests in those three countries will probably be a total loss. It is estimated that these interests will not approximate more than two or three hundred thousand dollars, although it is difficult to obtain figures. It will be recalled that the Soviet Government announced some time ago that since the acts of nationalization of that part of Poland which has been annexed to the Soviet Union took place prior to the entry of that territory into the Soviet Union, the Soviet Government could not be held responsible for losses incurred as a result of those acts. It is possible that in the interim before the incorporation of the three Baltic States into the Soviet Union, the new puppet governments of those States might denounce all public indebtedness and nationalize property, and that the Soviet Government, after their entry into the Soviet Union, will take the attitude that it is not responsible for the acts of such puppet governments.

At the suggestion of Mr. Berle, which I conveyed to Mr. Livesey last week, Mr. Livesey has informally asked the Treasury to investigate the holdings of Latvia, Estonia, and Lithuania in this country in American banks and to request the banks in which the holdings are extensive to inform the American Government, before any large withdrawals are permitted. It is probable that during the present week endeavors will be made by the Soviet Government to obtain possession of these funds. It is essential, therefore, that a decision with respect to them be made at once.

3. Are vessels of the Baltic States in American harbors to be permitted to depart freely or are they to be held up like the vessels of a number of countries which have been taken over by Germany. For some time the ability of the Soviet Union to handle its foreign trade has been suffering because of the lack of ships. For the last several months the Soviet Embassy has been endeavoring to arrange for the charter of Latvian bottoms in order to transport material to

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77 For text of the Soviet note of April 26, 1940, see telegram No. 502, May 8, 5 p. m., from the Chargé in the Soviet Union, vol. iii, p. 197; the Department’s reply was sent in telegram No. 276, May 16, 6 p. m., ibid., p. 201.
78 Frederick Livesey, Assistant Adviser on International Economic Affairs.
79 In a note attached at this point, Mr. Henderson wrote: “Mr. Berle states that Treasury has decided to block the accounts of Latvia, Estonia, and Lithuania in this country today July 15, 1940.” For text of Executive Order No. 8484, by which this was accomplished, see 5 Federal Register 2583. The text of regulations of the Treasury Department, also issued on July 15, 1940, is printed ibid., p. 2583. Although the assets of the Baltic States were frozen, disbursements from them were subsequently permitted to the extent necessary to support the continued operation of the Baltic diplomatic missions in the United States and in the several other countries which had likewise not recognized the Soviet occupation of these countries. Title to the assets remained in the name of the free governments of Estonia, Latvia, and Lithuania, since the United States never recognized the legality of the Soviet occupation of the three states.
Vladivostok. Apparently the Soviet plan now is to force the Latvian Government and private owners to permit Soviet organizations to charter Latvian and other Baltic ships and to call these ships into Soviet ports where they are to be nationalized. Some of the Latvian ships are excellent and have a high rating in Lloyds, according to information received from our Legation at Riga. The Latvian Minister states that at the present time a Latvian vessel is in Baltimore taking on cargo for Vladivostok in pursuance of a recent Soviet charter. The Maritime Commission is undoubtedly in a much better position than this Department to decide whether it would be advantageous to the American Government to retain these vessels or to permit them to depart.\footnote{For additional consideration of the subject of the sequestration of the gold and ships of the Baltic States in accordance with the policy of the United States in conferences held with the Ambassador of the Soviet Union by various members of the Department of State, especially by Under Secretary of State Sumner Welles, see the following documents in vol. \textit{iii}: Memorandum of July 27, p. 327; undated memorandum by Loy W. Henderson, p. 331; memorandum of August 1, p. 340; memorandum of August 7, p. 343; memorandum of August 12, p. 362; memorandum of August 15, p. 371; telegram No. 614, October 3, 2 p. m., to the Ambassador in the Soviet Union, p. 383; memorandum of October 31, p. 403; and memorandum of November 27, p. 418. See also telegram No. 1781, December 26, 8 p. m., from the Ambassador in the Soviet Union, \textit{ibid.}, p. 458.}

\[\text{LOY} \text{ W. H[ENDERSON]}\]

840.51 Frozen Credits/313 : Telegram

\textit{The Minister in Lithuania (Norem) to the Secretary of State}

\textbf{KAUNAS, July 17, 1940—9 a. m.}

[Received 9:23 a. m.]

156. I have been confidentially informed that England may follow our example and freeze $5,000,000 in gold deposited in London. The Russian Assistant Commissar for Foreign Affairs Dekanozov hurried on July 16 to Moscow for instructions following the announcement here of the freezing of Baltic credits in the United States.

Local banks did not quote a rate on the dollar at the opening of business this morning.

Copy to Moscow.

\[\text{NOREM}\]

8601.00/437 : Telegram

\textit{The Chargé in Estonia (Leonard) to the Secretary of State}

\textbf{TALLINN, July 17, 1940—11 a. m.}

[Received July 17—8 a. m.]

92. Since there was no opposition as indicated in telegram No. 90 of July 14,\footnote{Not printed.} all the new government's candidates in the 80 Estonian districts were elected to Parliament. According to preliminary off-
cial announcement 81 1/2 percent of all eligible voters cast their ballots of which 98 percent marked them in favor of the respective candidate. Election carried out without untoward incidents.

Very important. I have been confidentially informed from a reliable source that Anschluss is imminent, possibly in a few days, and that the three Baltic States will be joined to the Leningrad districts.

LEONARD

123W944/582: Telegram

The Secretary of State to the Minister in Latvia (Wiley)

[Extract]

WASHINGTON, July 17, 1940—6 p. m.

90. Your 197, July 16, noon. Please proceed to the Department for consultation as soon as possible either across Soviet Union or via Atlantic.

[Here follow travel instructions, not printed.]

Your suggestion as to whether, pending further developments, the offices in Riga and Tallinn should continue to function as Legations or Consulates would be appreciated. Department inclined to believe that if practicable it would be preferable for the moment not to take formal step of closing Legations.

We consider, however, that it would be easier for you as Chief of Mission to avoid the necessity for making any official calls upon the authorities of the new governments set up in consequence of the recent elections if you were in a position to announce that you have been called home for consultation and are leaving for Washington immediately. The diplomatic officers remaining should also avoid making official calls upon the new authorities until authorization is received to do so.

Any steps which might be necessary for the protection of American interests or property should be taken by appropriate officers in their consular capacity. Please instruct Leonard in this sense.

The contents of this telegram, with the exception of your instructions to proceed to Washington for consultation, are confidential.

HULL

860M.00/452: Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, July 19, 1940—10 a. m.

[Received 7:38 p. m.]

158. The election results have been announced as one of 99% variety and indicates a total lack of true democratic expression. Indications

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*Not printed.*

362072—59—26
point to complete absorption into the Soviet Union. The new Seimas is scheduled to meet on Sunday, July 21.\textsuperscript{83}

The Kulturverband is completing its registration of all German-owned property. The actual transfer of some 36,000 of German blood and 400,000 mixed blood, many of whom joined the organization for protection, has been discussed in Berlin and local reports are to the effect that it will be effected within the next 5 weeks.

Former Government leaders Merkys and Urbsys\textsuperscript{84} are reported to be in Moscow as “guests” of the Soviet Government.

The Argentine Consul has shipped his effects and plans to leave for Berlin in a few days.

\textbf{NOREM}

\textit{860P.00/298: Telegram}

\textit{The Minister in Latvia (Wiley) to the Secretary of State}

\textbf{RIGA, July 19, 1940—3 p. m.}

[Received 3:29 p. m.]

207. Yesterday the population was turned out \textit{en masse} to celebrate the “victory” of the Toilers.\textsuperscript{85} The proceedings were most orderly and well-organized with strategically placed groups of cheer leaders. The majority of the placards carried slogans demanding the incorporation of Latvia as the fourteenth Republic of the Union. Following a speech by the Prime Minister attacking the previous regime and praising that of the Soviets, a Communist speaker harangued the crowd, proclaiming the “unanimous demand of the Latvian workers, peasants, and intellectual toilers to incorporate Latvia into the great Fatherland”\textsuperscript{9}. Vyshinski\textsuperscript{86} also spoke calling on Latvians to turn their faces eastward.

The new Parliament is to meet at noon on Sunday. I have been officially invited to attend but shall be indisposed.

A Communist source believed reliable states that the new emphasis on \textit{Anschluss} with the Soviet Union is the result of orders based on a decision reached in Moscow 2 days ago. Previously, local Communists did not believe that \textit{Anschluss} would take place. They attribute this new development to an “international agreement”, meaning, I suppose, Germany.

\textbf{WILEY}

\textsuperscript{83} This body met at noon on July 21 and “decided to petition the Soviet Union for incorporation into the Soviet Union as a republic with full status.” (860M.00/458)

\textsuperscript{84} Jozus Urbsys, former Lithuanian Minister for Foreign Affairs.

\textsuperscript{85} Name of the political bloc which had put up the unopposed list of candidates in the election.

\textsuperscript{86} Andrey Yanuaryevich Vyshinsky, in Latvia on special mission.
SOVIET RELATIONS WITH OTHER POWERS

840.51 Frozen Credits/326: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

Riga, July 19, 1940—6 p.m.
[Received July 19—3:33 p.m.]

209. Numerous inquiries have been made of this office regarding the operation of the freezing of Latvian assets in the United States. Because no pouches have been received for many weeks this office has no copies of laws, executive orders, and regulations which have been applied to the other countries whose assets have been frozen. It would be helpful for the Legation to have the answers to the following questions: (1) does the order apply to credit balances held by American commercial firms, as distinct from American banks, in favor of Latvian businessmen and companies; (2) do personal bank accounts in the United States become unfrozen as soon as the depositor crosses the frontier into a country whose assets are not frozen, as, for example, after my departure from Latvia; (3) is it possible for unfrozen credits on behalf of Latvian banks to be created in the United States with the proceeds of such transactions as the purchase of the Legation’s official drafts?

WILEY

840.51 Frozen Credits/339: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 20, 1940—9 p.m.
[Received 9:30 p.m.]

885. I was requested by Assistant Commissar Lozovsky* to call at the Commissariat for Foreign Affairs this evening. Upon my arrival he stated that he had been directed to lodge a strong protest against the withholding from the Soviet State Bank by American banks of gold acquired by it from Estonian, Latvian and Lithuanian banks. He then handed to me the following memorandum stating that an early reply is desired and commenting that the American action is illegal and serious. I stated that I would bring the memorandum of protest to the attention of my Government and advise him promptly of such reply as I might be instructed to make to it. With respect to his comment on the illegality of our acts I stated that while there is room for differences of opinion regarding such matters I could not accept his employment of the term “illegal” as my Government does not engage in illegal activities:


* Solomon Abramovich Lozovsky, an Assistant People’s Commissar for Foreign Affairs of the Soviet Union.
Bank, New York, a bank which has permitted an arbitrary suspension of the transfer of gold belonging to the Soviet state to the State Bank of the U. S. S. R.

The above-mentioned gold was acquired by State Bank of the U. S. S. R. from the Lithuanian, Latvian and Estonian banks on the basis of sale purchase agreements and was subject to transfer to the deposit of the State Bank of the U. S. S. R. by virtue of telegraphic orders of July 13, 1940 of the Lithuanian, Latvian and Estonian banks, orders which are unconditionally binding upon the Federal Reserve Bank. Nevertheless, instead of immediately fulfilling the above-mentioned instructions of the banks of Lithuania, Latvia and Estonia the Federal Reserve Bank after a completely unjustified delay of 3 days informed the State Bank of the U. S. S. R. by a telegram of July 16, 1940 that it was soliciting the permission of the Federal Treasury of the United States for transfer of the gold to the State Bank of the U. S. S. R. Along with this the Federal Reserve Bank referred to ‘Executive Order No. 8484 of July 15, 1940’ which prohibits operations involving property in which Latvia, Lithuania or Estonia or citizens of those countries, have an interest, from being conducted without permission.

No further communication concerning a change in the situation which has arisen of suspension of the transfer of the gold to the account of the State Bank of the U. S. S. R. have arrived from the Federal Reserve Bank up to the present time.

The Soviet Government considers the actions of the American institutions to be directed against the Soviet Union’s realization of its legal property rights to the said gold as undermining the foundations of normal commercial relations and as contrary to the elementary principles of international law.

The Soviet Government in particular notes that:

1. The Federal Reserve Bank had no legal bases whatsoever for suspending the execution of the operations of transferring the gold to the State Bank of the U. S. S. R., operations with which the Bank was already commissioned on July 13, 1940 by the Banks of Lithuania, Latvia and Estonia. The references of the Federal Reserve Bank to the ‘Executive Order No. 8484 of July 15, 1940’ as a basis for non-fulfillment during the course of July 18th, 14th and 15th of the said instructions are absolutely unconvincing inasmuch as these instructions had already been received prior to the issue of the order.

2. With regard to the contents of ‘Executive Order No. 8484,’ contents cited in the communication of the Federal Reserve Bank, it is necessary to point out that neither this nor any other order can limit the rights of the U. S. S. R. to the receipt of the property which it has purchased or to the disposal of this property as property of a sovereign state which possesses immunity by virtue of its sovereignty.

On the basis of the foregoing the Soviet Government makes to the Government of the United States of America a determined protest against the violation by the aforesaid institutions of the United States of America of the interests of the Soviet Union and of the latter’s legal right to the gold purchased from the banks of Lithuania, Latvia, and Estonia for an appropriate equivalent.

The Soviet Government expects an immediate transfer of the gold which it has purchased from the Banks of Lithuania, Latvia and
Estonia to the State Bank of the U. S. S. R. and charges the Government of the United States of America with all responsibility for the losses inflicted upon the U. S. S. R. by the actions of the American institution."

THURSTON

840.51 Frozen Credits/340: Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, July 21, 1940—9 a.m. [Received 12:10 p.m.]

164. I have the honor to report that in answer to an urgent request made at 10:30 p.m. last evening by the provisional Foreign Minister, I called upon him [her] to receive the formal protest against the freezing of credits. Miss Aveten Aite after declining interpreter and, after translating the letter (full translation follows in gray 88), added very quietly: "Please disregard all of our protests. We do not act independently any more. We appreciate what Washington is doing more than we dare tell. People are listening and I cannot say any more." I concluded that she had expressed the exact sentiments of all who count for the good of Lithuania and for the other two Baltic countries as well. While the Lithuanians would prefer to have their investments held safe until better times return, the Bolsheviks apparently are much annoyed and a trifle perplexed. They desire so earnestly to make the whole business of the transfer seem spontaneous on the part of these poor people. The freezing decree may possibly affect their instructions to the Seimas meeting today. . . . called informally also and explained that "advisers" in the Foreign Office could not understand our inability to accept the invitation to attend today's meeting of the Seimas. He himself expressed deep appreciation of our Government's understanding and treatment of the whole procedure. He added that the powers that be are considering the continuance of the three small countries as protectorates in order to better solve outstanding problems. Soviet control and direction is now almost complete. The text of the note presented is as follows:

The Lithuanian Government was greatly surprised when it learned that on July 15th, 1940 the Government of the United States of America issued an order No. 8484 by which all operations pertaining to the property of the Lithuanian State and citizens are prohibited without a permit.

On the basis of this order the Federal Reserve Bank of New York has up to this time not acted upon the request of the Lithuanian Bank of July 13th, 1940, to transfer to the account of the State Bank of the Soviet Union the gold which the Lithuanian Bank purchased from that Bank.

88 Code designation.
In depositing its capital with an American bank the Lithuanian Government showed confidence in the credit institutions of the United States of America. The Executive Order of the Government of July 15th, 1940 greatly injures Lithuania’s rights and interests and likewise causes great losses to the Lithuanian Bank.

The Lithuanian Government is forced to express its categorical protest against this illegal and baseless order of the Government of the United States of America which limits its rights to property which as property of a sovereign state enjoys immunity.

All responsibility for losses which may accrue to Lithuanian interests in connection with Executive Order No. 8484 of July 15th, 1940 will fall upon the Government of the United States of America.

The Lithuanian Government express, however, a strong conviction that the United States Government will annul the order of July 15th and assure that the gold which the Lithuanian Bank sold for an appropriate equivalent to the State Bank of the Soviet Union will be transferred to the latter.

NOREM

840.51 Frozen Credits/336: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 21, 1940—10 a.m.
[Received July 21—9:50 a.m.]

96. Last midnight I called at the Estonian Foreign Office at the request of the Minister for Foreign Affairs Andresen when he informed me orally that his Government had been greatly embarrassed by the order of the President of the United States on July 15 freezing the gold deposits held by Estonia in the United States, which gold holdings had been purchased from the Estonian Central bank by the Gosbank \(^{50}\) of the Soviet Union, and in forbidding transactions without appropriate license in which the Republic of Estonia and its citizens were interested. The Foreign Minister then stated that his Government had decided to make a categorical protest against this Executive order, indicated as number 8485 \([3444]\) of July 15 last, and he asked me to convey this protest as soon as possible to my Government, and it was added that the Government of Estonia placed the entire responsibility for losses thereby incurred to the interests of Estonia upon the Government of the United States and that the Estonian Government was convinced that the United States Government would immediately take steps to cancel or modify the order so that the transfer of the gold to the Gosbank would be ensured and the interests of Estonia in that respect are admissible.

After conveying the above orally to me the Foreign Minister handed me a note written in the Estonian language, a translation

\(^{50}\) State Bank.
of which confirms the above and also states that in making the categorical protests against “an unlawful arrangement” it points out that this “arrangement” restricts the rights and assets of the sovereign state of Estonia. Further, that in placing its assets in American banks, the Government of Estonia did so in full confidence in American credit institutions and that Estonia considers that execution of the order of July 15 aforementioned grossly violates Estonian rights and interests and causes great loss to its central bank.

LEONARD

860I.00/443: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 21, 1940—5 p. m.
[Received July 21—4:17 p. m.]

97. The new Estonian Parliament convened today at noon and after election of officers decided to place on the agenda the following subjects: (1) Sovietization of Estonia; (2) Anschluss with the U.S.S.R.; (3) nationalization of land in Estonia; and (4) nationalization of large industries and banks.

The above points have not yet been placed before Parliament, but will be taken up at tonight’s session or tomorrow.\(^{20}\)

The most prevailing opinion which I learned upon visiting Parliament today is that Estonia will be incorporated as a so-called Soviet Republic.

LEONARD

860P.00/303: Telegram

The Minister in Latvia (Wiley) to the Secretary of State

RIGA, July 23, 1940—10 a. m.
[Received July 23—7:28 a. m.]

217. Saeima yesterday nationalized banks, transportation, large industrial and commercial enterprises and limited private utilization of land to maximum of 30 hectares. No compulsory collectivization. The lat remains as currency. It was said that if changed in the future the full equivalent would be paid.

WILEY

\(^{20}\) The Chargé in Estonia advised in his telegram No. 99, July 22, 5 p. m., that the Estonian Parliament had accepted a resolution for incorporation into the Soviet Union at 2:15 p. m., of that day, but that the third and fourth points mentioned in his telegram No. 97, July 21, 5 p.m., had not yet been acted upon (860I.00/445).
The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 23, 1940—11 a.m.
[Received 11:25 a.m.]

100. The text of the declaration of entry of the Estonian Soviet Socialist Republic into the Union with the U. S. S. R. was read to Parliament by the Foreign Minister and passed 2:11 p.m. yesterday. The text as reported in today's press follows:

"To request that the Supreme Soviet of the U. S. S. R. receive the Estonian Soviet Socialist Republic as a union republic into membership with the U. S. S. R. on the same basis with the U. S. S. R. as the Ukrainian Soviet Socialist Republic, the White Russian Soviet Socialist Republic, and other union republics.

Long live Soviet Estonia.
Long live the U. S. S. R."

Leonard

The Acting Consul General of Estonia in Charge of Legation (Kaiv)
to the Secretary of State

NEW YORK, July 23, 1940.
[Received July 24.]

SIR: As stated in my Note verbale dated July 17th, 1940,1 Estonia has been invaded by the troops of the Union of Soviet Socialist Republics, and my country is at present under military occupation. Grossly violating the rules of International Law and existing treaties, the aggressor has been endeavoring, nevertheless, to camouflage its acts by the cover of apparent legality. But the fact of invasion persists, as persists the fact of occupation by armed forces.

In such a state it is impossible for the Estonian people to exercise its free will as regards the Government of the country, and it is evident at the same time that it has been made impossible for the Estonian institutions to function in accordance with the Constitution and Law for the benefit of the Estonian people.

Under pressure and threats by the aggressor’s authorities the newly-established puppet Government has had to act as dictated from Moscow.

The so-called elections of the Estonian Chamber of Deputies were conducted by this Government on the 14th and 15th instant.

As shows the latest information, no means were left to the Estonian people to express its will at these elections. It is anything else, but not elections in the sense of the Estonian Constitution. It has been a most cynical usurpation of the free will of the people.

1 Not printed.
According to the press news, this newly-elected Chamber of Deputies has voted for joining the U. S. S. R. as one of the Soviet Republics. As I had no official confirmation of these reports, I cabled yesterday to the Ministry of Foreign Affairs in Tallinn asking for information. Last night I received a cabled reply of which a translation is enclosed herewith.\(^{22}\)

On this occasion I would point out that according to the Estonian Constitution Estonia is an independent and sovereign Republic wherein the supreme power of the State is held by the people (Art. 1). Consequently the union with any other country can be decided only in the way set for the amendment of the Constitution, as foreseen in Chapter XIV of the Constitution. That has not been the case.

Being appointed by the former constitutional Government as senior Representative in this country, I regard the above-mentioned elections as nul and void, as well as all acts passed by this unconstitutionally elected Chamber of Deputies, in particular the decision about the union with the U. S. S. R.

For the reasons stated above as well as in my Note verbale of the 17th instant, I have the honor to request through you, Mr. Secretary, the United States Government 1) to withhold recognition of the union of Estonia with the Union of Soviet Socialist Republics, and 2) to allow me to continue my duties in the United States as Acting Consul General in charge of Legation duly appointed by the constitutional Government of Estonia.

Accept [etc.]

J. Kaiv

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**Press Release Issued by the Department of State on July 23, 1940**\(^{23}\)

**Statement by the Acting Secretary of State**

During these past few days the devious processes whereunder the political independence and territorial integrity of the three small Baltic Republics—Estonia, Latvia, and Lithuania—were to be deliberately annihilated by one of their more powerful neighbors, have been rapidly drawing to their conclusion.

From the day when the peoples of these Republics first gained their independent and democratic form of government the people of the United States have watched their admirable progress in self-government with deep and sympathetic interest.

The policy of this Government is universally known. The people of the United States are opposed to predatory activities no matter whether they are carried on by the use of force or by the threat of force.

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\(^{22}\) Not printed.

They are likewise opposed to any form of intervention on the part of one State, however powerful, in the domestic concerns of any other sovereign state, however weak.

These principles constitute the very foundations upon which the existing relationship between the 21 sovereign republics of the New World rests.

The United States will continue to stand by these principles, because of the conviction of the American people that unless the doctrine in which these principles are inherent once again governs the relations between nations, the rule of reason, of justice, and of law—in other words, the basis of modern civilization itself—cannot be preserved.

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8601.00/419: Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 24, 1940—9 a. m.
[Received 12:10 p. m.]

101. Nationalization as indicated in points 3 and 4 of my telegram No. 97 passed in Parliament's session last night, thereby completing its work.

With reference to information in last paragraph of my telegram No. 98, it is now confirmed. The entire Government resigned last night, but vote of confidence given it and requested to remain until a new government is formed under the new constitution of Soviet Estonia, which constitution is being prepared by an Estonian Commission.

A delegation of 21 headed by Prime Minister Vares and including Foreign Minister Andresen will proceed to Moscow, date not announced, in connection with Parliament's resolution as indicated in my telegram No. 100.

A reliable source but officially unconfirmed states that Soviet Council in Moscow will meet August 1st to consider entry of Baltic States into the Union of the Soviet Socialist Republics.

Leonard

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760N.00/228: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 24, 1940—2 p. m.
[Received July 24—1:06 p. m.]

897. Pravda today publishes without comment a Tass despatch quoting a Berlin radio communiqué to the effect that Berlin political

*July 22, 9 a. m., not printed; in this telegram the Chargé reported that President Päts had laid down his office the previous evening in favor of Prime Minister Vares (8601.00/444).

*Supreme Council of the Soviet Union.
circles declare that the entrance of the three Baltic countries into the
Soviet Union does not infringe upon Germany’s interests and that
Italian political circles state that these events are taking place in a
region in which Italy is not interested.
Repeated to Berlin.

THURSTON

8661.001/21 : Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 24, 1940—3 p. m.
[Received 6:03 p. m.]

102. The President of Estonia who was forced to give up his high
office last Sunday night, the 21st, has appealed to me personally by
sending his son to the Legation asking whether the President of the
United States could assist him and his family, namely, one son, Viktor,
with wife and two minor children and a second son, Leo, six in all,
in giving them protection immediately and helping them eventually
to proceed to the United States. Permission to leave Estonia now
being denied to every Estonian and passports for foreign travel hav-
ing been invalidated and visas would have to be given consideration
on the basis of expired passports or other documents.

The former President and his family in common with many Est-
Onians live in constant fear of imprisonment or a worse fate. They
ask for whatever protection the United States Government through
this Legation may be able to give. The Department’s instructions as
to any action which may rightly be taken and which I could person-
ally convey to the President would be appreciated.

LEONARD

124.601/26 : Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, July 24, 1940—5 p. m.
[Received July 24—4:40 p. m.]

103. In visiting the Foreign Office today I was told informally that
its functions would probably cease about August 1 next and that the
Legations would then be required to close and their personnel to leave
shortly thereafter, probably within a month or possibly in a fortnight.

In talking with several of my colleagues they inform me that they
hope to continue consular functions at least for a few months to give
time to close their affairs. I believe it would be advisable to take such
steps as the Department might deem expedient to continue our con-
sular functions at least until there has been ample time to protect
American citizens and interests and to close our affairs. Packing and shipping facilities are very slow and limited and it will be difficult to sell anything.

LEONARD

860M.00/467: Telegram

The Minister in Lithuania (Norem) to the Secretary of State

KAUNAS, July 25, 1940—11 a.m. [Received July 25—9:45 a.m.]

170. During interim period while awaiting word of acceptance into the U.S.S.R. expected August 1st, the Sovietization process is being intensified. Gestapo, police and workers' militia are active. Yesterday all jewelry stores were relieved of their valuable gold and silver stocks and precious stones. Estate owners, former leaders and wealthy people are receiving attention. Arrests are being made consistently [constantly] and so silently, usually under cover of night, that a veritable pall has descended over the country. The deposits of all Americans have been frozen as an answer to our action. It is difficult for local people to obtain visas or other attention since much confusion obtains from the state of disintegration and division of authority.

NOREM

740.0011 European War 1939/4831: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 25, 1940—noon. [Received 3:45 p.m.]

902. The British Military Attaché formerly assigned to Riga and now en route to London via the Soviet Union states that Soviet troops are believed to be distributed in the Baltic States as follows: Estonia: 150,000 men, 400 planes, and 500 tanks including 6 infantry divisions; Latvia: 200,000 men, 1000 tanks, 500 planes, including 12 divisions and 5 tank brigades; Lithuania: 200,000, including 1000 tanks, 500 planes including 6 divisions, 1 cavalry corps and 6 tank brigades. The Air Corps includes 4 bomber and 4 pursuit regiments.

Major Yeaton* has been advised by his British colleague that the War Office at London has informed the British Embassy in Moscow

*With his despatch No. 894 (Diplomatic), September 1, the Chargé in Lithuania sent copies of the official Vyriausybės Žinios, No. 719, July 22, 1940, printed in gold-colored ink, which contained the Lithuanian texts of the declaration establishing the Soviet system in Lithuania (July 21, 1940), and of the request of the new Lithuanian Soviet Socialist Republic for admission into the Union of Soviet Socialist Republics (July 21, 1940). (860M.00/467)

**Maj. Ivan D. Yeaton, American Military Attaché in the Soviet Union.
that the Germans are moving about 40 divisions into East Prussia and Poland.

Please inform the War Department.

THURSTON

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860T.001/21 : Telegram

The Acting Secretary of State to the Chargé in Estonia (Leonard)

WASHINGTON, July 25, 1940—8 p. m.

26. Your 102, July 24, 3 p. m. You are authorized to issue the President of Estonia and his family diplomatic visas on presentation of valid passports or appropriate affidavits.

You may, in your discretion, informally advise the Estonian authorities that you are authorized to issue these diplomatic visas and that you have been instructed by your Government to express the hope that whatever facilities may be necessary to enable the President and his family to proceed to the United States will be accorded them.

WELLES

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860P.00/310 : Telegram

The Chargé in Latvia (Washington) to the Secretary of State

RIGA, July 26, 1940—8 p. m.

[Received July 26—7:44 p. m.]

235. Your No. 99, July 23 [22], 5 p. m. The following is a summary of the first day's session of the Latvian Saeima.

A resolution states that as an expression of the will of the entire working class of free Latvia a Soviet regime is inaugurated. Authority henceforth rests in the working population of the towns and countryside and it shall be expressed through the Soviet of workers' deputies.

A resolution regarding the incorporation of Latvia into the Soviet Union states that only in the U.S.S.R. will Latvia be able to “heal the wounds received during the long years of slavery” and that only with the aid of the U.S.S.R. can Latvia develop its culture and insure freedom to its workers.

A declaration states that under the former reactionary regime unemployment and hunger were the lot of the Latvian workers whose interests were sacrificed for the benefit of the capitalists and large landowners who ruled the country; the foreign policy was dangerous for the people especially in its hostility toward the Soviet Union. The people have overthrown that Government and the recent elec-

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22 Not printed; it requested brief summaries by telegram of the “most important resolutions and proclamations having to do with the annexation of Latvia and with nationalization of property.” (860P.00/302)
tions were the triumph of the working classes. In solving the question of the political regime "we turn our eyes toward the great example set by the friendly peoples of the Soviet Union. Every worker in the U.S.S.R. is guaranteed the right to work, to rest, to education and to material support in his old age." The declaration continues with such eulogies of the Soviet system.

A declaration concerning the incorporation of Latvia into Soviet Union after accusing the former Government of oppressing the peasants, squandering the country's wealth, increasing its indebtedness and making the country dependent on foreign capitalists and bankers, accuses it of failure to fulfill the mutual aid pact of October 5, 1939 with the U.S.S.R. and states that a firm and stable union between Latvia and the U.S.S.R. must be legally established.

A telegram to Stalin starts with eulogistic greetings and continues that the Saeima, expressing the will of the people, has unanimously established the Latvian Socialist Republic. Another telegram to Molotov is in the same vein.

WASHINGTON

861.01/2198: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 4, 1940.  
[Received August 4—10: 43 a.m.]

957. The Supreme Soviet yesterday passed a law stating that it had resolved "to satisfy the request of the Seim of Lithuania and to admit the Lithuanian Soviet Socialist Republic into the Union of Soviet Socialist Republics as a constituent Soviet Socialist Republic possessing equal rights".

Action with respect to Estonia and Latvia presumably will be taken at meetings next week.99

THURSTON

860P.00/327
The Latvian Minister (Bilmanis) to the Secretary of State 1

No. 701/502

WASHINGTON, August 5, 1940.

Sir: With reference to my Notes dated July 13th, 18th and 23rd,2 and in view of the fact that the Supreme Soviet of the Union of Soviet

99 The Chargé in the Soviet Union informed the Department in telegram No. 972, August 6 (861.01/2199), and in telegram No. 980, August 7 (860.01/73), that the Supreme Council of the Soviet Union had similarly resolved to admit Latvia into the Soviet Union on August 6, and Estonia on August 7.

2 Similar notes were presented to the Department by the Lithuanian Minister, Povillas Zadeikis, on August 3, and by the Acting Consul General of Estonia in New York, in charge of the Estonian Legation, Johannes Kaiv, on August 6. The receipt of all three notes was acknowledged on August 10 by the Counselor of the Department, R. Walton Moore.

3 None printed.
Socialist Republics has proclaimed the incorporation of the Republic of Latvia into the Soviet Union, I have the honor to inform you that I consider this act to be an outrageous infringement of international law, practice and morals and that I protest against this violation of Latvia's integrity.

Although the U. S. S. R. has attempted to give a semblance of legality to the proceedings, a glance at the Constitution of Latvia shows that this "legality" is nothing but a flimsy veil to cover the annihilation of the independence of a weaker country by brutal force. Article One of the Constitution of Latvia states that

"1. Latvia is an independent democratic republic."

Articles Seventy-six and Seventy-seven of the Constitution further state that

"76. Saeima [Parliament] may amend the Constitution in sessions in which at least two-thirds of the members of Saeima participate. Amendments shall be adopted in three readings by a majority of not less than two-thirds of the votes of the deputies present."

"77. Should the Saeima amend Articles One, Two, Three or Six of the Constitution, such amendments to attain legal force shall be referred to a national referendum."

It is well known that no referendum was carried out in Latvia and that even the Saeima elections were illegal, only one party being permitted to run. Moreover, no referendum could have been carried out in the presence of the huge military forces of the Soviet Union occupying Latvia. Thus the action of the U. S. S. R. and of the Latvian puppet Saeima in incorporating the Republic of Latvia into the Soviet Union does not have the slightest constitutional legality.

In view of the above and as the duly accredited envoy and representative of the constitutional Government of Latvia to the United States of America, I have the honor respectfully to beg the United States Government to refuse to recognize this predatory act of the U. S. S. R. whereby the Republic of Latvia has been robbed of its independence.

Accept [etc.]

Dr. Alfred Bilmantis

860P.01/89: Telegram

The Chargé in Latvia (Washington) to the Secretary of State

Riga, August 6, 1940—1 p.m.
[Received 1:13 p.m.]

254. Latvia has greeted the first day of its incorporation into Soviet Russia with no evidences of spontaneous enthusiasm. Manifestation is scheduled for 6 p.m., today however and members of trade unions

8 Brackets appear in the original note.
and all other organizations have been told they must attend. Soviet flags have already been hung before most houses in Riga and the shop windows are being decorated with displays of which Stalin’s picture generally forms the center.

The Latvian Credit Bank has been merged with the Bank of Latvia but the Government has denied rumors that the Bank of Latvia will become a branch of the Soviet State Bank.

The Foreign Office has informed me today that to enter Latvia visas must still be obtained from Latvian Legations abroad.

All Latvian ships on the high seas have been ordered to proceed immediately to Murmansk or Vladivostok.

WASHINGTON

840.51 Frozen Credits/326: Telegram

The Acting Secretary of State to the Chargé in Latvia (Packer)

WASHINGTON, August 7, 1940—5 p. m.

118. Your 209, July 19, 6 p. m. Treasury furnishes the following reply:

“You are advised that the following transactions involving property in which Latvia, or any national thereof, has at any time on or since July 10, 1940, had any interest, direct or indirect, may be effected only pursuant to a license issued pursuant to Executive Order No. 8389, as amended, and Regulations issued pursuant thereto: (a) all transfers of credit between any banking institutions within the United States; and all transfers of credit between any banking institution within the United States and any banking institution outside the United States; (b) all payments by or to any banking institution within the United States; (c) all transactions in foreign exchange by any person within the United States; (d) the export or withdrawal from the United States, or the earmarking of gold or silver coin or bullion or currency by any person within the United States; (e) all transfers, withdrawals or exportations of, or dealings in, any evidences of indebtedness or evidences of ownership of property by any person within the United States; and (f) any transaction for the purpose or which has the effect of evading or avoiding the foregoing prohibitions. Applications for a license to effect any of the transactions above referred to may be made to the Federal Reserve Bank of New York by any party to such transaction, whether or not in the United States.

Within the meaning of the Executive Order the term ‘Latvia’ includes the State and Government of Latvia on July 10, 1940, political subdivisions, agencies and instrumentalities and persons acting for the benefit or on behalf thereof, and any and all other governments (including political subdivisions, etc.) to the extent and only to the extent that such governments exercise or claim to exercise de jure or de facto sovereignty over the area which on July 10, 1940, constituted Latvia.

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The term 'national' of Latvia includes any person who has been domiciled in, or a subject, citizen or resident of Latvia at any time on or since July 10, 1940, but does not include any individual domiciled and residing in the United States on July 10, 1940, and also includes any partnership or other organization, including any corporation organized under the laws of, or which on July 10, 1940, had its principal place of business in Latvia, or which on or after such dates has been controlled by, or a substantial part of the stock or other securities of which has been owned or controlled by, directly or indirectly, one or more 'nationals' of Latvia.

Your questions are answered as follows: (1) Yes. The term 'banking institution' includes any individual or corporation holding credits for others as a direct or incidental part of his business. (2) No. Accounts subject to the provisions of law above referred to do not become 'unfrozen' by reason of subsequent changes of residence or domicile by the persons in whose names such accounts are held. (3) The Treasury Department has licensed the American Express Company to accept and receive payment on drafts drawn on the Secretary of State by United States Foreign Service Officers. The American Express Company's correspondent in Riga, Latvia, the Latvijas Banka, will cash all such drafts.

Treasury has issued license to American Express Company permitting it to:

(1) Receive from Latvijas Banka, Riga, drafts drawn on the Secretary of State by Foreign Service Officers and hereafter acquired by Latvijas Banka directly from such Foreign Service Officers.
(2) Present such drafts for payment and receive payment thereof.
(3) Establish and maintain a free dollar account for Latvijas Banka to which account the proceeds of the collections of such drafts shall be credited and
(4) Make payments out of such account on the order of Latvijas Banka of the proceeds of the collections of such drafts.

Welles

701.60P11/75: Telegram

The Chargé in Latvia (Packer) to the Secretary of State

Riga, August 9, 1940—6 p.m.
[Received August 9—4:30 p.m.]

265. Have just received a note addressed to me as Chargé d'Affaires ad interim and [apparent omission] today from the Ministry of Foreign Affairs signed by Sablonski [Jablonskis] (Vice Minister) requesting me to inform my Government of the tenor of the note in which the following is brought to my notice:

The Soviet Socialist Republic of Latvia having become since August 5 a part of the Union of Soviet Socialist Republics, Latvian Government having decided that after August 6th the Latvian diplomatic and consular representations should cease their functions, Latvia will
hereafter be represented abroad by the organs of the People’s Commissariat for Foreign Affairs of the U. S. S. R. The representatives of Latvia abroad have consequently been directed to deliver to the respective representatives of the U. S. S. R. their archives, their possessions and their [real property].

Moscow informed.

Packer

840.6 Frozen Credits/339 : Telegram

The Acting Secretary of State to the Chargé in the Soviet Union
(Thurston)

WASHINGTON, August 9, 1940—6 p. m.


Section 1. The reply to the Soviet memorandum handed you by Lozovsky is set forth in the memorandum comprising section 2 of this telegram. Section 3 contains the text of a first person note which is to be presented simultaneously with the memorandum.

Please examine both documents carefully in order to make sure that no statements contained in them are contrary to facts of which the Embassy may have special knowledge. If in your opinion certain alterations are advisable you should request authority to make them.

It is suggested that you request an appointment on Monday, if possible, to present these documents in person to the Commissar or Assistant Commissar for Foreign Affairs and that you inform the Department in advance of the day and hour of the interview so that it may furnish copies to the Soviet Embassy immediately thereafter.

Section 2. The Government of the United States of America has given careful consideration to the memorandum handed to the American Chargé d’Affaires at Moscow on July 20, 1940, in which the Soviet Government protested because the Federal Reserve Bank of New York had not transferred to the account of the State Bank of the U. S. S. R. certain gold held in the Federal Reserve Bank of New York belonging to the Banks of Lithuania, Latvia, and Estonia.

The memorandum states in part that the gold in question “was acquired by the State Bank of the U. S. S. R. from the Lithuanian, Latvian, and Estonian Banks on the basis of sale purchase agreements and was subject to transfer to the deposit of the State Bank of the U. S. S. R. by virtue of telegraphic orders of July 13, 1940, of the Lithuanian, Latvian, and Estonian Banks, orders which are unconditionally binding upon the Federal Reserve Bank”.

The Chargé in the Soviet Union reported in his telegram No. 1006, August 12, 3 p. m., that he had handed the memorandum and the first person note to Assistant People’s Commissar Lozovsky at noon on that day, without discussion (840.51-Frozen Credits/446).
Under the Gold Reserve Act of 1934 and regulations published pursuant thereto which have been in effect since January 31, 1934, gold in any form in the United States may be acquired and held, imported, exported, earmarked or held in custody for foreign or domestic account only to the extent permitted by and subject to the conditions prescribed in regulations which the Secretary of the Treasury of the United States is authorized to issue. Under regulations issued in January 1934 pursuant to such Gold Reserve Act, transfers of the character referred to in the memorandum of the U. S. S. R. may be made only if specifically licensed by the Secretary of the Treasury.

The nature of the United States Government control over gold situated in this country has been known or should have been known to the banks of Lithuania, Latvia, Estonia and U. S. S. R. The agreements pursuant to which the gold is held by the Federal Reserve Bank of New York provide that such gold is to be held “within the authority of, and subject to the terms of” the gold license issued to the Federal Reserve Bank by the Secretary of the Treasury. Under the terms of such gold license the Federal Reserve Bank is required, before it may make transfers of the type here in question, to obtain a specific license from the Secretary of the Treasury. Accordingly, the Federal Reserve Bank of New York had no authority to make the transfers of gold which were requested of it until it first received a license from the Treasury Department. In recent months the Federal Reserve Bank of New York has effected transfers of gold between accounts of the Bank for International Settlements and accounts of the Banks of Latvia and Lithuania. The exchange of telegrams between the Federal Reserve Bank and the Banks of Latvia and Lithuania in connection with such transactions must have made it entirely clear to such banks that transfers of gold are made by the Federal Reserve Bank of New York only pursuant to a license issued by the Secretary of the Treasury.

No agreement for the transfer of gold situated in this country, regardless of who may be the parties thereto, may be considered as “unconditionally binding” on the Federal Reserve Bank of New York in cases where no license for the transfer has been issued by the Secretary of the Treasury. The alleged sale, therefore, by the Banks of Lithuania, Latvia, and Estonia of gold held in the Federal Reserve Bank of New York to the State Bank of the U. S. S. R. was without binding force and effect in this country since no license authorizing the transfer of such gold has been issued by the Secretary of the Treasury. Title to the gold situated in this country cannot be considered to have passed by virtue of any arrangement made outside the country unless the transfer is authorized by a license issued by the Secretary of the Treasury of the United States.

* Approved January 30, 1934; 48 Stat. 337.
The memorandum of the U. S. S. R. states that there was a "completely unjustified delay of three days" in the application by the Federal Reserve Bank for authority to transfer the gold to the State Bank of the U. S. S. R. The Government of the United States cannot agree with such a statement. On July 13 the Federal Reserve Bank of New York received a telegram dated July 12 from the Lithuanian Bank requesting the transfer of certain gold to the State Bank of the U. S. S. R., and also stating "You will receive instructions from beneficiary", meaning the State Bank of the U. S. S. R. On July 13, the Bank of Lithuania sent a further telegram to the Federal Reserve Bank of New York amending its telegram of July 12 and, on the same day, the Bank of Latvia sent a telegram to the Federal Reserve Bank of New York instructing that certain gold be transferred to the State Bank of the U. S. S. R. July 13 was a Saturday and the Federal Reserve Bank of New York is not open for business between noon on Saturday and the following Monday morning. The telegrams of July 13 were not received at the Federal Reserve Bank of New York until long after the close of business on Saturday, July 13, and too late for any action to be taken in connection therewith until Monday July 15. On July 15, the Federal Reserve Bank of New York also received for the first time telegraphic instructions dated July 13 and July 15 from the State Bank of the U. S. S. R. relative to such gold transfers. On the same day, namely July 15, the Federal Reserve Bank of New York applied to the Treasury Department for a license, pursuant to the Gold Regulations which had been in effect since 1934, to transfer the gold referred to in the telegrams from the Banks of Latvia, Lithuania, and the U. S. S. R. On the following day, July 16, the State Bank of the U. S. S. R. was advised by the Federal Reserve Bank of New York that application for such license had been made. There was, accordingly, no delay whatever on the part of the Federal Reserve Bank in dealing with this matter.

In this connection it should be pointed out that the Federal Reserve Bank of New York has not as yet received instructions from the Bank for International Settlements to transfer gold which it holds under earmark for the Bank for International Settlements and which apparently belongs to the Bank of Estonia. On July 18, the Estonian Bank advised the Federal Reserve Bank of New York that it had previously given instructions to the Bank for International Settlements concerning such transfer and asked the Federal Reserve Bank of New York to assist in obtaining the necessary license for the transfer. The Bank for International Settlements has never issued any instructions to the Federal Reserve Bank of New York to make such transfer. In view of the agreement between the Federal Reserve Bank and the Bank for International Settlements, pursuant to which such
gold is held, the Federal Reserve Bank of New York is not in a position to take any steps looking to the transfer of such gold until it receives appropriate instructions from the Bank for International Settlements. On July 20, therefore, the Federal Reserve Bank of New York informed the Bank of Estonia that it would apply for the necessary licenses as soon as it received instructions from the Bank for International Settlements. No such instructions have been received up to the present time.

On July 15, 1940, the President of the United States, pursuant to the authority conferred on him by the Act of October 6, 1917, as amended, issued Executive Order No. 8484. This Order amended Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions of Executive Order No. 8389 to, and with respect to, property in which Latvia, Estonia or Lithuania, or any national thereof, has, at any time on or since July 10, 1940, had any interest of any nature whatsoever, direct or indirect. Executive Order No. 8389 of April 10, 1940, provides that certain transactions involving property in which Norway or Denmark, or any national thereof, has had any interest on or since April 8, 1940, may be carried out only pursuant to license issued by the Secretary of the Treasury. On May 10, 1940, the provisions of Executive Order No. 8389 were extended to, and with respect to, property in which the Netherlands, Belgium or Luxembourg or any national thereof, has, at any time on or since May 10, 1940, had any interest. On June 17, 1940, the provisions of Executive Order No. 8389 were extended to, and with respect to, property in which France, or any national thereof, has, at any time on or since June 17, 1940, had any interest. Under Executive Order No. 8484 transactions of the character referred to in the memorandum of the U. S. S. R. involving property in which Latvia, Estonia, or Lithuania, or any national thereof, has, at any time on or since July 10, 1940, had any interest, may be carried out only pursuant to a license issued by the Secretary of the Treasury. Accordingly, on July 16, 1940, the day following the issuance of Executive Order No. 8484 and the day after it had received instructions from the banks of Lithuania, Latvia, and the U. S. S. R., the Federal Reserve Bank of New York applied for a license pursuant to Executive Order No. 8484, authorizing the transfers of the gold in question. This application was in addition to the application for a license under the Gold Reserve Act of 1934 which, as previously indi-

40 Stat. 411.
5 Federal Register 1400.
6 For text of Executive Order No. 8405 of May 10, 1940, see ibid., 1077.
7 For text of Executive Order No. 8446 of June 17, 1940, see ibid., 2279.
cated, was made by the Federal Reserve Bank of New York on July 15.

The measures against which the Soviet Government protests are neither arbitrary nor isolated manifestations of national policy. They are acts of conservation and control fully within the rights of the Government of the United States and involve no infringement of international law. Similar measures have been applied with respect to property situated in the United States belonging to various countries, or nationals thereof, which have been occupied by the armed forces of a foreign Power or otherwise deprived of their freedom of action by force or threats of force, giving rise to practical problems of the appropriate protection of American institutions and nationals from adverse claims which might result from the making of payments by them on instructions issued under duress, and of the protection of the interests of the rightful owners.

The attempt to transfer the gold belonging to the Banks of Lithuania, Latvia, and Estonia was made at a time when it had become apparent that the governments and peoples of those countries were being deprived of freedom of action by foreign troops which had entered their territories by force or threats of force. The attitude of the Government and people of the United States with regard to the use of force or threats of force in the conduct of international relations is well known. In keeping with this attitude, it is proper that the authorities of the American Government, in administering the orders and regulations referred to, should not fail to take into consideration the special situation existing in the three Baltic countries.

References in the memorandum to legal property rights and to the elementary principles of international law prompt the Government of the United States to draw the attention of the Soviet Government to the fact that nationals of the United States have suffered heavy losses in territories under the control of Soviet civil or military authorities as the result of acts committed by, under the direction of, or with the active approval of, such authorities. Certain of these losses which have been suffered during more recent months and the responsibility of the Soviet Government therefor are, however, being made the subject of a note to be addressed by the American Embassy at Moscow to the Commissariat for Foreign Affairs.

Section 3 (First Person Note). I have the honor, upon instructions from my Government, to draw the attention of Your Excellency to the fact that American institutions and nationals have suffered considerable losses in territories under the control of Soviet civil or military authorities as the result of acts committed by, under the direction of, or with the approval of, such authorities.
In September 1939, Soviet armed forces entered and occupied certain territories in Eastern Poland. While these territories were under the control of such forces certain persons or groups of persons proceeded to nationalize or confiscate property, including the property of nationals of foreign countries. Nationals of the United States own, or have interests in, property situated in these territories. Although this Embassy has submitted numerous requests to the People's Commissariat for Foreign Affairs for information regarding the status of these properties, it has as yet received no indication from the Soviet Government with regard to the disposition thereof. Under cover of a note dated April 26, 1940, however, the People's Commissariat for Foreign Affairs transmitted to the Embassy a copy of an instruction of the People's Commissariat of Justice relating to the "nationalization of foreign properties in the territories of Western Ukraine and of Western White Russia." This instruction stated in effect that since measures nationalizing land of estate owners, banks, and large industries had been approved and proclaimed on October 28 and 30, 1939, before the formal incorporation of the territories in question into the Soviet Union, there are no bases for the presentation to the Soviet Union of claims arising from such measures even though the property with respect to which such claims are presented may subsequently have passed into the possession of organs of the Soviet Government.

In June 1940 Soviet armed forces entered and occupied Bessarabia and Northern Bukovina. Nationals of the United States own property and have interests in property in these provinces. Although inquiries have been made to the Soviet Government by the Embassy of the United States at Moscow no information has as yet been received with regard to the status of such property or property interests.

In the countries of Lithuania, Latvia, and Estonia nationals of the United States also own or have interests in certain properties. It is the understanding of my Government that steps have already been taken by certain persons or groups under the control of the authorities of the Union of Soviet Socialist Republics to nationalize or confiscate these properties and to take other actions injurious to American property or interests.

My Government instructs me to state that regardless of any disclaimers of responsibility therefor on the part of the Government of the Union of Soviet Socialist Republics, the Government of the United States holds, and will hold, the Government of the Union of Soviet Socialist Republics responsible for all losses to American nationals.

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11 See footnote 77, p. 391.
resulting from acts of nationalization or confiscation, or other acts injurious to the property or interests of such nationals, committed in territories under Soviet control by, under the direction of, or with the approval of, the authorities of the Union of Soviet Socialist Republics.

My Government also directs me to bring to the attention of the Government of the Union of Soviet Socialist Republics the fact that the governments, institutions, and residents of certain of the countries which at present are wholly or in part under occupation by Soviet armed forces have debts aggregating large sums to the Government or nationals of the United States.

Accept, Excellency, the renewed assurances of my highest consideration.

Section 4. In case the Soviet official to whom the documents are presented intimates that they may have an adverse effect on American-Soviet relations you may state that in view of the contents of the Soviet memorandum of protest and of the attitude displayed by the Soviet authorities with regard to American property and interests in territory now under Soviet control, your Government, in spite of the fact it is hoping for an improvement in American-Soviet relations,\(^13\) has no choice in the matter. It would be lacking in frankness if it should fail to make a clear statement of its position.

For your information, it may be added, during the last week informal discussions of various problems of American-Soviet relations have been taking place between the Soviet Ambassador and members of the Department. Among these problems are those advanced by Mikoyan on July 30.\(^14\) A summary of these discussions will be sent you later.

WELLES

124.60M/21: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 11, 1940—6 p. m.  
[Received August 11—3:28 p. m.]

1001. I have just received a formal note from Molotov dated August 11th, which after citing the fact of the admission of Lithuania, Latvia and Estonia into the Soviet Union as component parts thereof having all the rights and obligations ensuing from their new status,\(^15\) stated

\(^13\) For conversations on this subject, see vol. iii, pp. 179 ff.
\(^14\) The proposals of Anastas Ivanovich Mikoyan, People’s Commissar for Foreign Trade of the Soviet Union, were reported by the Chargé in the Soviet Union in his telegrams No. 336, July 30, 6 p. m., and No. 337, July 31, 9 a. m., vol. iii, pp. 446 and 449, respectively.
that direct diplomatic relations between those states and other states have in consequence ceased.

The note then states that

"The Soviet Government therefore expects that the missions of the United States of America in Kaunas, Riga, and Tallinn will complete the liquidation of their affairs by August 25th, 1940. Likewise, the exequaturs which were issued by the former Lithuanian, Latvian, and Estonian Governments to foreign consuls, lose their validity; and these consuls are to liquidate their consular offices by the same date.

Furthermore the diplomatic and consular missions of Lithuania, Latvia and Estonia in other states cease to operate, and transfer their functions, as well as their archives and property, to the appropriate plenipotentiary representatives or consulates of the Union of Soviet Socialist Republics."

I shall appreciate instructions as to the reply to be made to this communication.

Repeat to Kaunas, Riga and Tallinn.

THURSTON

124.601/20 : Telegram

The Chargé in Estonia (Leonard) to the Secretary of State

TALLINN, August 13, 1940—9 a.m.
[Received August 13—6:55 a.m.]

124. With further reference to Moscow's telegram No. 1001, the local Foreign Office, in liquidation, sent me last night a note stating that it expects that the Legation and Consulate of the United States of America will be liquidated by August 25 and offers its facilities in aiding the members of the Legation to depart from Estonia. No reply is being made pending Department's instructions. To close affairs, pack and ship official and personal effects and to depart by August 25 will be practically impossible, particularly in view of limited packing and transportation facilities and rush of other legations to leave.

LEONARD

124.60M/23 : Telegram

The Chargé in Lithuania (Gusler) to the Secretary of State

[Extract]

KAUNAS, August 13, 1940—11 a.m.
[Received 4:15 p.m.]

205. Within the past 2 days all representatives of foreign countries in Lithuania have received notes dated August 10th requesting them to inform their governments that as a result of the entry of

10 In his immediately preceding telegram No. 123, August 12, 9 a.m., the Chargé had informed the Department of certain obstacles in the way of closure of the Legation, and hoped that the period could be extended until August 31 (124.601/27).
Lithuania into the Soviet Union the Lithuanian diplomatic and consular representations in their respective countries are liquidated as of August 8th. A note so dated and signed by the General Secretary of the Foreign Office, Glovačkas, as Acting Foreign Minister, was received by this Legation this morning.

I have also received this morning a note dated August 12th signed by Professor Krewe-Mickevičius, the Minister for Foreign Affairs, requesting me to inform the Government of the United States that in view of the admission of Lithuania into the Soviet Union all direct diplomatic relations between Lithuania and the United States of America have ceased to exist.

The note continues:

"The Government of the Soviet Socialist Republic of Lithuania hopes that the Legation of the United States of America will liquidate its affairs in Lithuania by the 25th of this month. On its part it will undertake to extend to you and to the members of the Legation all necessary assistance in matters concerning the departure. On this same occasion, I have the honor to inform you that the activity of all foreign consulates in Lithuania must be stopped and that the consulates are equally obliged to liquidate their offices by the same date, the 25th of August 1940."

All of the other Legations here have received similar notes.

The Foreign Office has informed me orally that the words "liquidate its affairs in Lithuania by the 25th of the month" mean that we must be over the frontier in person and with our property by that date. In the course of repeating orally the offer of assistance made in the note, the Secretary General of the Foreign Office conveyed to me a strong intimation that if we did not get our personnel and property across the frontier in a hurry while he was still in a position to assist us we might experience some serious difficulties.

With the exception of the British Legation all of the diplomatic missions here propose to liquidate themselves and depart by the date set. The British Minister has closed the doors of his office to the public and has requested through the British Embassy at Moscow an extension of time until September 10 to complete the liquidation of his office and to pack and to ship to Riga his personal property and the property of the British Government for storage in the building owned by his Government in that city.

The Italian Legation, which has a good deal of government property in its possession, proposes in accordance with arrangements that it has made with the Italian Embassy in Moscow to seal the Legation building rented here by the Italian Government and to turn it over, together with the government property that it contains, to the protection of the appropriate local authorities until such time as the Italian

27 Thomas H. Preston.
Embassy at Moscow shall be able to send to Kaunas an agent to arrange for the shipment of the property to Moscow.

Because of the large amount of American Government property at this post, the great demand for packers, and the diminished staff now available in this office I fear that it may be difficult to arrange for the packing and shipping of the Government property by August 25 and respectfully request instructions as to whether I should request an extension of time or should make some arrangement with our Embassy in Moscow similar to that made by the Italians. I am convinced that an extension of time will probably not be granted.

861.111/829

The Soviet Ambassador (Umansky) to the Acting Secretary of State

WASHINGTON, August 13, 1940.

DEAR MR. SECRETARY: Upon instruction of my Government I have the honor to bring to your attention the following information:

1. Foreigners not in possession of Soviet entry or transit visas will hereafter not be allowed to enter or cross the territory of the Lithuanian, Latvian and Estonian Soviet Socialist Republics. Exemption will be made only in the cases of those foreigners who are now in possession of Soviet transit visas or of transit visas issued prior to August 7, 1940 by the diplomatic missions of the former Lithuanian, Latvian and Estonian Republics.

2. All visas other than those enumerated above and issued by the former Lithuanian, Latvian and Estonian diplomatic and consular representatives are invalidated.

3. Visas permitting entry into, or transit across, the territory of the Lithuanian, Latvian and Estonian Soviet Socialist Republics after August 7, 1940 will hereafter be issued only by the diplomatic and consular representatives of the Union of Soviet Socialist Republics.

Accept [etc.]

C. OUMANSKY

124.60M/21 : Telegram

The Acting Secretary of State to the Chargé in the Soviet Union (Thurston)

WASHINGTON, August 13, 1940—5 p. m.

436. Your 1001, August 11, 6 p. m. Unless you perceive some reason for not so doing, you are instructed to send a formal note to the Commissar for Foreign Affairs reading as follows: \[38\]

\[38\] The note was sent to Molotov on August 14.
"I have the honor to refer to Your Excellency's note of August 11, 1940 in which it was requested that the missions and consular offices of the United States in Kaunas, Riga, and Tallinn complete the liquidation of their affairs by August 25, 1940. My Government has instructed me to inform Your Excellency, without admitting the legality of the acts which have given rise to this request and at the same time reserving all rights in the premises, that it has the intention to close the missions and consular offices in question in the near future.

Accept, etc."

Welles

124.60M/21: Telegram

The Acting Secretary of State to the Chargé in the Soviet Union
(Thurston)

WASHINGTON, August 13, 1940—6 p. m.

437. The Department plans to make a statement along the following lines to the Soviet Ambassador today or tomorrow:

"The Commissar for Foreign Affairs has informed our Chargé d'Affaires at Moscow by note that the Soviet Government expects the missions and consulates of the United States in Kaunas, Riga, and Tallinn to complete the liquidation of their affairs by August 25, 1940. Our Chargé d'Affaires has been instructed to inform the Commissar by note that it is the intention of the American Government to close its offices in Kaunas, Riga, and Tallinn in the near future.

The presence of American Foreign Service officers in the cities above mentioned will be needed for a considerable time after August 25 in order to lend appropriate and necessary assistance to American nationals, to look after American interests, and to arrange the liquidation of the offices. While it expects to close the offices in all three cities as soon as possible, there is the possibility that it may be desirable for them to continue to perform consular functions even until October 1, 1940. It suggests that as a matter of comity the Soviet Government cooperate with it in working out an arrangement whereby it would be possible for American Foreign Service Officers, with the assistance of a competent staff, to continue performing work of a consular nature in Riga after October 1. The American Government, except during the years 1917-1919, has maintained a consular office in Riga for many years. It is important for the protection of American citizens and interests in the Baltic that such an office continue to function. In case Riga should later be used as a port for trade with the United States, the presence of American consular officers in that city would be particularly helpful. It is hoped that it will be possible for these officers to carry on their work in Riga without the question of exequatur being raised. A plan might be evolved whereby the Foreign Service Officers in question be assigned to the American Embassy at Moscow but continue, as attached to the consular section of the American Embassy at Moscow, to perform consular work in the offices now maintained by the American Government in Riga. In the performance of their consular duties in
Riga they could, if found desirable, use the seals of the consular section of the Embassy.

The American Government considers this suggestion as reasonable. Although it has been unable to recognize changes in the status of certain territories in other parts of the world, the governments which at present are in control of such territories in a number of instances have, as a matter of international comity, permitted it to maintain consular offices in those territories."

It is suggested that you also present proposals along these lines immediately to the appropriate officers of the Commissar [Commis-sariat?] for Foreign Affairs, pointing out that your Government should be informed at once of the Soviet attitude towards such proposals.

In case the question is raised as to the attitude of this Government with respect to the Soviet announcement that the Baltic States have been admitted into the Soviet Union, you may state that you have been given to understand that the views of your Government on this subject were set forth in the statement made by Mr. Welles on July 23, 1940.

Welles

124.60M/24 : Telegram

*The Chargé in the Soviet Union (Thurston) to the Secretary of State*

Moscow, August 15, 1940—noon.

[Received August 15—11:47 a.m.]

1019. Department's 437, August 13, 7 [6] p. m. I saw Lozovski this noon and conveyed to him orally the essential points of the telegram cited.

With respect to our desire for general prolongation until October 1st of the time within which American official establishments in the Baltic States are to be closed, Lozovski demurred, although promising to refer the matter to the government.

He inquired how many citizens we have in that area and when I told him that I believed that they probably do not exceed 100 he stated that such a small number could be evacuated quickly and that he saw no need for us to keep our offices open as late as we had proposed. I pointed out that I had mentioned not only American citizens but American interests as well as the liquidation of the offices themselves, but he made no further comment. As to the retention after October 1st of a consular establishment at Riga, he stated that in view of the importance of the suggestion it would be discussed by the Government and its decisions would be [communicated to us?].

I infer from Lozovski's general demeanor that we may receive an extension of the time limit proposed for the closing of our establish-
ments in the Baltic capitals and I felt it necessary, to facilitate this, to make it clear that we did not insist on the precise date October 1 as the minimum of our demands in this respect. I also believe that the Soviets may be disposed to work out an arrangement with us regarding the retention of the consular branch office at Riga although Lozovski as I have indicated made no commitment in this respect.

In this connection it is my understanding that the British and Italian Embassies probably will request an extension of the time set by the Soviet Government.

THURSTON

124.60M/25: Telegram

The Chargé in Lithuania (Gufler) to the Secretary of State

KAUNAS, August 17, 1940—11 p. m.

[Received 11:20 p. m.]

217. Reference is made to a telegram received yesterday from the American Embassy at Moscow informing the Legation that a note had been handed to the Soviet Commissar for Foreign Affairs stating that this Legation and Consulate were to be closed in the near future but requesting an extension of the closing time to October 1.

With reference to this telegram [and?] Legation's No. 205, August 13, I respectfully request that immediate authorization be given (1) to ship from Lithuania to Berlin in the case of persons transferred to the west and to Moscow in the case of those transferred to the east, all personal property of members of the Legation, (2) to evacuate all personnel, (3) to send by courier to Berlin all code books and archives that are not to be destroyed or sent to Moscow, (4) to ship to Berlin or to Moscow all other Government property. If this authorization is granted immediately it might be possible to get the Government-owned property loaded and under orders for shipment by the 25th. Property shipped to nearby overland destination can be packed directly in the freight cars which thus serve as vans.

We have been informed that this country will not be unsafe for Government property after the 25th but that our own goods must be over the border by that date.

The considerations which lead the Legation to make this request despite the request for an extension of time made in Moscow are as follows:

1. There are no further useful functions that this office is in a position to perform.

19 For substance of the matter involved, see supra.
(a) Protection. There now remain in Lithuania no citizens who have not been offered an opportunity to leave. The remainder with three exceptions have dual nationality under local laws.

2. American companies have branches here. The Metro-Goldwyn-Mayer distributing agency has been put out of business by the nationalization of all theaters which now show Soviet films only and the Singer Sewing Machine Company is virtually nationalized. All property and claims of American citizens who have applied have been already recorded. No applications for recording have been brought in during the past week.

(b) Reporting can be done only on a basis of newspaper reports. Every other source of information has been dried up by the terror.

(c) Our visas are useless to 99% of the applicants despite the demand for them since few can obtain proper travel documents and fewer can obtain exit visas or arrange transportation.

2. [3.] This office is under constant pressure to leave exercised through every agency with which the office deals and obviously dictated from above. Offers of assistance from local authorities are always coupled with a statement that they will be able to give assistance only up to August 25. Incidents have occurred which show that purely Soviet agencies such as the border guard are not inclined to give much consideration to Americans. Reference is being made to the Legation's telegram No. 216 of today's date. 20

In arranging to depart the Legation must undertake simultaneously negotiations with various local agents including the Foreign Office, the Foreign Exchange Commission, packing and forwarding and other private companies, travel bureau, bank, railway administration, Minister of the Interior and other Legations. Many of these organizations will leave, or be abolished or reorganized after the 25th so that even though permission be given by Moscow for us to remain the agencies here with the assistance of which we can arrange for our departure from this country and for our admission into other countries will have ceased to exist. Everything will then have to be done in Moscow or through American missions in the countries of destination or transit of goods and personnel.

I do not know what the situation may be in the other Baltic States but special military zones have already been established along the border with Germany and Kaunas is being rapidly and thoroughly transformed into a pure garrison town by the wholesale eviction of the civilian population. The capital will soon be transferred to Vilna, and Kaunas [will?] practically have its former status of fortress. At least 50,000 troops are believed to be now quartered within the city.

The British Minister has informed me that no reply has been received to his Government's request for an extension of time until September 10.

20 Not printed.
The German Legation and its consular section will cease to exist as such on August 25. They will be succeeded by a “sort of consular repatriation office with some measure of diplomatic immunity”. All other missions and consulates have arranged to depart by August 25.

GUFLER

702.011/234

The Acting Secretary of State to President Roosevelt

[WASHINGTON,] August 19, 1940.

My Dear Mr. President: I have received your memorandum of August 15 21 asking that we make recommendations to you in regard to the advisability of requesting the closing of certain Soviet consulates in this country and of placing additional restrictions on those which remain, in view of the fact that we are being compelled to close our consulates in Lithuania, Latvia, and Estonia.

There is no doubt that the Soviet Government, in taking over additional territories in Eastern Europe, has not shown consideration for nationals and interests of the United States which might be expected of a Government which maintains friendly relations with the Government of the United States. The request that we liquidate within a period of two weeks our diplomatic and consular offices in Lithuania, Latvia, and Estonia is an illustration of the attitude which the Soviet Government has assumed.

Although the Soviet Government has been successful in overthrowing the Governments of Lithuania, Latvia, and Estonia, and in obtaining full control of the territories of those countries, the diplomatic missions of Lithuania and Latvia and consular offices of Lithuania, Latvia, and Estonia continue to function in the United States and to protect the nationals and interests which they represent. So long as this Government continues to refuse to recognize the legality of the seizure by the Soviet Government of the Baltic States and so long as it continues to recognize the diplomatic missions and consulates of those States in the United States, the Soviet Embassy and consular offices here will, it is believed, not be successful in their efforts to obtain possession of the property of these States in the United States.

At the present time there are Soviet consular offices in New York, San Francisco, and Los Angeles, as well as a consular section in the Soviet Embassy in Washington. We have in the Soviet Union only

21 Not printed.
a consular section in the Embassy at Moscow. We are therefore in
a position, on the basis of reciprocity, to demand that several Soviet
consulates be closed or that we be permitted to open consular offices
in the Soviet Union. We have suggested to the Soviet Government
some time ago the advisability of a consular office of the United States
being established at Vladivostok, and in reply to the request that
we close our offices in the Baltic States we have already suggested, as
a matter of comity, that consular officers of the United States be given
facilities which would permit them to continue to perform consular
services in Riga. We are still awaiting answers to these suggestions.

After giving the matter careful consideration, I am inclined to
believe that no useful purpose would be served at the present time by
requesting the Soviet Government to close certain of its consular
offices in the United States and by placing additional restrictions
on those offices which remain. The closing of these offices would be
of no aid to the nationals or property interests of the Baltic States
since such nationals and interests are being protected by the diplo-
matic missions and consulates of those States at the present time.
Such a request furthermore would probably result in the rejection
of our suggestions with respect to the maintenance of American con-
sular offices in Riga and Vladivostok and might well lead to a series
of retaliatory measures which would render futile the efforts which
we are making just now in a continuing series of negotiations that
are going on with the Soviet Ambassador to remove some of the
obstacles that might permit an improvement of relations between
the United States and the Soviet Union.

Faithfully yours,

SUMNER WELLES

124.60M/21: Telegram

The Acting Secretary of State to the Chargé in the Soviet Union
(Thurston)

WASHINGTON, August 20, 1940—6 p. m.

464. Department’s 437, August 13, 6 p. m. Unless Embassy receives
reply from Foreign Office by August 21, Department will be forced
to interpret Soviet silence as rejection of its suggestions. You may
in your discretion so inform appropriate authorities, pointing out
that shortness of time renders complete liquidation by end of this
week physically impossible.

WELLES

22 For correspondence concerning the opening of an American Consulate
General at Vladivostok, see vol. III, pp. 460 ff.
Moscow, August 21, 1940—4 p.m.
[Received 5:10 p.m.]

1048. Pursuant to the Department’s 464, August 20, 6 p.m., I arranged to see Lozovski this afternoon at half past four. At three o’clock Valkov,23 Chief of the American Section of the Commissariat for Foreign Affairs, requested that Mr. Dickerson 24 or Mr. Ward 25 come to see him. In the absence of Dickerson, Ward called at Valkov’s office and was notified as follows: (1) The Soviet Government agrees to the extension of the existence of the American Government establishments at Tallinn, Riga and Kaunas to September 5 inclusive; and (2) the Soviet Government is unable to agree to the establishment of any foreign consular representation in the former Baltic States.

Tallinn, Riga and Kaunas advised.

THURSTON

840.51 Frozen Credits/481: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 21, 1940—5 p.m.
[Received 6 p.m.]

1049. After conveying the notification reported in the Embassy’s 1048, August 21, 4 p.m., Valkov stated to Ward that acting upon instructions from Molotov he was returning my note of August 12 (section 3 of the Department’s 423, August 9, 6 p.m.) for the reason that the note is unacceptable to the Soviet Government since it employs the term “occupation by the Red Army” with respect to areas which recently have been incorporated into the Soviet Union pursuant to the unanimous election of the peoples of those areas.26 He thereupon handed to Ward the note in question.

It is needless for me to say that my note followed verbatim the text furnished by the Department; that text is accurate and factually unobjectionable.

THURSTON

23 Vasily Alexeyevich Valkov.
24 Charles E. Dickerson, Jr., Consul and First Secretary of the American Embassy in the Soviet Union.
25 Angus Ivan Ward, Consul, First Secretary, and Chief of Consular Section of the American Embassy in the Soviet Union.
26 For a similar exhibition of Soviet sensitivity, see telegram No. 508, May 8, 6 p.m., from the Chargé in the Soviet Union, and the Department’s reply, telegram No. 271, May 11, 3 p.m., vol. iii, pp. 199 and 201, respectively.
SOVIET RELATIONS WITH OTHER POWERS

124.60M/29: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 22, 1940—4 p. m.

[Received 8:33 p. m.]

1053. Lozovski handed to me this afternoon the reply of the Soviet Government to my note of August 14 (Department's 436, August 12 [15] 5 p. m.) regarding the closing of our missions and consulates in Kaunas, Riga and Tallinn. When the Soviet reply had been read to me in English translation I stated that I would not attempt to discuss its contents and that I had nothing to add to the expressions of my Government's views as set forth in my recent notes and in the public statement made some time ago by Mr. Sumner Welles. To this Lozovski replied that he likewise had nothing further to say adding that the situation is one in which the Soviet Government and the Government of the United States hold conflicting views.

As a precaution in view of the ambiguous nature of the last paragraph of the Soviet note I cited Valkov's oral statement yesterday to Ward and said that I understood that the note does not alter the date September 5th as that of the limit within which our offices in the Baltic area can continue to operate. Lozovski stated that my understanding in this respect is correct.

The Soviet note which is dated August 22nd reads as follows:

"With reference to the note dated August 14, 1940 of the Chargé d'Affaires of the United States of America in Moscow, Mr. Thurston, the People's Commissariat for Foreign Affairs has the honor to make the following statement: The Soviet Government cannot accept the statement contained in the above mentioned note of Mr. Thurston concerning the non-recognition of the legality of the acts of the free expression of the will of the peoples of Lithuania, Latvia and Estonia as the result of which Lithuania, Latvia and Estonia entered into the Union of Soviet Socialist Republics and the suggestion of the Soviet Government concerning the closing of the American missions in Tallinn, Riga and Kaunas and the termination of the activities of the Lithuanian, Latvian and Estonian missions and consulates in the United States and does not consider it possible to discuss with the Government of the United States the question of the legality of these acts which were the free expression of the sovereign will of the peoples of Lithuania, Latvia and Estonia.

The note of Mr. Thurston is all the more inexplicable since it is well known that the Government of the United States has more than once through its official representatives expressed its objection to the separation of the above-mentioned Baltic countries from Russia considering without doubt that such a separation does not correspond to the interests of the peoples of Russia at present the Union of Soviet Socialist Republics or the peoples of Estonia, Latvia and Lithuania."
Thus in the note to the Italian Ambassador of August 10th, 1920, the Secretary of State of the United States of America, Colby, announced: 27 "The continued refusal to recognize the Baltic States as separate nations independent of Russia." The Secretary of State, Hughes, in a letter to the plenipotentiary representative of the United States in Riga, Young, dated July 25, 1922, 28 made a statement of the Government of the United States on the question of the recognition of Lithuania, Latvia and Estonia in which it was stated that the United States of America has consistently affirmed that the disturbed conditions of Russian affairs cannot serve as an excuse for the alienation of Russian territory and does not consider that this principle is violated by the recognition at the present time of the Governments of Estonia, Latvia and Lithuania which were established and supported by the local population.

In connection with the foregoing it is incomprehensible that in contradiction to the above-mentioned declarations of the Government of the United States at the present time the Government of the United States considered it possible to object to the reunion of the peoples of Estonia, Latvia and Lithuania with the peoples of the Soviet Union which occurred as a result of the unanimous decision of the legislative organs of the Estonian, Latvian and Lithuanian Soviet Socialist Republics elected on the basis of the broadest democratic principles.

The Government of the Union of Soviet Socialist Republics has noted the statement of the Chargé d’Affaires of the United States, Mr. Thurston, contained in his personal note of August 14, 1940 addressed to the People’s Commissar for Foreign Affairs, Molotov, that the Government of the United States intends to close the above mentioned missions and consulates in the near future and expects that the liquidation of the aforesaid missions and consulates will be effected within the period established by the Government of the Union of Soviet Socialist Republics.”

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840.51 Frozen Credits/481 : Telegram

_The Acting Secretary of State to the Chargé in the Soviet Union_  
(Thurston)

WASHINGTON, August 22, 1940—6 p. m.

473. Your 1049, August 21, 5 p. m. You are authorized to replace the phrase “which at present are wholly or in part under occupation by Soviet armed forces” by the phrase “under the control of Soviet civil and military authorities” and to return the note to the Commissar or Assistant Commissar.

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27 Foreign Relations, 1920, vol. III, pp. 463, 465. The quotation here retranslated into English is not identical with the original text.

28 Ibid., 1922, vol. II, p. 573. The quotation here retranslated into English is not identical with the original text.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 24, 1940—11 a.m.
[Received 1:20 p.m.]

1065. As I feared that the substitution of terminology authorized in your 473, August 22, 6 p.m., would not satisfy the Commissariat for Foreign Affairs and that to return my amended note to them without prior consultation would merely expose us to its rejection a second time, I had Ward confer with Valkov this morning on the subject.

As a result of their conversation it was apparent that what the Commissariat for Foreign Affairs really objects to is any implication of a distinction between the Soviet Union “proper” and territories which it has recently acquired and incorporated therein. While Valkov was somewhat reluctant to specify the exact parts of my note to which objection was taken, Ward eventually extracted from him a statement that any terminology would be objected to by the Commissariat for Foreign Affairs which implied that the areas acquired by the Soviet Union during the past year have ever been “occupied” by Soviet forces or under their “control” or even any reference to such areas by name unless preceded by the word “former”.

The alternative courses which are afforded us, therefore, are to acquiesce in the Soviet attitude and entirely redraft our note to conform to their requirements or to accept its rejection. I shall appreciate your instructions.

Thurston

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 26, 1940—noon.
[Received 12:35 p.m.]

1073. Pravda today reports the adoption by the extraordinary sessions of their respective Seimas of the new constitutions of the Lithuanian, Latvian and Estonian “Soviet Socialist Republics” and the formation of the new governments in Latvia and Estonia. The texts of the constitutions as adopted are not published but in its leading editorial Pravda states that “in conformity with the peculiarities of the young Soviet Republics the drafts of their constitutions now have their own distinguishing characteristics. Thus in the constitution of the Lithuanian Soviet Socialist Republic it is written that along with the socialist system of economy, private homesteads of individual[s], peasants, artisans and handicraft men and small private industrial and trading enterprises are to be permitted within the limits estab-
lished by law. The fact refutes the inventions of the Smetona clique concerning the forcible collectivization and persecution of artisans and small manufacturers and traders. From the foregoing it would appear that in the three Baltic States an economic regime will be instituted temporarily at least closely resembling that of the New Economic Policy in the Soviet Union. It would appear likely that so long as that system is in force the three Baltic countries will remain a special economic area and that communication or travel between the Baltic area and the Soviet Union proper will be strictly controlled.

THURSTON

840.51 Frozen Credits/515: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 26, 1940—5 p.m. [Received 10:50 p.m.]

1075. Lozovski read and handed to me today the following memorandum dated August 26, 1940 from the Soviet Government in reply to the memorandum which I delivered on August 12, 1940 in accordance with the Department’s telegram 423, August 9, 6 p.m.:

Translation. Having studied the memorandum of the Government of the United States of America dated August 12, 1940 on the question of the retention by American institutions of the gold purchased by the State Bank of the Union of Soviet Socialist Republics from the Central Banks of Estonia, Latvia, and Lithuania, the Soviet Government considers that the statement contained in the Soviet memorandum of July 20, 1940 in regard to the responsibility of the Government of the United States of America for the damages suffered by the Union of Soviet Socialist Republics as a result of the action of American institutions is fully confirmed.

The attempts of the Government of the United States to explain its measures directed against the legal rights and interests of the Union of Soviet Socialist Republics by assertions that the Governments and peoples of the Baltic countries were allegedly deprived of the possibility of disposing legally of the property belonging to them are in full contradiction to the facts and are thus without basis and cannot, therefore, serve as a justification for the above-mentioned actions of the American authorities.

The references in the memorandum of the Government of the United States to orders of the executive authorities of the United States to the right of control, etc., cannot serve as a basis for violation of the property rights and interests of the Soviet State. Insofar as the Executive orders of April 10, May 10, June 17, 1940 referred to in the memorandum of the Government of the United States, are concerned

29 The New Economic Policy, or Nep, was introduced by Vladimir Ilyich Lenin during 1921, as a strategic retreat following the failure of the economic policies of “war” or militant communism. Certain concessions were granted to economic principles theoretically condemned by the leaders of the Bolshevik Revolution. This period lasted until 1928, when the first Five-Year Plan was put into operation.
the orders in question have no relation whatsoever to the present case and the reference thereto only reveals the unwillingness of the appropriate institutions and of the Government of the United States to carry out measures which are entirely within their competency in order to guarantee the due execution of the orders of the Banks of Estonia, Latvia and Lithuanian and of the State bank of the Union of Soviet Socialist Republics which are based on their legal rights. In view of the foregoing the Soviet Government unreservedly insists on its application of July 20, 1940 for the return to the Soviet Union of the gold purchased by it from the Central Banks of Estonia, Latvia and Lithuania.\textsuperscript{33}

\textbf{THURSTON}

124.613/1065: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 27, 1940—10 a.m.

[Received 10:35 a.m.]

1077. Department’s telegram No. 474, August 22, 7 p.m.\textsuperscript{31} At the request of Leonard, Guffer, and Packer, I am sending Ward to Tallinn, Bohlen\textsuperscript{32} to Kaunas, and Reinhardt\textsuperscript{33} back to Riga, to assist in the final liquidation of our establishments there. As the Department will realize, this action seriously depletes the personnel of this Mission and I trust that our Chargés d’Affaires at the three places mentioned will have progressed sufficiently with the closing of their respective offices to enable the members of this Embassy to return to their post with the least possible delay.

In this connection I take it for granted that the Department’s instructions regarding the liquidation of the Baltic offices “before September 5” are not to be construed to mean that the officers in charge must personally remove themselves from those posts prior to September 5 unless they have succeeded in completing the liquidation of their offices. If they have not done so, it would seem to be advisable that they should remain for the time necessary to complete such liquidation, inasmuch as it is obvious that an officer unfamiliar with local conditions would be at a great disadvantage in winding up the last, and presumably minor, details.

Repeated to Tallinn, Kaunas and Riga.

\textbf{THURSTON}

\textsuperscript{31} In an attached memorandum for the Acting Chief of the Division of European Affairs, Ray Atherton, the Assistant Chief of the Division, Loy W. Henderson, inquired: “Do you not agree with me that no purpose would be served in replying to this memorandum? We have stated our case; the Soviet Government has given its views. There seems to be no bridge between us at the present time with regard to this matter.” Mr. Atherton noted: “O.K. R.A.”

\textsuperscript{32} Not printed.

\textsuperscript{33} Charles E. Bohlen, Second Secretary of Embassy and Consul in the Soviet Union.

\textsuperscript{34} G. Frederick Reinhardt, Third Secretary of Embassy and Vice Consul in the Soviet Union, previously at Riga and Tallinn.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 29, 1940.

[Received August 29—10:38 a. m.]

1087. Riga’s August 28th. On August 26th I informed Lozovski personally that our Legation at Riga had encountered difficulties in its efforts to ship out of the country property belonging to the United States establishments we are closing there. I requested that appropriate instructions be sent to the authorities at Riga to the end that no further difficulties might arise and that as a precaution similar instructions be addressed to the authorities at Tallinn and Kaunas. I am today addressing a personal note to Lozovski reminding him of our conversation and informing him that “while my Government is quite prepared to withdraw its establishments from the three Baltic capitals in accordance with the request of the Soviet Government, and will endeavor to do so by September 5th, the date designated therefor by the Soviet Government, it obviously will be unable to take such action unless it receives the full cooperation of the Soviet Government and its local authorities.”

Repeated to Riga.

Thurston

The Chargé in Latvia (Packer) to the Secretary of State

Riga, August 29, 1940—5 p. m.

[Received August 29—2 p. m.]

337. Legation’s telegrams 283, August 12, 8 p. m.; 316, August 21; 322, August 23, 2 p. m.; 327, August 25, 1 p. m.; and 335, August 28. Local office of People’s Commissariat for Foreign Trade has just informed me that “norms” of the Soviet Customs Tariff will apply with respect to export of effects of all members of the staff not included in diplomatic list with the result that they will be expected to pay export duty on all furniture excluding requirements of three rooms, on excess clothing et cetera. I have protested orally on the ground that the members of the Legation staff have not been living under conditions such as prevail in the Soviet Union and it would therefore be unjust to apply the Soviet “norms”. The official to whom I spoke has promised to appeal to the head representative of the Commissariat for Foreign Affairs here but I have little hope that unless pressure is applied at once in Washington and Moscow there

34 Not printed.
35 None printed.
will be a solution satisfactory to us. I hope the Department will not
require the members of the staff who acquired property here prior
to Soviet occupation to submit to this inequitable treatment. Instruc-
tions requested.

Repeated to Moscow.

Packer

840.51 Frozen Credits/497: Telegram

The Secretary of State to the Chargé in the Soviet Union (Thurston)

WASHINGTON, August 31, 1940—2 p.m.

499. (Section 1). Your 1065, August 24, 11 a.m.

(a) Section 2 of this telegram contains a revised note which should
be delivered to the People’s Commissariat for Foreign Affairs without
prior consultation.

(b) If, in your opinion, certain alterations in the note are advisable
you should request Department’s authority to make them.

(c) This note should bear the same date as the rejected original
contained in Department’s 423 of August 9, 6 p.m.

(d) Should objection be made to the terminology “establishment of
Soviet troops”, you may desire to refer to the Tass despatch as re-
ported in your telegram 787, July 2, noon.36

(e) In case officials of the Commissariat should question this note,
you may state that in the opinion of your Government the original
note was entirely factual and that its rejection by the Soviet authori-
ties was unwarranted; that since your Government has no desire neces-
sarily to wound the sensibility of any Government with which it main-
tains relations, it has, nevertheless, drastically altered the original
note. It cannot, however, make any further changes.

(Section 2). During the last eleven months the Government of the
Union of Soviet Socialist Republics has announced the incorporation
into the Soviet Union of certain territories in which nationals of the
United States own property or have interests. I have the honor, upon
instructions from my Government, to inform Your Excellency that
the Government of the United States holds and will hold the Govern-
ment of the Union of Soviet Socialist Republics responsible for all
losses to nationals of the United States resulting from acts of nation-
alization or confiscation, or other acts injurious to the property or
interests of such nationals, which have been or may be committed
under the direction of, or with the approval of, the Soviet authorities
in such territories subsequent to the entry and establishment therein
of Soviet troops.

36 Post, p. 488.
My Government also directs me to invite the attention of the Government of the Union of Soviet Socialist Republics to the fact that such territories, prior to the establishment therein of Soviet troops, formed either a part of, or the whole of various countries, the governments, institutions, and residents of which have debts aggregating large sums to the Government or nationals of the United States.

HULL

124.60P3/237: Telegram
The Secretary of State to the Chargé in the Soviet Union (Thurston)

WASHINGTON, August 31, 1940—3 p. m.

500. If situation referred to in Riga's 337, August 29, 5 p. m., is unchanged, please bring matter at once to attention of Foreign Office and state that your Government expects that the members in question of the staffs of the Baltic missions shall be permitted without delay and without payment of export duties or fees or without obstruction of any kind, to export all of their household and personal effects. Keep Department informed."

Repeat to Riga, Tallinn and Kaunas.

HULL

124.60P3/242a: Telegram
The Secretary of State to the Chargé in the Soviet Union (Thurston)

WASHINGTON, August 31, 1940—4 p. m.

501. Your 1087, August 29. In case it becomes apparent that it will be impossible because of lack of cooperation of Soviet authorities to complete liquidation of one or more Baltic missions before September 5, you are authorized, upon notification from them, to insist either in writing or orally at the Foreign Office that such personnel as may be needed be permitted to remain until liquidation is completed and be given every assistance by the appropriate Soviet authorities.

Please repeat to Kaunas, Riga and Tallinn and ask for names of personnel, if any, who should remain.

It is assumed you have made appropriate representations concerning departure of alien clerks for posts to which they have been assigned.

HULL

"In telegram No. 1121, September 6, 6 p. m., the Chargé in the Soviet Union stated that he had made "emphatic representations based literally upon" Department's telegram No. 500. (124.60P3/241)
SOVIET RELATIONS WITH OTHER POWERS

840.51 Frozen Credits/532: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 2, 1940—4 p. m.
[Received September 2—3:30 p. m.]

1102. Department’s 499, August 31, 2 p. m. I handed to Lozovski this afternoon the revised note which, in my opinion, required no alteration. Although Lozovski read the note he did not discuss it, but said that he might wish to speak to me about it later. I did not in consequence have occasion to resort to the instructions contained in sections (d) and (e) of your telegram.

THURSTON

124.60P/67: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 2, 1940—5 p. m.
[Received 5:50 p. m.]

1103. I informed Lozovski this afternoon that we are doing everything possible to close our Baltic Missions by September 5 but that we are not receiving the cooperation from the Soviet Government and its representatives to which we are entitled and which is necessary in order that liquidation may be accomplished by that date. I then took up with him the delay in issuing visas to members of those missions who have been assigned to Moscow, the effort to apply Soviet customs “norms” to the property of members of those missions, and the question of exit visas for non-American employees. I made emphatic representations on these subjects and left with Lozovski supporting memoranda regarding them.

Lozovski replied that regardless of difficulties our Missions must be closed September 5. I informed him that they would be closed insofar as their functions are concerned but that unless cooperation along the lines alluded to in the preceding paragraph was immediately forthcoming it would be physically impossible to complete the liquidation despite our best efforts. After an argument of some duration Lozovski stated that he would take up the various questions involved with the appropriate authorities this afternoon and endeavor to meet our wishes. I understood him to agree that if it proved to be physically impossible to complete the work of liquidation a reduced personnel including the three officers assigned from this Mission might remain for a very short time for the purpose.
I fear, however, that despite my representations today the situation regarding non-American personnel remains approximately as reported in the Embassy's 1096 of August 31.38
Repeated to Kaunas, Riga and Tallinn.

THURSTON

124.6013/45 : Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 3, 1940—10 a.m.
[Received 12:30 p.m.]

1104. My telegram No. 1103, September 2, 5 p.m. A formal note was received last night from the Commissariat for Foreign Affairs in reply to a communication from the Embassy dated August 26, stating that the employees of the American Mission at Tallinn are Soviet citizens and that the question of their departure from the Soviet Union to any other country is to be decided by the Workers and Peasants Militia. I assume that this note was drafted prior to my conversation with Lozovski.

I have today received a telegram from Ward, however, stating that the Soviet Legation in Tallinn has been instructed by Moscow to examine the applications filed by the Estonian clerks and their families and that the Legation has indicated that a decision on their cases may be reached at an early date. I have had no word from Gufler regarding the alien clerks at his mission. I mentioned them specifically in my talk yesterday with Lozovski.

THURSTON

124.601/41 : Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 5, 1940—11 a.m.
[Received September 6—2:28 a.m.]

1112. 1. Our offices at Tallinn, Kaunas and Riga will formally close today.39 They have in fact I believe already suspended their functions. The situation at each office is as follows:

2. Tallinn: Packing and customs examination of Government property completed today and Ward intends to depart as soon as railway bills of lading have been obtained and Government-rented quarters have been turned over to local authorities. In the meantime, however, his residence permit will expire today.

38 Not printed.
39 For text of the public notice announcing the closure of the American Legations with their consular sections in the three Baltic States, effective on September 5, see Department of State Bulletin, September 7, 1940, p. 199.
3. Kaunas: The only pending matters are the granting of Soviet exit visas to McClung and Mazionis, who are assigned to this Embassy and to five alien employees. Bohlen will remain at Kaunas until visas are granted to McClung and Mazionis, which will require extension of his residence permit also.

4. The situation at Riga is more complicated as a result of the insistence Soviet authorities upon opening and examining and probably against the effect of our clerks; the failure of the Soviet authorities to issue a permit for the export of Minister Wiley’s automobile consigned to this Embassy; and the failure of the Soviet authorities to issue an exit visa to Marquis who is assigned to duty in this Embassy. Lightner and Reinhardt are remaining until these matters are adjusted which will necessitate prolongation of their residence permits. Packer and Washington also desire to remain but I am recommending that they depart without further delay.

5. I have made repeated oral and written representations to the People’s Commissariat for Foreign Affairs regarding the difficulties implicit in the foregoing report and I am renewing such representations orally today.

THURSTON

124.6013/49: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 6, 1940—1 p. m.
[Received 5:10 p. m.]

1120. Embassy’s 1112, September 5, noon [11 a. m.]. Lozovski sent word to me this afternoon as follows:

1. Reinhardt, Bohlen and Ward have been granted extension of their residence permits at Riga, Kaunas and Tallinn to September 8 inclusive.

2. Authorization to grant entry visas to McClung and Mazionis has been sent to Kaunas.

3. Marquis’ residence permit at Riga is extended until such time as the question of a visa permitting him to come to Moscow has been decided. (Lozovski had intimated to me that while diplomatic officers assigned to this Mission would receive visas promptly the Soviet Government must reserve the right to examine the eligibility to such visas of non-diplomatic personnel.)

4. The shipment of Wiley’s car to Moscow has been authorized.

5. The residence permits of Packer and Washington at Riga cannot be extended (I am informed by Lightner, however, who has just

*This passage is obviously incomplete; it may properly read: “and probably levying export duty against the effects”.*
arrived that the local authorities have assured Packer that no difficulty on this score need arise.

6. The Soviet attitude toward the granting of exit visas to non-African employees of our Baltic Missions remains as previously reported.

7. There is no change in the Soviet attitude with respect to the customs treatment of the effects of non-commissioned personnel of our Baltic Missions.

Thurston

861.012/202: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 8, 1940—4 p. m. [Received September 8—1:15 p. m.]

1134. The Moscow press today publishes a ukase of the Presidium of the Supreme Soviet of the U. S. S. R., concerning the procedure for the acquisition of Soviet citizenship by citizens of the Lithuanian, Latvian and Estonian Soviet Socialist Republics. This ukase provides that in accordance with article I of the law concerning citizenship in the U. S. S. R. of August 19, 1938, citizens of the three republics are Soviet citizens from the date of the admission of these republics into the country; U. S. S. R. citizens of the republics who are not within the borders of the Soviet Union and who have not been deprived [of] citizenship by the Soviet governments of the republics must register as Soviet citizens in the missions or consulates abroad of the Soviet government not later than November 1, 1940, either by personal appearance or by sending a statement by mail with their passports attached. Persons failing to register may be accepted as Soviet citizens in accordance with article III of the law concerning citizenship referred to.

Persons without citizenship, belonging to national minorities which, under the political conditions prevailing in Latvia, Lithuania and Estonia before the establishment there of Soviet power, could not obtain Latvian, Lithuanian or Estonian citizenship shall acquire Soviet citizenship in accordance with the procedure above provided.

Other persons without citizenship, permanently residing in the three republics, may obtain Soviet citizenship in accordance with ar-

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*The Soviet Embassy at Washington caused advertisements to be inserted in American newspapers directing the attention of Lithuanians, Latvians, and Estonians to the procedure for acquiring Soviet citizenship in accordance with the decree of September 8, 1940. See for illustration, the New York Times, September 22, 1940, p. 51.

While this notice did not violate any United States law, the Assistant Chief of the Division of European Affairs, Loy W. Henderson, observed: "I consider this extremely bad taste on the part of Soviet representatives in this country since they know our attitude. In fact Soviet Consulates are exceeding their prerogatives in trying to frighten Baltic nationals to acquire Soviet citizenship."
article III of the law concerning citizenship in the Soviet Union. Persons who were deprived of Soviet citizenship by the decree of the All-Russian Central Executive Committee and of the Soviet of People's Commissars of the R. S. F. S. R. of December 15, 1921, and who are at present within the territory of the three republics, are to be treated in the same way as other persons without citizenship referred to in the beginning of this paragraph.

Thurston

124.6013/51: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 11, 1940—1 p.m.
[Received September 11—12:33 p.m.]

1151. Department’s 529, September 10, 2 p.m. Reinhardt reported last night that “all vans passed customs.” I assume this means that no attempt was made to collect duty.

The Department’s support and offer are greatly appreciated.

Thurston

711.61/764

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] October 14, 1940.

Participants: Secretary Hull,
               The British Ambassador, Lord Lothian and
               Mr. N. M. Butler, Counselor of Embassy

The British Ambassador, accompanied by Mr. Butler, called to say goodbye before leaving for home. He said that his Government was interested in the Russian situation as it related to the ships and assets of the Baltic states under the operation of our freezing policy. I replied that, of course, we have a definite non-recognition policy, which we pursue steadfastly; that I had suggested to my associates, however, that if Russia should show a real disposition to move in our common direction with respect to the axis countries, then I would

Not printed. The Chargé was hereby "authorized to draw against Department's special fund for money to cover export duties for American personnel and to pay them under protest." It was believed that "the Soviet authorities, on reconsidering their stand, will be prepared to refund this money." (124.6013/49)

"The Chargé formerly in Latvia, Earl L. Packer, in his despatch No. 882 written at Stockholm, September 12, summed up as his belief that it was "in large part due to the Department's delay in issuing the necessary instructions authorizing the Legation to proceed with the packing of Government property and the personal property of members of the staff that the liquidation could not proceed more expeditiously once such instructions arrived." (124.60P/76)
be disposed to deal with the Baltic assets and ships on a sort of *quid pro quo* basis rather than to adhere inflexibly to our non-recognition policy in this case. I said that, of course, we would observe very carefully what Russia's real attitude is from time to time.

C[ORDELL] H[ULL]

860N.51/8: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 11, 1940—6 p. m.

[Received 11:30 p. m.]

1520. Department's 732, November 4, 8 p. m. 

The following information concerning the treatment being accorded the property of Reich Germans and German Balts in the Baltic States has been received in the strictest confidence from a member of the German Embassy.

1. My informant stated that Reich German industrial property in the Baltic States has not been nationalized following the Soviet occupation and that in certain cases where predominately German firms had been included in the nationalization lists they were subsequently denationalized as the result of a German protest. The exemption of such property according to this source rests on the provisions of the 1925 Consular Treaty between Germany and the Soviet Union which exempted German property in the future from sequestration by Soviet authorities without compensation. It was added, however, that although technically not nationalized the question of compensation and ultimate disposition of the property is presenting considerable difficulties and that the conversations which are being conducted by the German commissions in the Baltic States with the Soviet authorities have not been successful thus far; it was stated for example that the Russians were maintaining that the provisions of the 1925 Treaty applied only to German property located within the then Soviet Union and not to property in recently acquired areas. The German Government has refused to accept this interpretation and has been successful in maintaining the principle that the provisions of the 1925 Treaty must now be applied to the Baltic States as well. Bank deposits, however, and other financial assets of German firms held in Latvia, Lithuania and Estonia have been nationalized and the German Government has not yet been successful in having such assets released. My informant stated further that the Estonian Shale Oil Company to which the Department undoubtedly refers

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45 Not printed.
46 Signed at Moscow, October 12, 1925; for text, see League of Nations Treaty Series, vol. LIII, p. 7.
has not been nationalized by the Soviets; not, however, by virtue of the 1925 Treaty but pursuant to a special arrangement in the process of being worked out whereby German engineers and technicians will continue the administration and operations of the complicated process required for the extraction of oil from shale. The special treatment being accorded to the Shale Oil Company in Estonia, according to my informant, is believed to be due to the recognition by the Soviet authorities that they would probably be unable to operate the plant successfully with their own engineers and technicians.

2. With respect to the industrial property of German Balts in the three Baltic States such property has not been nationalized by reason of special arrangements in connection with the repatriation of the Baltic German minorities. It was stated that the negotiations in respect of such property have not yet been completed. The question of compensation is still under discussion. The provisions of the Treaty of 1925 do not apply to either industrial or personal property belonging to Baltic German minorities. Bank deposits and other financial assets of German Balts in Latvian, Lithuanian and Estonian banks have, however, been nationalized.

In conclusion my informant expressed the opinion that judging from the difficulties thus far encountered in the negotiations it is doubtful that German or Baltic German firms will receive adequate compensation for their property in the Baltic States and that although such property is technically not being nationalized the ultimate outcome will amount to substantially the same thing. My informant added that as the actual negotiations on the question of Baltic German property were being conducted with the local Soviet authorities by the German commissions in Riga, Kaunas and Tallinn, the German Embassy here was not familiar with all of the details of what he described as very complicated negotiations and it is possible, therefore, that further and more detailed information on the subject might be obtained from the American Embassy at Berlin.

STEINHARDT

861.515/215: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, December 3, 1940—3 p. m.
[Received December 3—10: 57 a. m.]

1666. Embassy’s 1627, November 27, 5 p. m." The receipt by the Embassy of the Kaunas Russian-language newspaper reveals that in

"Not printed; it reported that the Soviet ruble was declared legal tender on November 24, 1940, in Latvia, Lithuania, and Estonia. At this time it was announced that the rate of exchange would be one ruble for one lat, one lit, or one crown, respectively. (861.515/214)
Lithuania the rate of exchange of the ruble which will circulate there together with the lit was established as of November 5 at 1 lit to 90 kopecks. According to the information obtained from the State Bank the rate of exchange in Estonia has been established at 1 crown to 1.25 rubles.

The Riga and Kaunas Russian-language newspapers received by the Embassy indicate that in connection with the introduction of the ruble as legal currency there has been a drastic upward revision of commodity prices in Latvia and Lithuania and presumably in Estonia. Statements in these newspapers indicate that the aim of the new price decrees is to bring the price level in the Baltic States into conformity with that prevailing in the Soviet Union proper.\(^{45}\)

THURSTON

860N.51/9: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 14, 1940—6 p.m.  
[Received 8:30 p.m.]

1731. My 1520, November 11, 6 p.m. In connection with the general question of foreign property located in the Baltic States the Counselor of the Swedish Legation\(^{46}\) recently informed a member of the Embassy that the Soviet Government has offered to pay Sweden 10% of the total value of nationalized Swedish property in the Baltic States if payment is to be made within 1 year or 15% of the value if payments are extended over 3 years or 25% if payments are extended over a 10-year period. The Swedish Counselor stated that his Government was not disposed to accept this proposal and before pursuing the matter further would await the outcome of negotiations between the German and Soviet Governments on the question of German property in the Baltic States.\(^{49}\)

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\(^{45}\) The Chargé in Germany, Leland B. Morris, reported in his despatch No. 3953, December 3, on the introduction of the ruble, replacing the national currencies of the three Baltic States. He wrote further: “Before introducing the ruble, the Baltic currencies were rapidly inflated, or rather their purchasing capacity was greatly decreased in order to bring the price structure somewhat in line with that in the Soviet Union. . . . Soviet occupation is thus accompanied by (1) looting of the state economy and (2) impoverishment of the people due to great price inflation.” (860N.00/72)

\(^{46}\) N. Lindh.

\(^{49}\) An agreement between Sweden and the Soviet Union was eventually signed in Moscow on May 30, 1941, which regulated their mutual property claims in the former Baltic States. Swedish economic claims of all kinds amounted to about 118,000,000 Swedish crowns; and “in final settlement of all other Swedish claims the Soviet Government will pay the Swedish Government the sum of 20,000,000 Swedish crowns in eight quarterly installments, or over a period of two years.” In return, Sweden “released gold to a value of 18,000,000 Swedish crowns belonging to the Baltic States and deposited in Sweden, and also number of Baltic ships lying in Swedish ports before the negotiations were concluded.” (758.61/75, 78)
A member of the German Embassy states in the strictest confidence that the German and Soviet Governments have reached an agreement concerning the compensation to be paid for Reich German and German Balt industrial property with one or two exceptions among which the Estonian Shale Oil Company which is still the subject of special negotiation, is to be taken over by the Soviet authorities and the agreed valuation which it was stated was "somewhat less" than the real value is to be credited to Germany in the balance of payments under the existing economic accords and will be used to offset the value of Soviet deliveries to Germany. My informant said he could not give the exact agreed value since "the arrangement in regard to compensation would apply to German property only" which he said had been agreed upon partly because of the German-Soviet treaty of 1925 referred to in my telegram under reference and partly because of the existence of special economic agreements between Germany and the Soviet Union. My informant stated that originally the Soviet Government had made the same proposal to the German Government which it had made to Sweden but that this proposal had been rejected by Germany as entirely inadequate.

STEINHARDT

138 U.S.S.R./607: Telegram
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 15, 1940—9 p.m.
[Received December 15—7:50 p.m.]

1734. For the Under Secretary. 51 Department’s 869, December 13, 4 p.m. 52 In the course of your conversations with Umanski 53 you may wish to consider the advisability of referring to the fact that the Soviet Government has ignored the Embassy’s notes for the past 14 months concerning the seizure and nationalization of American property in Poland, Bessarabia and particularly the Baltic States and to contrast such treatment with the negotiations now being secretively carried on here with Germany and Sweden to compensate the nationals of these countries for their property in the Baltic States (see my telegram 1731, December 14, 6 p.m.). This might serve as a reply to Umanski’s pressure for action in the matter of the gold and ships of the Baltic States sequestrated by our Government as I am persuaded that as soon as he has as many machine tools as he believes

51 Sumner Welles.
52 Vol. rr, p. 417.
53 Konstantin Alexandrovich Umansky, Soviet Ambassador to the United States.
he can obtain you will be subjected to severe pressure in the matter of the gold and ships of the Baltic States.

STEINHARDT

III. ACTIVITIES OF THE SOVIET UNION IN THE BALKANS; THE SEIZURE OF BESSARABIA

761.6211/316

The Ambassador in Turkey (MacMurray) to President Roosevelt

ANKARA, November 9, 1939.
[Received December 18, 1939.]

Dear Mr. President: The courier taking this letter from Istanbul at the end of this week will afford the first opportunity for me to make any reasonably intelligent reply to the letter of August 28 in which you asked for my impressions of the effect of the Russo-German alignment upon Turkey and her policy. For it reached me at a moment when the very question you had asked was uppermost in the minds both of foreigners and of the Turks themselves, as a query for the answer to which nobody had any reliable data. Only a few days before, the Turkish Minister for Foreign Affairs (Mr. Saracoglu, who is admirably honest and frank in answering one's questions, although perhaps inclined in some cases to take a little advantage of the privilege of answering no more than the precise question put to him) had told me that he was going to Moscow primarily for the purpose of satisfying his own mind as to whether the Soviet authorities were now friendly or unfriendly towards Turkey. And it is only very recently that the question has cleared up enough to justify even a tentative opinion on that question and on its effect upon the Turkish attitude with regard to Soviet Russia.

Perhaps, in order to put things in perspective, I should start with a comment upon the rather exceptional relationship of friendliness that until recently prevailed between Turkey and Russia. In the days when both countries were . . . fighting against interventions in order to assert themselves as new national entities, it was not unnatural that they felt a considerable mutual sympathy, lent each other support (Russia's assistance to Turkey naturally being far the more important), put aside the rivalries and ambitions that each of them associated with a discredited past, and convinced themselves that their common boundary and their common interest in the Straits as the key to the Black Sea could thereafter be regarded as

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6 A treaty of nonaggression, with secret additional protocol, was signed at Moscow on August 28, 1939; for text, see Documents on German Foreign Policy, 1918–1945, series D, vol. vii, pp. 245–247.
matters of cooperative effort against an unfriendly outer world rather than as matters of contest between them. And I really believe it is true that, for a dozen years and more, this sense of an especial closeness of sympathies was a reality, among the leaders of both peoples, to a degree that seemed to confute those of us who find it hard to conceive of nations or peoples as entertaining, for more than a brief spell of emotional excitement, those sentiments of affection and sympathy which are normal as between individuals. This rather idyllic friendship between the two nations was somewhat clouded by the Soviet Government's reluctance at the Montreux Conference of 1936 to concede to Turkey full control of the Straits: but it continued to receive at least lip service (perhaps a sort of Coué treatment) from both sides. And up to a few months ago I think it might have been said, without any sentimental illusions, that there continued to exist relations of an exceptional degree of friendliness and of mutual trust between the two Governments.

The favorable psychological relationship which had existed over all this period had meanwhile taken legalistic form in a treaty of non-aggression between them, which ten years ago had been supplemented by an agreement that neither of them would, without fully consulting and obtaining the approval of the other in advance, come to any political understanding with any neighboring country.

This was, in outline, the background of Turco-Russian relations at the time when, last April, the Italians moved into Albania and thereby precipitated a new situation in the Balkans and compelled the Turks to seek some method to meet what they not unnaturally felt to be a menace to their national safety. The story is current—whether it is true or not, I do not know; but I really think it not unlikely—that Atatürk had some years ago made to his more responsible advisers the observation that, if Mussolini really wanted to restore the ancient Roman Empire, he was stupid not to see that his first step to that end should be the taking of Albania; in which case, Turkey could assure its own safety only by allying itself with Great Britain.

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Treaty of Friendship and Neutrality signed at Paris on December 17, 1925; for text, see ibid., vol. CXLVII, p. 355.

Protocol enlarging and prolonging the validity of the treaty of December 17, 1925, signed at Ankara on December 17, 1929; for text, see ibid., p. 361. Further prolonged by Protocol signed at Ankara on October 30, 1931, ibid., p. 387; and prolonged until November 7, 1945, by Protocol signed at Ankara on November 7, 1935, ibid., vol. CXLIX, p. 129.

The Italians entered Albania on April 7, 1939. For correspondence concerning the absorption of Albania by Italy, see Foreign Relations, 1939, vol. II, pp. 365 ff.

Mustafa Kemal Atatürk, President of Turkey, 1920–38.

Benito Mussolini, Head of the Government and Prime Minister of Italy since 1922.
as the dominant sea power of the world, and incidentally with France
as the necessary ally of Britain. Whether or not such a voice from
the tomb was decisive, it is natural enough that the Turkish Govern-
ment did, under the circumstances of last April, promptly go at least
half way to meet the desire of the British and French to re-insure
themselves on their commitments to Greece and Rumania.\(^{61}\)

But the Turks (despite having their fair share of human weak-
nesses, and being often enough irritating in cases where we find it
hard to understand why they should be) have at any rate a rather
fine sense of obligation in the matter of their loyalties; and feeling
that the Russians were, so to speak, their best friends in the interna-
tional society, they insisted on taking the Soviet Government into
their confidence, and working with its full approval, before coming
to an agreement even with the British, who might well have been
construed to stand outside of the Turkish obligation to consult Russia
before reaching new understandings with a neighboring power. Thus
the Russians were, so to speak, unofficial observers of the negotia-
tions which led to the preliminary Anglo-Turkish Agreement of last May,\(^{62}\)
and the Franco-Turkish Agreement of a month or so later.\(^{63}\) And
in the arrangements leading up to both of those declarations, it
was clearly understood that they were subject to Turkey’s non-aggres-
sion pact with the Soviet Union, and would not require her to engage
in hostilities with Russia—although the clause providing that there
should be no separate treaty of peace implied that if Turkey were
once engaged in hostilities on the side of the Allies, she would not
drop out in the event that Russia should later become involved on the
other side.

Having thus, with Russian acquiescence, committed themselves to
the Allied camp, the Turks felt it was a blow in the face when Russia
(in the latter part of August), without the slightest intimation to
them, entered into the preliminary agreement with Germany which
at least potentially ranged the Soviet Union with the opposite camp.
The Turks were hurt and at a loss to understand the meaning of it.
Their inclination was to feel disillusioned, suspicious and even an-
tagonistic; but they at least made an effort to rationalize as favor-

\(^{61}\) For text of an announcement made on behalf of both Great Britain and
France by Prime Minister Neville Chamberlain in the House of Commons on
April 13, 1939, see *Parliamentary Debates*, House of Commons, 1938–39, 5th
series, vol. 346, col. 13; and simultaneously in the House of Lords by the Secre-
tary of State for Foreign Affairs, Lord Halifax, *ibid.*, House of Lords, 5th series,
vol. 112, col. 612.

\(^{62}\) Prime Minister Chamberlain announced this agreement in the House of
Commons on May 12, 1939; see *Parliamentary Debates*, House of Commons,

\(^{63}\) For text of the Franco-Turkish declaration of mutual assistance of June 23,
1939, see *Germany, Foreign Office, Documents on the Events Preceding the Out-
break of the War* (New York, 1940), p. 332.
ably as possible what Russia had done, and to keep as much of the old confidence as they could.

They were somewhat reassured when (early in September the not very personable or beloved Soviet Ambassador\(^{64}\) returned from a prolonged visit to Moscow and laid before them a Russian proposal for a Turco-Russian treaty of mutual assistance, which would have paralleled and supplemented the tripartite Turco-Franco-British treaty which was then in the later stages of negotiation, and which, in conjunction with it, would seemingly have made Turkey the central pier in a bridge uniting the Soviet Union with the Democracies in the protection of the Balkan and Black Sea region against invasion by either Germany or Italy. These proposals (whose precise terms, by the way, are still a well-kept secret) were promptly laid before the British and French Ambassadors,\(^{65}\) and approved by their Governments; and although naturally under very heavy pressure of work here, Mr. Saracoglu eventually yielded to the insistence of the Russians that he should go to Moscow to negotiate the details of a treaty on the basis of the proposals.

I talked with him just before he left, and found him in a mood of almost pathetic desire to justify the traditional Turkish confidence in the Soviet leaders, but with a very realistic and even cynical apprehension that, in view of their unknown commitments to Germany, they might well prove to be double-crossing their old friends. President İnönü\(^{66}\) evidently shared that apprehension, and is understood to have given Mr. Saracoglu, by way of parting instructions, a warning to be on the alert against any trick detrimental to the interests either of Turkey herself or of her British and French allies.

Before Mr. Saracoglu had actually left Turkish soil, the Russian invasion of Poland had brought closer and made more acute the apprehensions that Russia really belonged to the opposite and potentially hostile camp; and after he reached Moscow, he was held at arm’s length and treated like a tourist until the Soviet leaders had finished their new set of negotiations with von Ribbentrop.\(^{67}\) Even then, he was still kept dangling, without an opportunity to talk with any responsible officials, for about another week. Whatever may have been the reason for this, it had a lamentable effect on general Turkish opinion, which felt affronted by the seeming lack of even common courtesy towards the representative of the Turkish Government.

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\(^{64}\) A. V. Terentyev.

\(^{65}\) Sir Hugh Montgomery Knatchbull-Hugessen, and René L. D. Massigli, respectively.

\(^{66}\) Ismet İnönü, President of Turkey since November 11, 1938.

\(^{67}\) Joachim von Ribbentrop, Reich Foreign Minister.
When the actual conferences with the Soviet leaders (including Stalin himself) began on October 1, it appears that they put forward two new proposals which would wholly have changed the purport and the bearing of those which they had previously made. One was that the proposed Russo-Turkish pact of mutual assistance should not obligate the Soviet Government to assist Turkey against Germany; the other was that Turkey should bind herself to Russia in advance that, in the event of a war in which Turkey might be a belligerent, she would forego the discretion granted to her in such a case by the Convention of Montreux, and would undertake to close the Straits to the war vessels of her co-belligerents. Both of these proposals Mr. Saracoglu refused to consider or even to refer to his Government; whereupon, as he has told me, the Russian negotiators dropped them with the statement that they did not attach much importance to either of them.

They also made two other proposals, which contemplated modifications of the tripartite treaty with Great Britain and France as already drafted. One of these was to the effect that Turkey should go no further than she had already gone in the Turco-British and Turco-French declarations in undertaking to consult (rather than to participate) in the event of Britain and France being called upon to fulfill their guarantees in the Balkans; the other was that, in the event of Soviet Russia’s becoming involved in hostilities against the Allies, the provisions both of the Turkish alliance with Great Britain and France, and of the proposed Turco-Russian treaty of mutual assistance, should be suspended for the duration of the war. The Turks talked over both of these proposals with the British and French, and worked out with them formulae which were believed to meet the Russian requests in full. When, however, Mr. Saracoglu informed the Russians that he was prepared to meet their views, they again (actually for the third time) raised the two demands which he had refused to consider, and said they would negotiate no further until these demands were conceded; whereupon Mr. Saracoglu apparently asked his Government to order him home.

He actually left after having been in Moscow more than three weeks. While he was on his return journey, the Turkish Prime Minister made a singularly blunt and unreserved statement that the negotiations which the Minister for Foreign Affairs had gone to Moscow to conclude had come to nothing because the Russians had made new (and impliedly incompatible) demands. The Russians, on the other hand, published a communiqué which said in effect that there was a

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Josif Vissarionovich Stalin, Secretary General of the Central Committee of the All-Union Communist Party (Bolsheviks); member of the Politburo and Orgburo of the Party.

Refik Saydam.
mere pause for rest and refreshment in the course of negotiations which were necessarily long and arduous, and that the talks would shortly be resumed in Ankara. And (no doubt at the suggestion of Mr. Saracoglu) the Turkish Government pressed the British and French Governments to sign the new tripartite treaty of alliance, exactly as it stood in the initial text before the three Governments had consented to the changes requested by the Soviet Government, at as early a date as possible—or rather, at the earliest moment after Mr. Saracoglu should have left Russian territory.

Mr. Saracoglu returned to Ankara in a sweeter temper than I should have thought possible: he showed none of the resentment that many of his fellow countrymen had felt about his being kept dangling in a rather humiliating way. On the contrary, he professed a very optimistic view of the Russian situation as his experience in Moscow had disclosed it. His views are worth considering, because he is an exceptionally intelligent man, representing a country which undoubtedly does still have some special sort of relationship to Russia, and having known personally for years most of the Russian leaders with whom he had been dealing. Against these qualifications as an observer should perhaps be set the fact that he was undoubtedly somewhat elated and exalted in his ego by the fact that he had received from the lips of Allied statesmen as well as from the press considerable praise (to which he adverted somewhat naively in the course of my conversation with him) for the staunchness and loyalty with which he had met a difficult situation. But in any case, his views have the importance that they represent the bases on which Turkish policy has been and doubtless will be formed.

His explanation of the situation starts with the assumption that Soviet Russia has reverted to old Tsarist imperialism, but that it is not yet morally or materially prepared actually to fight for its imperial ambitions; and that it is therefore rather a jackal (to borrow a phrase once used to me in another connection by a certain Chinese politician) feeding where bolder beasts have killed. He does not believe that the Soviet Government has committed itself to Germany more deeply than is necessary to enable Russia to profit by the situations which German aggressive activities may bring about. He thinks that Russia has not any concrete plan of expansion, but is simply on the watch for any advantageous opportunity that may turn up. He feels fairly confident that she will not risk any adventure in Bessarabia or elsewhere in the Balkans unless, despite her having screened the northern border of Rumania, Germany should make such a devastating rush into the Balkans as would completely destroy

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the morale of the Balkan peoples—in which case the Red Army would, as in Poland, be able to enter without serious cost or risk, and interpose itself between the Germans and the coveted objective of the Straits. In the meanwhile, he believes the Soviet refusal to go on with its own proposals of last September was primarily the result of indecision and a desire to play for time, and perhaps in part a tactical incident to the game which the Soviet Government is playing, the Russians have possibly agreed to turn him away as part of a bargain by which they got from the Germans a free hand in the Baltic States: but he considers that this will not necessarily stand in the way of a future agreement at some time when the Russians find it opportune to assert their real interest in keeping Germany and Italy away from the Straits and the Black Sea. He does not deceive himself into any belief in the tenderness of Russian regard for the interests of Turkey or the other Balkan countries, but assumes that circumstances will for some time to come incline Russia to cooperate with them rather than against them; and so long as that state of affairs exists, he feels that Turkey should make the most of the traditional closeness of relations with Russia. It is a hard-boiled point of view, with just a trifling rather self-conscious but not altogether insincere residue of sentiment.

A different estimate of the situation—an estimate which, I understand, became a matter of very violent debate and even of fisticuffs in one of the private meetings of the official party, although no word of it has been allowed to reach the public ear— is that Mr. Saracoglu’s judgment of the matter, hard-boiled as it is, is altogether too optimistic, and that the Turkish Government should from now on recognize and act upon the assumption that Russian neo-imperialism is a definite threat to the safety and independence of Turkey. That, perhaps, is stating the case in its most extreme aspect. Another opinion—one which I understand is rather general among journalists and others of the more intelligent Turks outside of the Government—is rather less extreme and less definite; it could perhaps be described as a feeling that the Russians had failed to live up to the part of old friends, and in a critical time had not only ignored the interests but also deliberately humiliated and hurt the feelings of their Turkish friends. Not only is this feeling somewhat indefinite, but it finds as yet no public expression. I believe, however, that it exists widely, and rankles very deeply, and that it carries with it that especial bitterness which is peculiar to a feeling of having been let down or be-

\[\text{For information concerning the pressure exerted upon the Baltic States by the Soviet Union in 1939 to conclude pacts of mutual assistance, see \textit{Foreign Relations}, The Soviet Union, 1938–1939, pp. 934 ff.; and for information concerning the incorporation of the Baltic States into the Soviet Union in 1940, see ante, pp. 357 ff.}\]
trayed by those in whom one has placed his trust. If so, it is to be anticipated that the canker will in time destroy whatever remains of the more sentimental aspect of Turkish friendship for the Soviet Government.

Meanwhile, what has happened only makes the Turks more resolute in their policy of holding aloof from involvement in the war unless and until new circumstances create a situation calling for positive action by them jointly with their British and French Allies. They have been challenged in their loyalties, and are proud of the faithfulness with which they met that challenge. One feels that even if the Germans were right (and I do not think they are) in their whispering propaganda that the Turks now repent of having committed themselves even conditionally to the side of the Allies, they would nevertheless hold true to the obligations they have undertaken; for my own belief is that the action of the Russians in compounding, to whatever extent, with the Germans, has had the effect of making it more than before a matter of honor and of stubborn pride for the Turks to abide staunchly by the policy in which they have pledged themselves to the British and French.

To sum up the story in its broad outlines:—The Turks were completely surprised by the Soviet rapprochement with Germany and participation in the invasion of Poland, at a loss to understand the motives or the implications of that course of action, and torn between a feeling of suspicion and recoil and a desire to put the best possible construction upon it; in the course of the Foreign Minister’s visit to Moscow, their first confusion and bewilderment settled into a pragmatic acceptance of the situation that the traditional friendship has proved a bit hollow, that any such idealism as they had supposed to guide the Soviet Government has died out and been replaced by a revived spirit of Russian imperialism which may well become a menace to the interests and the independence of Turkey, but that for the time being Russia has not the resolution or the material strength to take any risks of really serious involvement, and that it may therefore be worth Turkey’s while to jog along in cordial relationship with Russia so long as no definite conflict of interests is brought to an issue; and the upshot of the Soviet effort to inveigle them into playing fast and loose with their obligations to Great Britain and France has been to stiffen them in the determination to manifest to the world an even Quixotic staunchness in their loyalty to their Allies.

I trust that I have not, in this lengthy outline of what seems to us here an important aspect of the war situation, trespassed too greatly upon your patience or upon the interest which your letter expressed.

Faithfully yours,

J. V. A. MacMurray
MOSCOW, January 7, 1940—1 p.m.
[Received 1:13 p.m.]

33. In the course of a conversation yesterday the Bulgarian Minister told me that no political subjects had been discussed during the recent negotiations between the Bulgarian mission and the Soviet Government. He said that the Soviet negotiators had broached political subjects on two occasions but that the members of the Bulgarian mission had replied they were neither authorized nor qualified to discuss this aspect.

The Bulgarian Minister expressed the opinion that a month ago the Rumanian Government was prepared virtually to cede Bessarabia to the Soviet Union without a conflict but that recently and as the direct result of the reverses encountered by the Soviet armed forces in Finland, he had heard that Great Britain and France were urging Rumania to resist the annexation of Bessarabia by the Soviet Union by force if necessary and had promised assistance. The foregoing statement, which was made to me yesterday, appears to be confirmed by the statement made by the British Broadcasting Corporation today reporting an alleged statement by King Carol that Rumania would defend Bessarabia.

The Bulgarian Minister also stated that he had learned that Ritter’s return to Berlin (see my telegram January 4, noon) was the result of difficulties encountered in the commercial and economic negotiations with the Soviet authorities.

STEINHARDT

MOSCOW, January 8, 1940—noon.
[Received January 8—10:40 a.m.]

36. I have learned from a source which I regard as reliable that the railroad between Lwow and Przemysl has been cleared and or-

33 Theodore Christov.
34 An economic mission had carried on conversations in Moscow which resulted in the conclusion of agreements on January 5. See telegram No. 1, January 12, 5 p.m., from the Chargé in Bulgaria, p. 453.
35 For correspondence concerning the Winter War and relations between Finland and the Soviet Union, see pp. 269 ff.
36 Karl Ritter, Ambassador on special assignment in the German Foreign Office, in charge of economic warfare questions.
37 For correspondence regarding wartime cooperation between Germany and the Soviet Union, see pp. 539 ff.
dered to be kept cleared for the next [few?] days. The same informant advised me that whereas until recently Rumanian forces had been withdrawn from Bessarabia they have now entered the southern half of that district and are engaged in fortifying it—although the main Rumanian defense line is still on the Prut and Danube Rivers.

STEINHARDT

740.0011 European War 1939/1452: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, January 10, 1940—4 p.m.
[Received 4:58 p.m.]

48. I was told today by a generally reliable informant that a substantial number of German troops are moving southeast from the German-occupied area of Poland.

STEINHARDT

761.742/1: Telegram

The Chargé in Bulgaria (Millard) to the Secretary of State

SOFIA, January 12, 1940—5 p.m.
[Received 6:20 p.m.]

1. Minister of Commerce †8 returned today from Moscow where he signed on January 5th a treaty of commerce and navigation effective at latest one month from signature, valid for three years, and a clearing agreement for one year. He stated on arrival in Sofia that the latter provides for trade during 1940 valued at 920,000,000 leva gross (approximately $9,000,000) Bulgaria to import from Russia petroleum products, iron, steel, copper, sulphate, cellulose, and salt in exchange for tobacco, rose oil, hogs, skins, rice, and seeds. In addition Bulgaria will receive 10,000,000 kilograms of cotton goods for spinning and returning to Russia.

The announcement has been most favorably received in Sofia. It is realized here that while the economic advantages expected to result from the agreements will be very valuable to Bulgaria they are essentially friendly political gestures on Russia’s part.

Repeated to Moscow.

MILLARD

†8 Slavcho Zagorov.
Belgrade, January 12, 1940—7 p.m.

[Received 8:41 p.m.]

14. The Bulgarian Minister \(^5\) said to me today that the Yugoslav Government is complaining against Bulgaria's friendship with Russia. He explained the improved relations as being caused by the same reasons which have brought about the improvement in relations between Yugoslavia and Germany and Italy, namely prudence in the face of a strong neighbor. He added that there is no more communism in Bulgaria than there is in Yugoslavia and no desire on the part of the Bulgarian Government to espouse the Communist cause.

He said that it is in the interest of Europe that the Balkan States should remain united and should not allow war to develop among them. The proposed Balkan bloc would have accomplished this but unfortunately Rumania made as a condition of the formation of the bloc the postponement of Bulgarian territorial revindications until after the war. Bulgaria knows too well from past experience that she cannot trust Rumania and for that reason refused to accept the proposal. In his opinion the Balkan Entente \(^3\) meeting in Belgrade next month \(^2\) will accomplish nothing.

He complained against the Yugoslav distrust of Bulgaria's intentions which he claimed are not belligerent. He said that if Bulgaria should go to war it would be the end of Bulgaria. Bulgaria he continued is no danger to Yugoslavia or to Rumania. He expressed the fear that the present bad relations between Bulgaria and Yugoslavia may be attributed to some of the great powers who are anxious to create dissension in the Balkans.

Lane

740.0011 European War 1939/1940: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, January 19, 1940—11 a.m.

[Received January 19—8:45 a.m.]

77. For the Secretary and Under Secretary. My telegram numbers 36, January 8, noon; 48, January 10, 4 p.m.; and 53, January 11,

\(^5\) Ivan Popov.

\(^3\) Formed at Athens on February 9, 1934, between Greece, Rumania, Yugoslavia, and Turkey; for text of treaty, see League of Nations Treaty Series, vol. clxii, p. 155.

\(^2\) Meeting held February 2-4.
5 p. m. Evidence is accumulating that some arrangement may be under discussion between the Union of Socialist Soviet Republics and Germany whereby the Lwow area would be utilized by Germany as a base for eventual operations against Rumania. In view of the methods successfully pursued in the division of Poland, whereby Polish resistance was broken by the German armies and a territorial division effected with a slight effort on the part of the Soviet Union it is not unlikely that a similar arrangement may be in contemplation with respect to Rumania whereby Bessarabia would become the Soviet share of the spoils.

STEINHARDT

767.74/94: Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, January 25, 1940—8 p. m.
[Received January 25—7:35 p. m.]

7. 1. The Secretary General of the Foreign Office has explained to me that he made his recent stopover in Sofia for the purpose of a frank discussion which would clear the air in view of the many rumors of Bulgaria's intention to combine with Russia or with Germany and in view of a certain degree of genuine fear in Bulgaria as to Turkey's intentions. He offered to the Bulgarian Prime Minister the assurance that Turkey has no hostile intentions and asked only to be assured that the same was true of Bulgaria. The Prime Minister told him that the Bulgarian Government realizes that any attempt to vindicate its territorial claims at the present time would jeopardize the whole Balkan peninsula and is therefore to maintain a policy of neutrality and to hold its claims in abeyance in the hope of reaching satisfactory adjustments by peaceful means after the danger has passed. Upon Numan's inquiring what would be Bulgaria's attitude if Germany or Russia were to invade the Balkans the Prime Minister expressed his conviction that neither would find it to its interest to do so; but when pressed as to what his Government would do if that contingency were unexpectedly to arise he said that it would fight in defense of its integrity and its right to remain neutral. He declared in answer to further questions that if confronted by a demand to permit passage for invading forces through Bulgarian territory his Government would refuse and would if necessary resist by force rather than plead inability to prevent it. In return for this assurance Numan promised him that so long as Bulgaria effectively maintained its neu-

*3 Telegram No. 53 not printed.
*4 Numan Rifat Menemencioğlu.
*5 George Kloselivanov.
Tractality both Turkey and its allies would respect the Bulgarian frontiers as inviolable.

2. He expects the forthcoming conference of the Balkan Entente at Belgrade to lead to no concrete results beyond the prolongation of the Entente but to afford a useful opportunity to survey the Balkan situation in the light of present European conditions and to counteract any centrifugal tendencies among its members. He ridiculed frequent reports that the conference is to be attended by observers on behalf of any nation outside the Entente.

Repeated to Sofia.

MacMurray

764.71/189: Telegram

The Minister in Hungary (Montgomery) to the Secretary of State

Budapest, January 30, 1940—11 a. m.

[Received 11:48 a. m.]

26. The Prime Minister \(^6\) told me last evening that with the idea of forestalling any possible difficulties in Rumania, he called to Budapest all of the various Hungarian leaders of Transylvania to impress upon them the importance of remaining quiet and told them positively that Hungary has no intention of taking advantage of any Russian attack on Rumania nor contrarywise making any attack to give the Russians an opportunity. He says that Hungary realizes that it cannot withstand a German attack in force but under no circumstances will they consent to Germany going through Hungary to Rumania or to enter Hungarian soil for any purpose no matter how futile resistance may be. He considers the situation in Germany serious and believes that some move must be made in March or April. He does not exclude the possibility of an attack on Hungary or Rumania.

Count Teleki considers the results of the Finnish struggle to have an important psychological effect on the Germans and hopes that all possible help will be given Finland, especially airplanes; that if Finland can hold out until next fall the Ribentrop group which had promised great things from Russia would be considerably weakened and the conservative element might then be in a position to make peace. Hungary is sending half a battalion of picked troops to Finland via France and England. First troops to sail from Hull by Finnish boat early in February and another half a battalion will follow later.

Montgomery

\(^6\) Count Paul Teleki.
Memorandum of Conversation, by the Under Secretary of State (Welles)

[WASHINGTON,] February 12, 1940.

The Minister of Hungary[87] called this morning at his request. The Minister read to me an instruction received from his Government asking whether the Government of the United States would be prepared, at such time and in such manner as might be considered appropriate, to convince the Government of Rumania that in her own interest it was desirable to come to an agreement with Hungary for the rectification of the frontier in Transylvania. The Minister said that he was instructed further to say that while Hungary did not intend to resort to any measures of force to obtain a return of its minorities in Transylvania, it nevertheless would reserve its right to full action in the event that Rumania made any territorial concessions to any other nation.

I asked the Minister whether this referred to concessions to Russia with regard to Bessarabia, or whether it referred solely to concessions in the Dobruja to Bulgaria.

The Minister said that his instructions on this point were not clear, but that he felt I could safely draw the inference that the question contemplated concessions to Bulgaria.

I told the Minister that I was not prepared to give him a reply to this inquiry without first discussing it with the Secretary of State, but that it was clearly my impression that the Secretary of State would feel as I did that, anxious as the United States Government was for a peaceful and fair solution of all controversies in Europe, it could not inject itself into political questions of this purely European character.

The Minister seemed to be quite prepared for this indication as I gave it to him personally, and I said that upon learning what the Secretary's views might be, I would again communicate with him.

S[UMNER] W[ELLES]

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, March 1, 1940—6 p. m.

[Received 8 p. m.]

22. My telegram No. 17, February 25, 2 p. m. In a radio address last night the Prime Minister warned his countrymen against the

[87] John Pelényi.

[88] Not printed; Ambassador MacMurray here stated that recently there had emanated from Ankara "a flood of sensational and irresponsible stories which have not seemed to be worth denial." (867.20/100)
tendentious rumors circulating, especially abroad, relative to Turkey’s relations with the Soviet Union and the putting into effect of the law for national protection. He denounced the reports to the effect that the putting into force of this law was a prelude to mobilization or to preparations for war. With regard to Turkey’s relations with the Soviet Union he declared that, “there has been no change for six months in our relations with the Soviet Union. We are living in an age when everybody keeps secret his intentions. At this time a person cannot give much assurance about anyone except himself. But I shall say courageously that we have never been disposed to undertake any action whatsoever against the Soviet Union. And since nobody asks us to take such action will the Soviet Union undertake direct action against us? Up to the present there is no evidence to cause us to suppose such an eventuality. You see therefore that the rumors according to which an incident will arise between the Soviet Union and us, rumors which recently have been amplified, are without foundation and of a tendentious character.”

The Prime Minister declared that there were no secrets nor uncertainties connected with Turkish policy. “Our obligations are clear. Our aims and objectives are definite. Our policy to keep out of the war is based on national security. It does not tend and will not tend in the future to be the instrument of, nor favorable to, any kind of combination. We follow with deep regret the wars which are ravaging the world. It would be taking serious and grave events too lightly to think that there would be an advantage for Turkey in the development of the wars in this or that direction.”

Repeated to Moscow.

For the Ambassador:

KELLEY

761.71/189: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, March 2, 1940—1 p. m.
[Received March 3—7:35 a. m.]

58. I am reliably informed that the German Legation is making arrangements for the transfer of population of about 12 German villages in Southern Bessarabia. The reason alleged is the poor eco-

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89 In a general description of Turkish international policy or attitudes which the Ambassador sent in his telegram No. 22, March 6, noon, from Istanbul, he summarized Turkish feeling regarding the Soviet Union in these words: “Towards Soviet Russia they feel the peculiar bitterness of disillusionment by those on whose friendship they had relied, and along with it a possibly exaggerated contempt for a nation which they consider neither morally nor materially prepared to make war on any considerable scale. There is, however, an effort to keep up appearances and avoid needless antagonism or irritation of Russia.” (867.26/108)
nomic condition into which they have been forced by the boycott of Jewish-controlled commerce in that area. However, it is noteworthy that wherever Russian influence becomes predominant the German population has been [evacuated] and this may possibly indicate German expectation of Russian entry into Bessarabia. No effort is being made so far to move the Germans from Transylvania.

Gunther

[For information concerning the removal of Vladimir Petrovich Potemkin as Assistant People's Commissar for Foreign Affairs of the Soviet Union because of his alleged failure to prevent the Anglo-French-Turkish treaty of October 19, 1939, and the presumed reorientation of Turkish policy away from the Soviet Union, see telegrams No. 228, March 1, 4 p. m., and No. 246, March 6, noon, from the Ambassador in the Soviet Union, volume III, page 186.]

761.71/185: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, March 6, 1940—5 p. m.
[Received 7:40 p. m.]

65. Information reached me yesterday from a creditable but unconfirmed source that a squadron of Russian airplanes a few days ago flew over Bessarabia and went as far as Iasi. It was added that when the Bessarabian officials telephoned to Bucharest for instructions they were told to do nothing. Of course no mention of this has been allowed to appear in the local press.

Today I had an opportunity of checking up on this with one of the principal Ministers. It appears that it is true and moreover that it is not the first time. To avoid creating an incident and an excuse the Rumanian authorities have done nothing.

Gunther

761.67/207: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 6, 1940—6 p. m.
[Received March 6—3:28 p. m.]

247. In the course of a conversation yesterday the Turkish Ambassador informed me that he is leaving Moscow on March 10 for a

80 Jassy.
81 Ali Haydar Aktay.
purely personal visit to Bucharest and Belgrade and perhaps to Ankara for a few days and that his trip has no political significance.

In respect of Soviet-Turkish relations the Ambassador told me that there have been no border incidents on the Russian-Turkish frontier since the end of September and that reports of such incidents which he said had been spread by the Stefani Agency were clearly for the purpose of endeavoring to foment trouble between the Soviet Union and Turkey.

The Ambassador stated that in his opinion as a result of the conflict with Finland and world reaction thereto the Soviet Government had now adopted a much more sober attitude toward its relations with neutral countries and that this change had been particularly noticeable in Molotov; that at the present time the Soviet Government is desirous of avoiding any further impairment of its relations with neutral countries. In this connection the Ambassador stated that although there had been no Soviet attempt to resume the conversations with Turkey since their collapse last October, presumably because the Soviet Government realized that in view of Turkish commitments to England and France any such negotiations would be fruitless, he nevertheless believed that at the present time the Soviet Government is extremely fearful of the outbreak of war in the Black Sea area and has consequently shown a disposition to placate Turkey. With reference to Soviet alarm over possible developments in the Black Sea area the Ambassador confirmed the arrival of German mines at Odessa as well as the shipment of heavy armament from Germany to Sevastopol (see my telegrams Nos. 231, March 1, 7 [6] p. m.; and 236, March 4, 3 p. m.).

In conclusion the Ambassador informed me in the strictest confidence that the recent meeting of the Balkan Entente had been more successful than was generally supposed and that both Germany and the Soviet Union were somewhat concerned at the results achieved; that on the initiative of the Turkish Government an agreement in principle had been reached providing for the ultimate cession of at least a part of the Dobrudja to Bulgaria and that the Turkish Foreign Minister had been authorized to convey this information to the King of Bulgaria who had received the news with evident satisfaction. The agreement concerning the Dobrudja is not to be made public and no steps will be taken at the present time to give effect thereto in order to avoid stirring up the Soviet claims to Bessarabia, and Hungarian claims to Transylvania. In agreement with the Bulgarians it has been decided to await a more appropriate time before undertaking to define the arrangement.

STEINHARDT

VYACHESLAV MIKHAILOVICH MOLOTOV, People's Commissar for Foreign Affairs of the Soviet Union.

Neither printed.
SOVIET RELATIONS WITH OTHER POWERS

740.0011 European War 1939/1938 : Telegram

The Minister in Bulgaria (Earle) to the Secretary of State

SOFIA, March 25, 1940—1 p.m.
[Received 3:42 p.m.]

24. Asked Foreign Minister 94 during long discussion if he believed that Russia would overrun Bessarabia in order to retrieve military prestige seriously damaged in Finland. Foreign Minister answered definitely no, giving following reasons. First, Bessarabia has no important strategic objectives such as Finnish positions; Russia already has more than enough undeveloped land and plenty of coast on Black Sea. Second, Germany would oppose such invasion as war would interrupt vital flow of oil to Germany. Third, Stalin wants no war as his position in peace much more secure than in war surrounded by powerful generals. Foreign Minister thinks sturdy Finnish resistance was great surprise to Russian general staff who expected slight resistance not amounting to war.

Personally believe Foreign Minister neglected to mention importance of controlling the mouth of the Danube.

Earle

761.71/193 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, April 4, 1940—6 p.m.
[Received April 4—1:22 p.m.]

353. Reference my telegram No. 338, March 30, 7 p. m. 95 the Rumanian Minister 96 has informed me in strict confidence that under instructions from his Government he saw Molotov 2 days ago in connection with the latter’s remarks at the recent meeting of the Supreme Soviet. At this interview Molotov stated that it was not the intention of the Soviet Government to prolong the present incomplete relationship between the two countries 97 and that in due time (which the Minister believes may be interpreted to mean within the next 2 or 3 weeks) a new Soviet Minister will be appointed to Bucharest.

Thurston

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94 Ivan Popov, since February 19, 1940, in Cabinet of Bogdan Filov.
95 Vol. III, p. 192. See also telegram No. 337, March 29, 10 a.m. [p. m?], ibid., p. 191, wherein the Chargé in the Soviet Union reported remarks on Rumania made by Molotov in his speech before the Supreme Council of the Soviet Union.
96 Gheorghe Davideșcu.
97 The Soviet Union did not have a Minister in Rumania after February 1938; see vol. III, p. 183, footnote 39. For a statement by Ambassador Konstantin Alexandrovich Umansky to Secretary of State Hull that the Soviet Union “had no intention to interfere with Bessarabia”, see the Secretary’s memorandum of April 2, ibid., p. 206.
The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, April 17, 1940—2 p. m.

[Received 7:35 p. m.]

133. Since my 78, March 15, 4 p. m., second paragraph, the Prime Minister has on two occasions reiterated to me his conviction that danger from Russia is only temporarily deferred. Yesterday for the first time he referred to the possibility of danger for Rumania from Germany. As on previous occasions he emphatically stated to me that Rumania would and could put up a determined resistance and added that even if both attacked her together she would go down fighting. If Russia attacks in my own opinion this country will probably shortly be invaded by German forces as well, in the first instance under the guise of assistance.

Tatairescu seemed more confident than in previous conversations that the army of about 1,200,000 is in good shape and well enough prepared and equipped to offer stiff resistance. He stressed, however, Rumania’s great need for raw materials from the United States such as copper.

GUNther

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, April 19, 1940—11 p. m.

[Received 11:53 p. m.]

412. The Soviet press has thus far published no reference to the probable arrival in Moscow of a Yugoslavia mission to conclude a commercial agreement as reported by Minister Lane in his telegram to the Department, No. 120 of April 17th, 7 p. m. On the other hand yesterday’s issue of Trud, which appeared today, carries an article which is most unfriendly toward the Belgrade Government in discussing the effects of the war on Yugoslavia. As Trud has recently been found to reflect with particular accuracy the views of the Commissar for Foreign Affairs the article may be of some significance.

Trud portrays Yugoslavia’s economic position as precarious due to lack of raw materials notably fuel oil. Increased unemployment...
and the rise in the cost of living are said to have led to serious strikes and riots among “the starving peasantry”. Trade union leaders are accused of betraying the workers and the authorities are charged with repressing by force all those who attempt to improve the lot of the masses. The article continues that the misery of the workers has been further aggravated by nationalistic oppression. “The Government,” the writer declares, “has shown itself incompetent to reach any satisfactory solution whatsoever of this problem and has therefore embarked upon a policy of forcibly destroying the nationalist movement by the dismemberment of revolutionary organizations and by the most extreme pressure upon the workers.” The law of December 17 for the protection of the Government is characterized as “providing for the erection of concentration camps for the progressive workers, the peasants and the intelligentsia who are fighting for peace and freedom.” The article concludes: “repressions however are powerless to stamp out the growing revolutionary movement of the Yugoslav peoples. The working masses of Yugoslavia are showing ever increasing interest in the Soviet Union and its glorious policy of peace.”

In view of the persistence previously exhibited by the Kremlin (particularly in the case Germany and Japan) in demanding a political understanding as a condition precedent to economic cooperation, it is not improbable that any commercial agreement finally reached with the Yugoslav Government will include at least a political understanding. In such event the article above quoted may foreshadow an attempt on the part of the Soviet Union to penetrate into the internal political structure of Yugoslavia by resorting to its customary tactics of making use of left wing labor organizations and existing Russophile societies. The article may be construed as challenging Italian influence in the Balkans and as another sharp warning not only to Yugoslavia, but particularly to Rumania and the other Balkan States not to place too great reliance on the ability of small countries to remain neutral in the present conflict.

STEINHARDT

660H.6131/10: Telegram

The Minister in Yugoslavia (Lane) to the Secretary of State

BELGRADE, April 23, 1940—4 p. m.  [Received 4:11 p. m.]

136. My telegram 125, April 18, 4 p. m.* A Foreign Office official stated to me today that the commercial negotiations with the Soviet Government will result in formal recognition; that the decision to

*Not printed.
normalize relations had been taken in 1939, but that because of the war in Finland it was considered advisable to defer action so as not to irritate unduly the British and French. Furthermore Yugoslavia had been handicapped because other Balkan States had official relations with the Soviets. He specifically mentioned that Yugoslavia did not wish Bulgaria to have this advantage.

Repeated to Moscow, Rome, and Paris.

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860H.00/1161: Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

**Belgrade, April 27, 1940—7 p.m.**

[Received 8:35 p.m.]

141. The following is the substance of the declaration of the Minister for Foreign Affairs* published in *Politika Orthodox*, Easter issue:

The Government is resolutely pursuing its announced policy of neutrality and independence. The war, however, is extending into the economic life of the neutral countries and the Government, in its economic relations with the belligerents, is endeavoring to meet this problem with the objective of keeping the country out of the conflict and maintaining correct relations with all the great powers.

He mentioned the recent Danube accord** as happily regulating a problem important to this area. He also pointed out that the country was desirous of good relations with all the great powers and accordingly has agreed with the Soviet Union to undertake negotiations for a commercial agreement between the two countries.

He closed by stating that Yugoslavia, along with its policy of neutrality, had taken all indispensable precautionary measures imposed by the international situation. All that had been done placed the Government in a position to view the future with serenity relying on the unity of spirit of the whole population.

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* Alexander Cincar-Markovich.
** The International Commission of the Danube, meeting at Belgrade on April 17, 1940, adopted strict measures of control for traffic on the Danube River following the Giurgin incident, when arms and explosives were discovered on British barges and were suspected to be for use in causing damage in the region of the Iron Gates. Subsequently, the European Commission of the Danube adopted similar measures of control for the lower, or maritime reaches of the river at its sessions at Galatz, beginning on May 20, 1940.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, May 12, 1940—2 p.m.  
[Received May 12—11: 20 a.m.]

524. Embassy’s 489, May 4, 11 a.m.  
Pravda and Izvestiya today announce the signature yesterday of a treaty of commerce and navigation between the Soviet Union and Yugoslavia with an attached protocol concerning the trade representation of the Soviet Union in Yugoslavia and concerning the temporary trade delegation of Yugoslavia in the Soviet Union and of an agreement respecting trade turnover and payments for the years 1940 and 41 between the two countries. The papers state that the total trade turnover for 1940 and 41 on the basis of the latter agreement will amount to 176 million dinars and that the Soviet Union proposes to import copper concentrates of lead and of zinc ores, lard and other articles from Yugoslavia and to ship to Yugoslavia agricultural and other machinery, kerosene, cotton and other goods. These instruments were signed on behalf of the Soviet Union by Mikoyan 7 and on behalf of Yugoslavia by Djordjevic 8 and Obradowic. 9 There are rumors that a Yugoslavia military mission is shortly expected in Moscow.

Thurston

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, May 20, 1940—6 p.m.  
[Received 7 p.m.]

564. Rumors of an impending Soviet move against Rumania persist among some diplomats and foreign press correspondents in Moscow. The Rumanian Minister, however, has consistently rejected the possibility of a Soviet offensive at this time and he assured me today that he has had no reason to change his opinion.

With respect to the border incidents mentioned in the Embassy’s 465, April 27, 10 the Minister stated that some time ago the Soviet Gov-

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7 Not printed; with reference to the Yugoslav-Soviet trade negotiations, it was here stated that it did not seem likely that the products mentioned during the conversations could form the basis of any considerable trade with the Soviet Union, and that it might be presumed that the chief aim of both Governments was the establishment of political relations (660H6131/16).
8 Anastas Ivanovich Mikoyan, People’s Commissar for Foreign Trade of the Soviet Union.
9 Milorad Djordjevic, former Minister of Finance of Yugoslavia.
10 Sava Obradowich, Assistant Minister of Trade and Industry of Yugoslavia.
11 Not printed.
ernment lodged another complaint alleging that on two occasions shots had been fired across the Rumanian border into Soviet territory. The Rumanian Government has also submitted a reply to this charge. The Minister did not make it clear to me whether these incidents are regarded by the Soviet Government as closed, and it is of course possible that they may be revived should that Government consider such a course to be desirable. With respect to the appointment of a Soviet Minister at Bucharest, Mr. Davidescu stated that there had been no developments, notwithstanding Molotov's assurance some weeks ago (Embassy's telegram 353, April 4) that the appointment had been decided upon.

Current Soviet military activities, which may be responsible for the rumors referred to, are attributed by the Rumanian Minister and by the Turkish Military Attaché whose opinion is concurred in by Captain Yeaton,\textsuperscript{11} to general uneasiness on the part of the Soviet Government arising out of the European war now in progress. The persons cited believe that the Soviet is merely redistributing its forces, largely along its western frontier, for defensive and protective purposes. Figures furnished by our Military Attaché indicate that approximately 1,500,000 Soviet troops, the bulk of which is made up of infantry with lesser forces of cavalry and mechanized brigades, were distributed on April 1 as follows: In the northern or Finnish area, 62 divisions; White Russian area, 30 divisions; Ukraine, 30 divisions; Odessa, 5 divisions; unknown, 20 divisions. Approximately 17 divisions are stationed in the Caucasus and 54 in the Far East.

THURSTON

740.0011 European War 1939/3275: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, May 23, 1940—10 p. m.
[Received 10:41 p. m.]

226. The Military Attaché\textsuperscript{12} has ascertained that the Rumanian military authorities have learned that since May 1 Russia has changed the locations and disposition of troops in Russia proper in such a manner that now she has facing Rumania 26 to 30 divisions, 9 cavalry divisions, and 14 armored brigades. The troops are not actually on the Russian-Rumanian frontier, with the exception of some at Tiraspol but disposed in depth as far east at [as?] Kiev. Reports also

\textsuperscript{11} Ivan D. Yeaton, American Military Attaché in the Soviet Union.

\textsuperscript{12} Maj. John P. Ratay.
have reached Bucharest from Moscow that a Russian move against Rumania is again quite possible. Though these reports are disturbing the situation however is not considered acute.

Of late unconfirmed rumors have reached us of a German concentration on the Slovakia border. It is quite possible that this may be a countermove and warning to Russia and designed to check any unauthorized advance upon Rumania of troops in Russian-occupied Poland. From remarks let fall by members of the Yugoslav Embassy one would judge that they have hopes now that Russia would seek to aid Yugoslavia in the event of Italian aggression.

The calling up of additional troops today at less than 24 hours’ notice should have taken place between March 1st and 5th in accordance with orders given one month previously. As I have already reported it was only partially carried out then possibly in deference to German insistence that the planting of crops should not be interfered with.

The French Military Attaché informs me that the additional troops have been distributed 50-50 on Hungarian and Russian frontiers.

In the opinion of our Military Attaché the additional mobilization here was ordered: (1) to deter Russia from action she may contemplate as feasible at an opportune moment; (2) to caution Hungary; (3) to be in the highest state of readiness for any eventuality in these times when the most unexpected is always possible. I concur and would add that it probably would have happened anyway. In opinion of the German Military Attaché, as stated to Major Ratay, the Hungarian Army is incapable of taking the western fortifications of Rumania.

In my own view, unless a joint move through Rumania towards the Dardanelles and/or Salonika has been decided upon by Germany and Russia, any unauthorized move on the part of Russia towards the mouths of the Danube is almost certain to encounter German armed resistance. This would probably also apply in case the U. S. S. R. endeavored to come to Yugoslavia’s aid against Italy. I gather that the Germans feel very confident that Russia can be held in check by diplomatic pressure and that it is not likely to embark upon any adventure at this time. As you are aware from many telegrams and despatches Germany has for a long time been consistently arming Rumania. Even though Germany had no other means of barter for supplies of oil and food it would be quite probable that it was reasoned in high German military circles that these arms might serve a useful purpose one day against Russia.

GUNThER
Bucharest, May 27, 1940—7 p. m.

[Received May 28—12:05 a. m.]

237. For the Secretary and Under Secretary. My No. 226, May 23, 10 p. m., and 231, May 25, noon. I have just seen the Minister for Foreign Affairs at his request. He said that his Government was frankly perturbed by the realignment of Russian troops facing Rumania, the intensive building of roads and rail facilities towards Rumania from the railroad connections with Russia in Russian-occupied Poland and the moving away from the frontier of peasant populations. Further he admitted to me personally for the first time that the German Government was using this situation to press for a hundred percent alignment of Rumania with Germany for protection.

He recalled that Ambassador Steinhardt when here recently had said that if at any time the Rumanian Government was desirous of a clarification of Russian intentions he would be glad to endeavor to obtain this. Gafencu is now desirous of just that but naturally he does not want either the German Government or the Soviets to know that he has asked us to obtain it. He asked me if I would telegraph to our Chargé d'Affaires at Moscow to endeavor to elicit from the Government of the U. S. S. R. a statement of its real intentions regarding Rumania. I replied that I would submit the matter to you. I shall not telegraph Thurston regarding this as I have not got the extra confidential codes which he has. Gafencu added that if the Russian Government wished to open discussions he was ready to do so. Naturally he is seeking a way out of succumbing to German offer of protection with all the consequences which that would entail. He did not mention Italy and I doubt if it has figured in this matter to date. It is clear that he appeals to us in the light of our declared desire to prevent extension of area of conflict and in view of the interest which Ambassador Steinhardt was good enough to show in the matter. May I have a direct reply to this message in due course. I might add that there have been unconfirmed reports from official Greek and other sources of recent discussions in Moscow concerning the Balkans between the Soviet Government and representatives of Germany and Italy and that the former is alleged to have declared that it wants all of Rumania. Also a theory is held here as to the workings of Stalin's mental processes whereby since he is presumably aghast at the extent

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18 Latter not printed.
19 Grigore Gafencu.
and [rapidity?] of German military success he has decided to occupy as much of Rumania as possible now while Germany is otherwise engaged in order to be in a better bargaining position vis-à-vis Germany later on.

GUNTER

740.0011 European War 1939/3553 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, May 28, 1940—3 p. m.
[Received 5:08 p. m.]

240. My telegram of May 27, 7 p. m. Major Ratay has just discussed the threat to Rumania of Russia with the high German military authority 15 referred to in my telegram 239, May 28, 1 p. m. 16 The latter stated that his authorities were perfectly well acquainted with the Russian militarized preparations apparently threatening Rumania. However, he said that a definite understanding exists between Germany and Russia and that his Government would not permit the Russian Government to invade Rumania. He stated flatly that the German Government had its own views as to the mouths of the Danube and certainly would not permit Russia to occupy them; that Germany did not want the peace and the status quo of the Balkans disturbed. He alluded banteringly to the prevailing nervousness in Rumania regarding Russia, which of late seems to have extended even to the King. He implied that this fear was being communicated in part by the Turks who now find that they have elected the wrong side and are concerned as to their own fate.

GUNTER

740.0011 European War 1939/3344 : Telegram

The Secretary of State to the Chargé in the Soviet Union (Thurston)

Washington, May 29, 1940—4 p. m.

292. Rumanian officials have informed our Legation in Bucharest that they are frankly perturbed by the intensive military activity along the Rumanian frontier in the Soviet Union, by the very active construction of roads and rail facilities in Russian-occupied Poland and by the removal of peasant populations from the frontier districts in the Union. The Rumanians are fearful of a Soviet military invasion. Information received by the Department from other sources tends to confirm the statements of the Rumanian officials.

15 This authority was a personal friend of Göring and was also reputedly close to Hitler.
16 Not printed.
You are instructed, unless you perceive some reason for not so doing, to request an appointment with the Commissar for Foreign Affairs or with one of the Assistant Commissars. During your conversation you may state that you have been instructed by your Government to express its concern at reports which it has been receiving of the possibility of the extension of the war into the Balkans. You may add that your Government would appreciate any information which the Soviet Government may find it possible to convey to you regarding these reports. It is hoped that you will be able to elicit from this conversation some information, or at least to obtain some idea, regarding Soviet intentions in the Balkan area.

Please telegraph full report of conversation.  

HULL

740.0011 European War 1939/3446: Telegram
The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, May 29, 1940—4 p.m.
[Received 4:11 p.m.]

The following telegram has been sent to the Legation at Belgrade:
I understand that the Yugoslav Ambassador here was used by his Government as the means of informal approach (through the Soviet Ambassador) in the necessary preliminary arrangements for the recent negotiations with Soviet Russia concerning economic and eventual political relationships. While not referring to his own part as intermediary Choumankovitch has confirmed to me the impression that it was the Yugoslav Government which took the initiative in this matter.
I also learn that the Russians availed themselves of his friendly good offices to suggest to the Turkish authorities a discussion with a view to restoring the former degree of cordiality of Turco-Soviet relations—a suggestion which was coldly received and has apparently been ignored.

Repeated to the Department and Moscow.  

MACMURRAY

740.0011 European War 1939/3446: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 1, 1940—5 p.m.
[Received June 2—1:15 p.m.]

608. My telegram 604, May 31, midnight. As the Department is aware, an appraisal of Soviet policy is rendered difficult by the absence

17 The answer received from the Chargé in the Soviet Union is contained in his telegram No. 604, May 31, midnight, vol. in, p. 304.
18 Ilya Shumenkovich.
19 Vol. in, p. 304.
of normal intercourse between the Diplomatic Corps and official[s] of the Soviet Government and Soviet citizens in general; by the fact that the Soviet press is exclusively an instrument of official propaganda; and by the concentration of all initiative and all power in one inaccessible person. Nonetheless, past actions of the Soviet Government and the opinions of experienced observers here furnish a basis for the belief, communicated to the Department by this Mission in earlier reports, that the Soviet Government desires to avoid participation in the current European war or in any war requiring a major military effort. This presumed policy is believed to result from Stalin's realization that a major war would place too great a strain on Soviet economy in general and on production and transportation in particular, and perhaps also on the military establishment. At the same time, however, it has been shown by the invasion of Poland, the coercive measures taken against the three Baltic States and the attack upon Finland that the Soviet Union is willing to risk minor conflicts designed to enhance its security or to reconstitute its old imperial boundaries.

It may be conjectured that Soviet policy at the moment is largely defensive and based upon the fear of possible aggression by Allied or Associated powers in the Black Sea or Caucasus areas and possibly upon uneasiness over the prospect of a victorious Germany.

The first consideration would account for troop concentrations in the south and southeast and the second for a possible invasion of Lithuania designed to facilitate the further fortification of the German frontier. Soviet preoccupation with respect to Sweden's neutrality and the eventual political and territorial integrity of Norway has already been reported to the Department.

However, should conditions appear propitious (as the result of general hostilities in the Balkans or otherwise) it is to be assumed that the Soviet Government would seize the opportunity to recover Bessarabia. Whether its aspirations with respect to Rumania go further is not known.

In this connection a Secretary of the German Embassy, whose information and opinions have heretofore proved reliable, stated to a member of this Embassy yesterday that, whereas a Soviet invasion of Lithuania, and perhaps of Estonia and Latvia as well, appeared quite possible in the near future, he felt sure that an invasion of Bessarabia is not imminent, as 5 days previously Molotov had explicitly stated to the German Ambassador that the Soviet Union does not intend to invade Bessarabia. He further pointed out that, whereas the Baltic States might be desirable territorial acquisitions for economic and

20 For information concerning the forcible occupation of the Baltic States and their incorporation into the Soviet Union, see pp. 357 ff.
21 Telegram No. 588, May 27, 1 p. m.; not printed.
22 Friedrich Werner, Count von der Schulenburg.
strategic reasons, the return of Bessarabia could in comparison be considered as largely a matter of prestige and that, according to his information, Soviet troop movements to the south were directed as much to the Caucasus and the Crimea as to the Odessa region. He concurred with the view expressed above that these measures were precautionary to meet any eventualities which might develop from an outbreak of hostilities in the Mediterranean involving Italy, Great Britain and Turkey.

THURSTON

740.0011 European War 1939/3496: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 4, 1940—2 p.m.  
[Received June 4—12:20 p.m.]

619. Embassy’s telegram 564, May 20, 6 p.m. The Rumanian Minister called on me this morning to inquire whether I had made any representations to this Government designed to ascertain what position it would assume in the event that Italy entered the war. I informed him that I had not made any representations of that character.

I asked the Minister if he still felt that there is no danger of an immediate Soviet move against Rumania. He replied that he has had no reason to change the opinion he has entertained for some time in this respect and that he does not fear such a move unless, as a result of Italian entry into the war or other developments affecting the Balkans, the Soviet Government should consider that an opportunity was afforded to acquire Bessarabia.

THURSTON

740.0011 European War 1939/3552: Telegram
The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, June 5, 1940—noon.  
[Received 7:17 p.m.]

254. My 237, May 27, 7 p.m. The Chief of Military Intelligence is reliably reported to me as being less anxious regarding the Russian menace. In view of increased Russian effective (see my 251, June 4, noon and previous24) and intense activity in the direction of the Polish-Rumanian frontier this is unexpected. I therefore questioned

24 The Department, in telegram No. 311, June 6, 7 p.m., approved the answer given by the Chargé.

25 Telegram No. 251 not printed; but see the Minister’s previous telegrams Nos. 226, May 23, 10 p.m.; 237, May 27, 7 p.m.; and 240, May 28, 3 p.m., pp. 466, 468, and 469, respectively.
a high official of the Foreign Office as to what had happened to allay Rumanian apprehension and he replied that Molotov had very recently said to the Rumanian Minister at Moscow that he was considering appointing a Minister to Rumania in a week or two. This is the first time Molotov has been anything but vague as to when this event might take place.

I was informed by the same official that von Schulenburg recently asked Molotov the reason for the augmentation of Russian forces based on Lwow, Kiev and Odessa and that Molotov replied that it was for defense. As it is certainly not likely that Rumania would attack Russia this was rather pointed.

Last Friday another high official of the Foreign Office stated to Hibbard \(^{25}\) that in his personal opinion the situation regarding the involvement of Rumania in the present war had greatly improved. In support of this thesis he talked of the old Turkish policy of maintaining quiet in the Balkans by playing one large power against another. He felt that such a point had not been reached, Italy having stated that any movement in the Balkans would involve Italy whereas Russia had issued a similar warning. Germany had assumed the role of mediator between the two and had informed them that under the circumstances the best policy was to leave the Balkans alone. He felt therefore that for the time being there would be peace in Rumania.

\[\text{Gunther}\]

\[\text{740.0011 European War 1939/3944: Telegram}\]

\[\text{The Secretary of State to the Minister in Rumania (Gunther)}\]

\[\text{WASHINGTON, June 7, 1940—4 p. m.}\]

185. Your 237, May 27, 7 p. m.

1. If you are approached again on this subject by Rumanian authorities, you may state that after having given the matter careful consideration your Government has decided it would be inopportune and would serve no useful purpose for the American Embassy at Moscow to take steps along the lines suggested.

2. Your action in submitting this suggestion through the Department is approved.

3. For your strictly confidential information. During a conversation with Molotov on May 31 Thurston made some inquiries regarding the Rumanian situation.\(^{26}\) Molotov showed himself to be disinclined, however, to discuss the matter.

\[\text{Hull}\]

\(^{25}\) Frederick P. Hibbard, First Secretary of Legation in Rumania.

\(^{26}\) See telegram No. 604, May 31, from the Chargé in the Soviet Union, vol. iii, p. 804.
ANKARA, June 11, 1940—6 p. m.
[Received 10:35 p. m.]

76. Pending your [sic] determination of the Turkish position, the Secretary General of the Foreign Office today outlined to me substantially as follows the general viewpoint of this Government:

(a) In view of Italy's declaration of war the Turkish Government recognizes that it is obligated to the support of Great Britain and France under its treaty with them and is prepared to live up to its obligation. It is a question, however, whether there is at this juncture anything that this country could do that would be useful to the common cause and whether the Allies may not prefer to have Turkey stand aloof for the time being rather than risk spreading the conflict to the Balkans.

(b) He denied the rumor that the Italian Embassy had given formal assurances that its Government would not initiate any hostile action against Turkey. He also said that no assurance of that sort had been given on behalf of Germany although the Ambassador had frequently expressed himself conversationally in that sense.

(c) He acknowledged that this Government had recently inquired of the Yugoslav Government whether it would be prepared to mobilize in the event of Italy's entering the war but that the reply had been discouraging although perhaps inevitable in view of that country's exposed position; and he added that Greece likewise was not taking any military precautions other than slight increases in existing cadres. [Bulgaria?], her armaments being already fully mobilized had not been similarly approached. No decision as to a Turkish mobilization has yet been taken.

(d) He volunteered that the real anxieties of the Turkish Government are as to the action not of Italy but of the Soviet Union. Relations with that country are at present correct and satisfactory and this Government does not regard the recent considerable increase of Russian forces on the Caucasus border as a threat or even a manifestation against Turkey. But the Union has been massing large forces along the Black Sea coasts and the Rumanian frontier which would enable it to take advantage of any conjuncture favorable to a riskless invasion of the Balkans.

MACMURRAY

27 Franz von Papen.
The Minister in Yugoslavia (Lane) to the Secretary of State

Belgrade, June 12, 1940—7 p.m.
[Received (June 13)—9:45 a.m.]

249. Prince Paul \(^{28}\) informed me this afternoon that he has asked for the agrément of Milan Gavrilovic, leader of the Agrarian Party, as Minister to the Soviet Union. He referred to my conversation of yesterday with Smiljanic \(^{29}\) and said that he did not attach too much importance to Smiljanic's comments regarding anti-British and anti-French propaganda being disseminated by Communists here. He expressed the opinion that if Germany and Italy should be victorious against the Allies they will then attack Russia. He expressed apprehension regarding Russia’s aims in the Balkans and said that for this reason he could no longer delay establishing formal diplomatic relations.

He said he had no information as to whether or when Turkey would enter the war.

He said that all the telegrams which he had received from Yugoslav consular and diplomatic officers in Italy referred to the singular lack of enthusiasm with respect to Italy’s declaration of war \(^{30}\) and that there was virtually no anti-Ally feeling evident except as officially manufactured.

Repeated to Rome.

Lane

The Charge in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 14, 1940—11 a.m.
[Received 1:17 p.m.]

674. It is announced in Pravda that A. I. Lavrentev has been appointed as Soviet Minister to Rumania having been released from his duties as Minister to Bulgaria.

Embassy’s 353, April 4, 6 p.m. The Rumanian Minister states that Molotov requested him on June 11 to ascertain whether the appointment of Mr. Levrentev would be acceptable to the Rumanian Government and that he received his Government’s agreement to the appointment yesterday and so met Molotov at 3 o’clock yesterday afternoon. He states that Levrentev recently visited Belgrade for the purpose

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\(^{28}\) First Regent of Yugoslavia.

\(^{29}\) Miloye Smiljanich, Assistant Minister for Foreign Affairs of Yugoslavia.

\(^{30}\) June 10, 1940.
of exchanging ratification of the Soviet-Yugoslav trade agreement. Mr. Davidecsu has no knowledge of an impending visit to Moscow by Gafencu and is inclined to believe that radio reports regarding such a visit are unfounded.

THURSTON

740.0011 European War 1939/3810 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, June 14, 1940—4 p. m.
[Received June 15—7:05 a. m.]

86. For the Secretary and Under Secretary. Amplifying my next previous telegram. 32

1. It appears that although the British and French Ambassadors had been led to expect that the Turkish Government would promptly give its undertaking to adopt the measures (short of a declaration of war) indicated in my telegram of 2 days ago 33 they were informed yesterday by the Minister for Foreign Affairs that this Government had under the circumstances decided provisionally not to take any action upon the requests of the Allies. The reason stated was that his Government had reason to believe that such action would involve it in hostilities with the Soviet Union and that the obligation under article II of the Tripartite Treaty of October 19 was therefore nullified by the second protocol thereto.

2. The Minister said in explanation that upon Italy's declaration of war the Turkish Ambassador in Moscow had mentioned to the Minister for Foreign Affairs that his Government contemplated mobilization whereupon the latter appeared displeased but made no comment. After the Allied démarche the Ambassador under instructions advised the Soviet Foreign Minister thereof in accordance with the Russo-Turkish Protocol of 1929 and on that occasion Molotov took a very menacing tone. There were no formal representations, however, and the question was not raised by the Soviet Embassy here.

3. The only concession which the Turkish Minister for Foreign Affairs would make to the importunities of the Allied Ambassadors was that by way of allaying the impression of Turkish indifference to the situation he would make public reference to the fact that the Turkish Army is calling up several classes of reserves. The Minister presented for the approval of the Ambassadors the draft of a proposed public statement to the effect that in full agreement with its Allies the Government had decided not to act at this time under the

31 Ratifications were exchanged in Belgrade on May 31, 1940.
32 Telegram No. 85, June 14, 1 p. m.; not printed.
33 Telegram No. 77, June 12, 1 p. m.; not printed.
Tripartite Treaty; but they refused to permit such an assertion and
the question of the nature of the statement to be made is now under
consideration.

4. When taxed with resorting to the protocol as a mere subter-
fuge to evade the obligations of the alliance and reminded that he
had all along insisted that the Soviet Government was neither able
nor willing to undertake any serious military involvement, the Min-
ister maintained that since the Finnish campaign the Red Army had
considerably increased its fighting capacity and that the Kremlin had
become much bolder in its policy towards the war. But he appears
to have admitted that in any case this Government did not feel able
to commit itself in the present military and political situation in
Europe to action which would almost necessarily draw it into the war.
Repeated to Moscow, Rome.

MacMurray

740.0011 European War 1939/4018: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, June 19, 1940—3 p. m.
[Received June 20—2:10 a. m.]

282. Suspicious troop movements and military activity between
Odessa and the Rumanian frontier have been more frequent of late.
I am informed that the Russian Chargé d’Affaires has stated however
that it is not Russian policy to attack a country without previous
negotiations and that there had been no negotiations with Rumania
for some time. This is the stage setting upon which Lavrentyev,
the new Russian Minister, will make his first appearance (see first
paragraph No. 254, June 5, noon). Eighteen hours late from the
frontier, he is due today.

There is no concealing the fact that there is trepidation in Ruma-
nian official circles coupled with determination to defend Rumania’s
frontiers with all its power and this latter should be made clear to
Russia. It is realized that Russia is now thoroughly frightened that
its turn will come after England and seeks to shorten and straighten
out its line of defense against Germany. It has done so in the Baltic
States and to do so here would entail doing away with the curve and
swepf of its frontier on the Dniester around Bessarabia and the Pruth
instead which would make a relatively straight line from the Baltic
to the Black Sea. There is also the objective of the destruction of the
oil fields to prevent this supply from reaching Germany. No one
knows what Hitler agreed with Stalin in September with regard to
Bessarabia. Hitler’s constitutional objection to fighting two fronts however is known and it is possible that the Russians, if unable to obtain what they wish by negotiation, consider it the lesser of two evils to embark upon military operations for advantageous military objectives now rather than when forced to at a disadvantage later on.

GUNThER

701.6160H/5 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 24, 1940—5 p. m.
[Received June 24—2:37 p. m.]

741. Embassy’s telegram No. 489, May 4, 11 a. m. The Foreign Office has just announced that diplomatic relations between the Soviet Union and Yugoslavia have been established and that respective Ministers to Belgrade and Moscow have been named. Repeated to Belgrade.

THURSTON

740.0011 European War 1939/4231 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, June 24, 1940—6 p. m.
[Received June 28—3:44 a. m.]

294. My 293, June 24, 5 p. m. The Minister of Foreign Affairs has told me he received the new Russian Minister on Friday and that he politely suggested that there were a number of commercial matters which they might discuss to mutual profit and that Lavrentiev had replied rather brusquely that he had other more important matters to take up first which of course probably meant Bessarabia. Relations with the new Russian diplomat have not had an auspicious start—details follow by despatch.

It is his information that Hitler is [displeased?] with [Stalin?]. I have heard this from other reliable sources. He spoke of the crying need here of another hundred anti-tank or anti-aircraft guns and said that there were hopes that Germany would supply these soon. With these he feels that Rumania can hold a Russian attack for 4

34 Not printed.
35 Milan Gavrilovich, Chief of the Serbian Agrarian Party, and journalist, was appointed Yugoslav Minister to the Soviet Union, and Viktor A. Plotnikov was transferred from Norway to become the Soviet Minister in Yugoslavia.
36 Ion Gigurtu, Rumanian Minister for Foreign Affairs, June 4–28, 1940.
37 Despatch No. 1464, June 24; not printed.
months after which the Russian offensive would probably collapse. What was also in his mind I think was German aid by that time. He spoke also with confidence of aviation assistance from Italy.

Although I realize that there is very little which we can or should do in the premises I expressed interest in the progress of negotiations and asked that he cause me to be informed of any important developments.

GUNThER

740.0011 European War 1939/4226: Telegram

*The Chargé in the Soviet Union (Thurston) to the Secretary of State*

Moscow, via Tokyo, June 27, 1940—10 a.m.

[Received 10:45 p.m.]

757. I inquired of the Rumanian Minister last evening with respect to the accuracy of current rumors regarding clashes on the Rumanian-Soviet frontier and alleged Rumanian-Soviet negotiations for transfer of Bessarabia to the Soviet Union.

Mr. Davidescu stated with respect to the first rumor that no clashes have recently occurred on the Soviet-Rumanian frontier. He added, however, that for some time past Soviet military planes have been flying over Bessarabian territory, obviously for the purpose of conducting an aerial survey, and that he is considering the advisability of protesting against such activities to Molotov. With respect to the second report he said that he is certain that no such negotiations are under way and remarked that if the subject of the transfer of Bessarabia should be broached by the Soviet Government, the Rumanian Government would refuse to discuss it.

THURSTON

740.0011 European War 1939/4237: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

Bucharest, June 27, 1940—1 p.m.

[Received June 28—9:25 a.m.]

302. The Bolshevik Government presented at 10 o'clock last night a 24-hour ultimatum to the Rumanian Government demanding the immediate return of Bessarabia and that part of Bukowina inhabited by Ukrainians as indicated on a map yet to reach Bucharest. The preamble of the ultimatum refers to Bessarabia having been taken at a time when Russia was militarily weak “an unfortunate state of
affairs which now no longer exists.” In my personal opinion this ultimatum will be rejected.

Repeated to Moscow.

—Gunther

740.0011 European War 1939/4280: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, June 27, 1940—4 p. m.

[Received June 29—11:15 a.m.]

304. My telegram No. 302, June 27, 1 p. m. The following is translation of the text of note handed to the Rumanian Minister in Moscow by Molotov yesterday at 10 p. m.: 59

“In 1918, Rumania, taking advantage of the military weakness of Russia, took by force from the Soviet Union (Russia) a portion of its territory, Bessarabia, and thus disrupted the eternal unity of Bessarabia, populated chiefly by Ukrainians, with the Ukrainian Soviet Republic.

“The Soviet Union has never reconciled itself to the fact of the violent seizure of Bessarabia, and the Government of the Union of Soviet Socialist Republics has repeatedly and openly stated this before the whole world.

“Now, when the military weakness of the Union of Soviet Socialist Republics has become a thing of the past, and when the international situation which has arisen demands very swift settlement of unsolved questions inherited from the past, in order finally to lay the foundations for a lasting peace between countries, the Soviet Union considers it necessary and timely, in the interests of the reestablishment of justice, to reach, together with Rumania, an immediate settlement of the question of the return of Bessarabia to the Soviet Union.

“The Government of the Union of Soviet Socialist Republics considers the question of the return of Bessarabia to be organically linked with the question of the cession to the Soviet Union of that part of Bukovina the population of which by a huge majority is related to the Soviet Ukraine, not only by the community of its historical fate, but also by the community of language and national composition. Such an act would be all the more just in that the cession of the

58 The Rumanian invasion of Bessarabia began in January 1918, and with the disintegration of Russia after the Bolshevik revolution the province became effectively Rumanian. A treaty signed at Paris on October 28, 1920, between Great Britain, France, Italy, Japan, and Rumania, formally assenting to the acquisition of Bessarabia by Rumania, was never ratified by Japan, and was not actually in force; for draft and correspondence regarding the treaty, see Foreign Relations, 1920, vol. iii, pp. 426–435; for text, see British and Foreign State Papers, vol. cxxiv, p. 647. The United States was not party to this treaty and for a long time refused to recognize Rumanian sovereignty over Bessarabia, until de facto recognition was granted in 1933; see Foreign Relations, 1930, vol. iii, pp. 801–807; ibid., 1932, vol. ii, pp. 503–508; and ibid., 1933, vol. ii, pp. 656–658.

59 The translation contained in this telegram was frequently garbled, although the meaning remained clear. Consequently, the translation which was enclosed in despatch No. 599, July 8, from the Chargé in the Soviet Union, has been substituted here. (740.0011 European War 1939/5096)
northern part of Bukovina to the Soviet Union could be—in truth, only to an insignificant degree—a form of reparation for the enormous harm done to the Soviet Union and the population of Bessarabia by the 22 years of Rumanian rule in Bessarabia.

"The Government of the Union of Soviet Socialist Republics proposes that the Royal Government of Rumania:

1. Return Bessarabia to the Soviet Union.
2. Cede to the Soviet Union the northern part of Bukovina within the boundaries set by the appended map."[46]

"The Government of the Union of Soviet Socialist Republics expresses the hope that the Royal Government of Rumania will accept the present proposals of the Union of Soviet Socialist Republics and thus make possible a peaceful settlement of the protracted dispute between the Union of Soviet Socialist Republics and Rumania.

"The Government of the Union of Soviet Socialist Republics expects the answer of the Royal Government of Rumania on June 27, 1940."[47]

The Rumanian Crown Council presided over by the King has been in continuous session since early this morning. I am informed by my Yugoslav colleague[48] who has seen the King that Rumania has requested the opinion of Germany,[49] Italy, Turkey, Greece and Yugoslavia on this document.[50] So far only Yugoslavia has replied counseling extreme prudence. The Yugoslav Ambassador states that while his Government does not wish to meddle in the internal affairs of her ally she feels that it is far easier to begin a war than to finish it and that Rumania will be well advised to accede to the Russian proposal in the hope that at a later date this question may be settled at a peace conference. He further informs me that the Yugoslav Government has information from both Budapest and Sofia that these two Governments will remain tranquil but that they wish it understood that this action on their part does not imply relinquishment of their claims to territorial revision. The speeches by the various Crown councilors are said to have been very bellicose but up to the present time the King has given no indication of his opinion.

For historical background in view of distortion of historical facts in Russian history see my despatch No. 1207 of January 30th, 1940.[44]

GUNther

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[46] The Minister reported in his telegram No. 316, June 28, 3 p.m., that the map had still not arrived, and that “there may be some unpleasant surprises when it does.” (740.0011 European War 1939/4283)

[47] Yovan Duchich.

[48] Material illustrative of the position adopted by Germany during this crisis has been published in Department of State, Documents on German Foreign Policy, 1918-1945, series D, vol. x.

[49] In his telegram No. 316, June 28, 3 p.m., the Minister stated that he had been told that every government which Rumania had consulted had replied advising appeasement, and that in consequence “it would have been a hopeless task to hold out alone” against the Soviet Union. (740.0011 European War 1939/4283)

[50] Not printed.
The Minister in Bulgaria (Earle) to the Secretary of State

SOFIA, June 27, 1940—7 p.m.
[Received June 27—6:44 p.m.]

71. I have seen the Minister for Foreign Affairs regarding Russian ultimatum to Rumania.

(1) He believes there was a general understanding between Russia and Germany that Bessarabia would be taken at some time by Russia, but that Russia’s present timing of its ultimatum had taken both Germany and Rumania by surprise.

(2) Now that the Rumanian territorial subject had been opened by Russia, Bulgaria’s claims to the southern Dobrudja would be considered because they were so just that not even a devil’s tribunal could reject them. But this would definitely be done by Bulgaria through peaceful negotiation and not by military force.

(3) That Bulgaria had only normal frontier guards at the present time on the Rumanian border, but would certainly heavily increase them should fighting break out in Rumania.

(4) That there are only some slight unimportant misunderstandings between Bulgaria and Russia in connection with the recent [apparent omission].

My impression is that the King and Government sincerely want their claims to the Dobrudja acceded to peacefully since it would mean a much more permanent settlement. However, the Bulgarian people and the Army feel so righteously justified in their Dobrudja claims that there is a possibility that the King and Government might be forced by the Army to take military steps if fighting breaks out in Rumania.

EARLE

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, June 27, 1940—8 p.m.
[Received August 30.]

307. My telegram No. 304, June 27, 4 p.m. The following is translation of the text of the Rumanian Government’s immediate reply to

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*Bulgaria had ceded this territory to Rumania by the treaty of peace signed at Bucharest on August 10, 1913; for text, see British and Foreign State Papers, vol. cxviii, p. 655.

*Intended reference is probably to some suspected pro-German trend in the Bulgarian Government, as illustrated by the signature of the Bulgarian-German Cultural Convention at Sofia on June 19, 1940.

*Boris III.

*This telegram is copied from the confirmation received by mail as the original was not received by wire.
the Union of Soviet Socialist Republics’ ultimatum. For some as yet unexplained reasons communications with Moscow are at present interrupted.

"The Government of the Union of Soviet Socialist Republics has addressed to the Rumanian Government a note which was handed by His Excellency Mr. Molotov, President of the Council of Commissars of the People of the Soviet Union and Commissar of the People for Foreign Affairs, to His Excellency Mr. Davidescu, the Rumanian Minister at Moscow, on June 26, 1940 at 10 p.m.

Animated by the same desire as the Soviet Government to see resolved by pacific means all questions which might produce a misunderstanding between the Soviet Government and Rumania, the Royal Government declares itself ready to proceed immediately and along the most broadminded lines to a friendly discussion and a common agreement on all proposals emanating from the Soviet Government.

In consequence the Rumanian Government requests the Soviet Government to be so good as to indicate the place and the date which it desires to fix for this purpose.

As soon as it shall have received a reply from the Soviet Government the Rumanian Government will designate its representative and it hopes that the conversation with the representatives of the Soviet Government will result in creating durable relations of good understanding and friendship between the Soviet Government and Rumania."

There has as yet been no reply from Germany or Italy to Rumania’s request for their views. I have just left the Minister for Foreign Affairs who has now gone to the Palace to urge that full mobilization, now ordered for 12 midnight, be deferred on account of the impression it would cause. I find only a desire to conciliate if possible and to lead the affair into the channel of discussion but failing they are prepared to defend their territory. The British attitude in all this is not clear.

Gunther

740.0011 European War 1939/4251 : Telegram

The Minister in Yugoslavia (Lane) to the Secretary of State

BELGRADE, June 27, 1940—9 p.m.
[Received June 28—5:51 p.m.]

282. A high official in the Foreign Office informed the Legation this afternoon that although there is local concern with the possible disintegration of the Balkan system due to the Russian ultimatum to Rumania, as yet no indications have been received here of any preparations by Hungary or Bulgaria to take military steps at this moment. The Balkan Entente was of course of no effect against a great power, and if Russia consents to the Rumanian suggestion of negotia-
tions it is hoped that the status quo may be maintained except for those concessions that will be given to Russia by Rumania. He added that Rumania had appealed to both Berlin and Ankara that representations be made in Moscow in her behalf by the German and Turkish Ambassadors there, but it is reported here there had been no indication of the Turkish or Axis position.

LANE

740.0011 European War 1939/4266: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 28, 1940—3 p. m.
[Received 8:50 p. m.]

768. Embassy’s 767, June 28, 2 p. m.\(^{50}\) The communiqué referred to has not yet been received\(^{51}\) but the special 2 p. m. broadcast announcing the acceptance by Rumania of the Soviet demands is understood to have contained the following statements:

A first ultimatum concerning Bessarabia and northern Bukowina was sent by the Soviet Government to Rumania on June 26th and yesterday the Rumanian Government indicated to the Soviet Government willingness to discuss the adjustment of the Soviet demands; this reply was considered indefinite by the Soviet Government, however, which then submitted a second ultimatum yesterday to expire at noon today and containing the following demands:\(^{52}\)

1. That Rumanian troops should evacuate Bessarabia and northern Bukowina within 4 days.
2. That the Red Army should occupy these districts within the same period.
3. That on June 28th the Red Army should occupy the Rumanian cities of Chernovitsy,\(^{53}\) Kishinev\(^{54}\) and Akkerman,\(^{55}\)
4. That the Rumanian Government should accept full responsibility for any damage which might be found to have been done to railways, telegraph lines, river bridges, etc., in the areas to be occupied and
5. That a mixed commission of four persons consisting of two Rumanians and two Russians should meet at Odessa to discuss any problems which might arise in connection with the carrying out of these demands.

\(^{50}\) Not printed.
\(^{51}\) The communiqué of the Tass Agency (Telegraph Agency of the Soviet Union) upon which the radio broadcast here summarized was based.
\(^{52}\) The translation of this second Soviet ultimatum as sent by the Minister in Rumania in his telegram No. 316, June 28, likewise dispatched at 3 p. m., was not received in the Department until 11:30 a. m. on June 29.
\(^{53}\) Cernauți.
\(^{54}\) Chisinau.
\(^{55}\) Cetatea-Alba.
At 11 a.m. today the Rumanian Government notified the Soviet Government that in order to avoid bloodshed etc. it was compelled to accept the Soviet terms. The Rumanian Government also asked, however, that the 4 days' time limit mentioned be extended.

Soviet troops crossed the Rumanian frontier at 2 p.m. today.

Repeated to Bucharest.

Thurston

740.0011 European War 1939/4284 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, June 29, 1940—4 a.m.
[Received 6:40 p.m.]

321. General mobilization was ordered last night at midnight although some classes had already been called on the night of June 26. Certain categories of Government employees, railway men and others in essential industries have been [called up?]. I am reliably informed that this has been taken as a precautionary measure against possible Russian incursions beyond the time agreed upon and in order more easily to control the population in internal matters. The Government's decision to accede to Russia's demands came as a great shock to the people who have been filled for 20 years with strong words against territorial cession of any kind and Rumania's ability and willingness to defend her soil at all costs. Coming closely upon the French defeat and the sudden swing of the Government into a pro-German political party, it has disturbed the public calm and there is reason to believe that dissident groups in the country may endeavor to take advantage of this situation for their own ends. There is much feeling expressed against England as the instigator of this Russian move in order to involve Germany and Russia. A high official of the German Legation expressed the opinion this morning that England had "put over a fast one" on Germany and it is probable that whatever the truth of this theory may be the story is being circulated here by the Germans to break further pro-Ally sympathy. The same German official stated that his Government was greatly annoyed by Russia's action and that "Hitler will never forget."

54 For the text of this Rumanian reply, see telegram No. 331, July 3, 1 p.m., from the Minister in Rumania, p. 489.
55 France signed an armistice with Germany on June 22, 1940, and with Italy on June 24, 1940. For additional material on the German invasion and the collapse of France, see pp. 217 ff.
56 A hasty reorganization of the Tatarescu Cabinet took place on June 28, 1940, with the inclusion of several pro-German Ministers. This Cabinet was replaced on July 4, 1940, by another, with Ion Gigurtu as Prime Minister, which was strongly pro-German.
Rumors persist here of a Russian ultimatum to Hungary for sub-Carpathian Russia and to Bulgaria for naval and air bases but it is the opinion of my Yugoslav colleague that these are being adroitly spread by Government agents in an attempt to remove from the people the sting of Rumania's action by showing that her neighbors are threatened.

Alarming stories are also current and may be repeated in the American press that Hungary and Bulgaria have made demands on Rumania but I am informed officially that no such action has been taken on either side.

The Russian occupation of the ceded territory is taking place in advance of schedule in some instances and there appears to be great confusion. Some minor incidents have been reported as the troops advance. Refugees are streaming out into other provinces but there is much difficulty in rail transportation as the Russians are endeavoring to prevent trains from going beyond the new Russian zone.

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740.0011 European War 1939/4293: Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, June 29, 1940—1 p.m.
[Received 7:47 p.m.]

112. 1. Apart from a sentiment of regret at the spoilation of a friendly neighbor the Turkish Government regards without perturbation the Russian occupation of Bessarabia. That action is regarded as primarily strategic in intention of [as?] designed to give the Soviet Union a more defensible southwestern frontier and not indicative of any purpose of taking further more offensive action in the Balkan Peninsula.

2. The Minister for Foreign Affairs has just informed me that all the information available to him indicates that the Russian move was made without previous arrangement or even knowledge on the part of the Axis Powers which when informed of the Soviet ultimatum hastened to advise the Rumanian Government to yield in order to avert a disturbance of the peace and in return offered to exert their influence with Hungary and Bulgaria to restrain them from pressing their territorial claims. He understands that the Bulgarian Government has already assured the Yugoslav Government that it will not attack Rumania; the Turks therefore feel that (at least in the present phase of developments) there is still no reason to apprehend an extension of hostilities to the Balkans.

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40 Ruthenia, Carpatho-Ukraine.
3. [He] acknowledged only a rather indefinite feeling of uncertainty as regards Bulgaria whose troops are concentrated on the Turkish frontier not out of fear of aggressive action by this Government but because of apprehension that in case of an invasion of the Peninsula the Turkish Army would be tempted to advance into Bulgarian territory to a more secure line of defense. He said, however, that although Turkish troops were likewise massed on the frontier these concentrations on either side were fully understood by both Governments as natural military precautions and implied no ill feeling. His somewhat vague uneasiness about possible Bulgarian action seemed to be based only on the general political restlessness of that country.

4. He stated that this country has taken no new military measures as a result of the Bessarabian matter and expressly denied the report that the Turkish fleet had been sent into the Black Sea.

Repeated to Bucharest, Moscow, Sofia.

MACMURRAY

740.0011 European War 1939/4503 : Telegram

The Chargé in Germany (Heath) to the Secretary of State

Berlin, June 29, 1940—5 p.m.
[Received June 30—10:06 a.m.]

2211. My 2207, June 29, 2 p.m.°° Rumanian circles in Berlin indicate that Germany strongly recommended that the Rumanian Government make no resistance to the Russian ultimatum with respect to Bukowina and Bessarabia and made it very clear that the Reich would not give Rumania military or diplomatic assistance. They claim, however, that the German discussions with Rumania in the matter were concluded at Bucharest and not through the Rumanian Legation in Berlin.

These circles state that German officials here are intimating that Russian occupation of the territories is not to be regarded as definitive and may possibly last only a few months. Rumanians here do not extract complete consolation from these intimations since only a few weeks ago they were receiving reassuring if vague statements from high German officials that Germany would prevent Russian aggression against Rumania. With regard to reports of Bulgarian demands for the return of Dobrudja, Rumanian circles claim that the Italian Government has informed the Bulgarian Government that it must await the occurrence of peace before pressing its territorial claims.

My sources avoided answering questions with regard to Hungary’s position in these developments.

Repeated to Rome for Kirk.

HEATH

°°Not printed.
740.0011 European War 1939/4355: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 2, 1940—noon.
[Received 5:30 p.m.]

787. Pravda today carries a Tass despatch from Kiev dated July 1st, as follows:

"Soviet troops have established themselves in northern Bukowina on the determined border with Rumania. In Bessarabia, Soviet troops have fulfilled their task and have reached the Rumanian border along the entire length of the Prut and Danube Rivers."

Further despatches have stated that work has already begun toward the establishment of railway, telephone, and telegraph communications between the Soviet Union and its newly annexed territories.

These and similar reports imply that the occupation by the Soviets of the territories in question is virtually completed.

Repeated to Bucharest.

Thurston

740.0011 European War 1939/4387: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, July 2, 1940—4 p.m.
[Received July 3—4:35 p.m.]

326. I am privately informed by Mr. Gigurtu, who participated in all the deliberations last week when still Minister for Foreign Affairs, that the advisers of the King pointed out that Rumania had munitions for a month and a half at the most and sorely needed another 2,000 anti-aircraft and/or anti-tank guns and many more planes, both bombers and pursuit. It was pointed out that if at the end of a month and a half of resistance the Rumanian Army was badly broken both Hungary and Bulgaria would be in a position to enforce such demands as they wished whereas by concession now the Army would remain intact and there was always hope that a more favorable opportunity to attack Russia might present itself later on. It was argued that it would be impossible to explain to the Rumanian people such a lack of foresight in some weeks' time should the Rumanian Army have broken down.

Mr. Gigurtu thought that what his Government should have done some time ago was to have thrown over the Franco-British guarantee which was already meaningless and have followed up the offers of a German guarantee and then have told Russia that they were ready to settle the Bessarabian and Ukrainian minority questions by negotiation when with the German guarantee behind them they could have
made a good bargain and possibly an independent buffer state of Bessarabia. As you probably know the Council of Ministers last night formally renounced the Franco-British guarantee. The Council unanimously approved the new orientation of foreign policy to meet "the new European order in the course of installation".

He confirmed the information I had already obtained from other official sources that every government consulted, including the German, had advised extreme prudence and conciliation. It is of historical interest that the King, throughout the crisis and until the cogency of the arguments presented convinced him, was for war. After being convinced by the arguments presented by his advisers he wept.

According to Mr. Gigurtu, who is in close touch with German official circles, the Germans are resigned but extremely annoyed. He himself hopes that peace in the west will ensue when Germany will have a freer hand to deal with Russia.

GUNHER

740.0011 European War 1939/4400: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, July 3, 1940—1 p. m.
[Received July 4—10 a. m.]

331. The texts of all communications exchanged by this Government with that of the Union of Soviet Socialist Republics through the Rumanian Minister in Moscow have now been given out in the speech made yesterday before the Foreign Affairs Commission of the Parliament by the Minister for Foreign Affairs. The Russian Minister Lavrentev did not figure in the negotiations and has not yet been received by the King. I understand that the address which he proposed making to the King was unacceptable. The texts of the communications exchanged with Russia which I had obtained from various sources are as communicated to you in my telegrams Nos. 304, June 27, 4 p. m., 307, June 27, 8 p. m., and 316, June 28, 3 p. m. There remains only the last communication of the Rumanian Government dated June 28, a translation of which I quote herewith:

"In order to avoid the serious consequences that the use of force and the beginning of hostilities in this part of Europe might have brought, the Rumanian Government finds itself forced to accept the evacuation conditions specified in the Soviet answer.

However, the Rumanian Government wishes to extend the length of terms mentioned in paragraphs 1 and 2, because the evacuation of

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41 On behalf of Great Britain this guarantee was reaffirmed on September 5, 1940, by Lord Halifax, Secretary of State for Foreign Affairs; see Parliamentary Debates, House of Lords, 1938–39, 5th series, vol. 117, col. 363.

42 Constantine Argetolau, from July 4, 1940.

43 Telegram No. 316 not printed; but see telegram No. 765, June 28, 3 p. m., from the Chargé in the Soviet Union, p. 484.
the territories in 4 days is extremely difficult to accomplish on account
of the rains and inundations which have impaired the means of
communication.

The joint committee appointed by paragraph 5 could discuss or solve
this question.

The names of the Rumanian delegates for this committee will be
made known during the day.”

The declarations to the Foreign Relations Commission of both the
Prime Minister and Minister for Foreign Affairs stress the brutality
of the despoliation of the territory of a nation of barely 20 millions
by that of one of 280 millions. The keynote of patience is struck in
these addresses but not resignation and the connotation thereof is that
the day will some time come when this cruel wrong can be remedied.

GUNThER

870.811/203 : Telegram

The Minister in Yugoslavia (Lane) to the Secretary of State

BELGRADE, July 3, 1940—7 p. m.
[Received 7:52 p. m.]

291. Reference Bucharest’s 319, June 28, 7 p. m. A reliable source
has informed us that Russia has already requested a place on the
commission for the control of the mouths of the Danube and on the
International Danube Commission. My informant is of the opinion
that the Russian request will be sponsored by the British with the hope
that the Russian vote can be counted on to conflict with those of the
Axis Powers.

The British Minister while noncommittal on the subject admitted
that it was now to be expected that Russia should be represented on
both commissions.

The Italian representative on the Danube Commission who resides
in Belgrade denies that any Russian request has been made, but ad-
mits without enthusiasm that such a move is now to be expected.

Repeated to Moscow.

LANE

740.0011 European War 1939/4408 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, July 4, 1940—noon.
[Received 5:24 p. m.]

337. In a conversation which I have had with the new Minister for
Foreign Affairs, Argetoianu, I found him fairly optimistic that Russia

46 Not printed.
45 The European Commission of the Danube.
46 Sir Ronald L. Campbell.
now had what it wanted and would not venture to encroach further in the light of German objection and that Germany could hold both Hungary and Bulgaria in check. He frankly admitted that the declaration 67 which I mentioned in my 326, July 2, paragraph 2, meant that Rumania was now definitely aligned with Germany. I said that I assumed naturally that such a statement would not have been issued without prior satisfactory assurances of support from Germany and he assented that that was so—adding that he himself had always been for such a policy; that the Franco-British guarantee had become quite meaningless and had been only a matter of unilateral prestige anyway. He used the usual arguments in defense of rapprochement with Germany, characterized the Russian Government as their principal customer, only Germany which had made a serious endeavor to arm Rumania, etc.

The Under Secretary whom I saw later was much more skeptical; long experienced in foreign relations, far-sighted and shrewd he was not at all sure that Russia would stop where it is, pointing out that a much straighter and more easily defended line would be that of the Siret taking in all of Moldavia. Although each complaint is made [Although each made complaint?] about Hungary and less so about Bulgaria, and [they?] said that it remained to be seen once embarked upon an attack on England whether Germany could continue to restrain these two.

I tried to draw both of them out as to the nature of German promises of support but without much success. I am inclined to suspect that plans for military cooperation are still in the embryo. The Under Secretary for instance doubted whether if England is to be attacked a very appreciable [number of?] German aeroplanes could be designated for the protection of the Rumanian oil fields. I pointed out that very serious lasting damage could be done by Russia in just a few raids. He admitted this but countered that Russia would hardly take this step as it would be a casus belli with Germany. He was also concerned with the possibility of a Russian move southward over the mouths of the Danube to meet with the Bulgarians in the Dobrudja with the attendant menace to Turkey and the Straits.

GUNTER

67 A more complete expression of this statement is given in despatch No. 1478, July 6, from the Minister in Rumania, as follows: "In the foreign field the Government expects to follow a policy of sincere integration in the system created by the Rome-Berlin Axis, and this not only as an expression of political realism, but also as a logical consequence of the ideological and political conceptions of its members, just interpreters of the sentiments of the nation." (740-0011 E. W. 1939/5065)
837. Pravda today publishes the following:

"In view of the liberation of Bessarabia from occupation by Rumanian noblemen and its reunion with the Soviet Union the Moldavian population within the U. S. S. R. has considerably increased and now amounts to about 2,000,000 people.

In connection with these circumstances the Soviet of People’s Commissars of the Moldavian Autonomous Soviet Socialist and Moldavian Oblast Committee of the Ukraine Communist Party have presented to the Soviet of People’s Commissars and the Central Committee of the Communist Party a proposal to reunite the Moldavian population of the Moldavian Autonomous Soviet Socialist Republic and to form a Moldavian Constituent Soviet Socialist Republic. The Soviet of People’s Commissars of the U. S. S. R. and the Central Committee of the All-Union Communist Party have given their support to the request of the Moldavian organizations and have decided to present the appropriate proposal to the Supreme Soviet of the U. S. S. R."

THURSTON

366. Both the Turkish and Yugoslav Ambassadors \(^{68}\) tell me that they have been assured by the new Russian Minister here that Russia has no present intention of advancing further demands upon Rumania. They both concur, however, that this prospect might change overnight depending upon both internal and external developments.

Mr. Lavrentiev has just conveyed the same assurances to me. He talked, however, for a long time of the Galati incident \(^{69}\) concerning which he is obviously much preoccupied and I was able to relate to him the eyewitness account transmitted in my 325, July 2, 1 p. m.\(^{70}\) and also

\(^{68}\) Hamdullah Suphi Tanrıöver and Yovan Duchich, respectively.

\(^{69}\) About 2,000 persons, mostly Jews and Communists, stampeded in Galatz on June 30, because the departure of their train for the Bessarabian side of the Pruth River was delayed for several hours. The rioters presumably believed that they were being prevented from leaving, which was a misconception. There was shooting by Rumanian police and armed guards, with resulting casualties. Official reports announced that a small number were killed, although observers and investigators believed that the total was several hundred, the highest figure being about 600.

\(^{70}\) Not printed; the eyewitness was the Swiss Consul.
my personal impression that the incident was not intentional but merely the result of misunderstanding and bad management. This may serve to offset somewhat the many more lurid accounts which he admits receiving constantly from individuals concerned or their relations here. The Minister also questioned me at length upon the problem of the Hungarian minority.

Gunther

740.0011 European War 1939/4682 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, July 16, 1940—10 a.m.
[Received 2:37 p.m.]

382. My 366, July 10, 8 p.m. I have learned that the new Russian Minister here has now assured the German Minister \(^\text{71}\) that Russia will not go further in Rumania. For what it is worth and insofar as he may be informed of his Government’s real intentions from day to day this is noteworthy in that the declaration was made to the German Minister and by him communicated to his Government.

Gunther

740.0011 European War 1939/4706 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

Ankara, July 16, 1940—5 p.m.
[Received 9:25 p.m.]

125. My telegram 123, July 13, 5 p.m. \(^\text{72}\)

1. There has been a substantial relaxation of the nervous tension which had reached its culmination at the moment of the Prime Minister’s speech \(^\text{73}\) and the Assembly’s note of confidence in the Government’s policy. The Assembly then adjourned for about a fortnight and the President of the Republic shortly left for a holiday near Istanbul; and there prevails generally a feeling that a crisis has been safely passed which might seriously have compromised this country’s relations with the Soviet Union if not handled by the Government with prudent firmness.

2. In conversation today the Minister for Foreign Affairs commented to me upon the effort of Germany to embroil Turkish rela-

\(^{71}\) Wilhelm Fabricius.
\(^{72}\) Not printed.
\(^{73}\) Before the Grand National Assembly on July 12,
tions with Russia by the publication of the despatches (of the last of which the Deutsches Nachrichten Bureau has now had to publish a corrected text) referred to in my previous telegrams including Number 120 1 and by the dissemination of rumors of Russian demands. The Minister thought the German attempt to sow dissen-
sion was prompted primarily by these calculations: First, hostile relations between Turkey and Russia would preclude the possibility of the Russian rapprochement with Great Britain which Germany fears; and second, involvement in hostilities with Turkey would considerably weaken the Russians whom the Germans do not wish to be (even as partners) too powerful. He also thought that a further motive may have been the belief that Turkey’s embroilment would make her more amenable to German influence.

3. He assured me that there was no indication whatever that the publication of the documents had had the intended effect of arousing Moscow’s suspicions of Turkey and likewise no reason to believe that the Soviet Government contemplates making any such demands as were rumored. The intrigue had therefore come to nothing but had given occasion for an assertion of this country’s position which had not only reassured its own people but had had the result of toning down the asperity of the German press and radio references to Turkey. He also mentioned that the German Ambassador had come in the next day to express his cordial acquiescence in certain points on which the Turks had been insisting in the limited commercial agreement which is still under negotiation.

4. As to the Balkans he is still convinced that the Soviet Union has no present intention of pressing further into Rumania. He also believes that neither Hungary nor Bulgaria will resort to other than peaceful means to enforce their claims against Rumania—the former because of the attacks by the Axis Powers, and the latter partly for the same reason but also because of a sincere conviction that such action would be unwise in the long run. Denying the rumors that the Rumanian Government intends to withdraw from the Balkan Entente he told me that he had received its formal assurances that it would remain faithful to that alliance.

Repeated to Moscow.

MACMURRAY

1 July 11, 1 p.m., not printed. The despatches published were concerned with the German White Book No. 6, issued by the German Foreign Office under the title Die Geheimakten des französischen Generalstabes, from which selected documents had already appeared in the daily press during July, purporting to show Allied intentions against the Soviet Union in the oil regions of the Caucasus and Baku, with the possibility of assistance from Turkey.
ANKARA, July 20, 1940—1 p. m.  
[Received 6:45 p. m.]

127. 1. Upon receiving the repetition of Belgrade’s telegram No. 311 to the Department \(^7\) I took occasion to check with one of my colleagues who stands in closest relations with the Turks and would be in a position to know if any proposals for a modification of the regime of the Straits had been discussed with the Turkish Government. He confirmed my previous understanding (see my 125, July 16, 5 p. m.) that no such discussions have been or are taking place and that in fact the Turkish and Soviet Governments have remained quite aloof and have not had any but rather formal contacts since the Turkish Foreign Minister was rebuffed in Moscow last October.

2. From other sources, however, I have gathered rather vague intimations (which I have not been able to confirm and which I report with all reserve) that on both sides there is developing a disposition to resume the former intimacy of relationship and that there may even be in the minds of certain Turkish leaders a still inchoate project of serving as intermediary in bringing the Soviet and British Governments to an understanding.

Repeated to Belgrade.

MACMURRAY

761.71/265: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, July 24, 1940—2 p. m.  
[Received 9:08 p. m.]

412. My 255, June 5, 1 p. m., last sentence.\(^7\) I am confidentially informed that Gafencu, former Minister for Foreign Affairs, will go to Moscow in a few weeks’ time replacing Davidecu. I consider this a very constructive step in Russo-Rumanian relations. This of course has been done by the King and it was at first difficult to persuade Gafencu to serve in this capacity with the present government with which he is not in sympathy. The King convinced him that he would not be serving this particular government but his coun-

\(^7\) July 16, 7 p. m., not printed.

\(^7\) Not printed; the reference is to whether Gafencu would go to Turkey or to the Soviet Union as Minister (740.0011 European War 1939/3553).
try and that he should make the great personal sacrifice of living in Moscow for a year or less at this critical juncture.\textsuperscript{17}

\textbf{Gunther}

\textit{740.0011 European War 1939/42: Telegram}

\textit{The Minister in Bulgaria (Earle) to the Secretary of State}

\textbf{Sofia, July 30, 1940—7 p.m.}
[Received July 31—12:51 a.m.]

96. I had a long conversation with the Foreign Minister today following his return yesterday from the conference with Hitler and Von Ribbentrop.\textsuperscript{28}

Mr. Popoff said Hitler looked well and was full of energy.

The only subject discussed was the Bulgarian claim to southern Dobrudja which Mr. Popoff said, in the strictest confidence for my Government, Hitler admitted was entirely just.

The Kingdom of Rumania, Mr. Popoff said, had asked for a conference with Hitler to receive either help or counsel.

Hitler said that he had advised the Rumanian delegates to negotiate directly with Hungary and Bulgaria with regard to territorial restoration to these countries. This, he said, Rumania had agreed to do. Also that the settlement with Bulgaria was comparatively simple while that with Hungary was very complex. Mr. Popoff said Bulgaria would now await the Rumanian invitation for negotiations between the two countries.\textsuperscript{29}

He concluded by saying Hitler’s attitude toward Bulgaria was one of the greatest cordiality to “an unfortunate brother-in-arms.”

\textbf{Earle}

\textit{861.014/215: Telegram}

\textit{The Chargé in the Soviet Union (Thurston) to the Secretary of State}

\textbf{Moscow, August 3, 1940.}
[Received August 3—8:48 a.m.]

956. \textit{Pravda} this morning publishes laws approved by the Supreme Soviet of the U. S. S. R. last night concerning the incorporation of the northern part of Bukovina and the Khotin, Akkerman and Izmail uyezds \textsuperscript{30} of Bessarabia into the Ukrainian Soviet Socialist Republic

\textsuperscript{17} The Minister reported in telegram No. 416, July 25, 1 p. m., that the Soviet Government agreed to the appointment of Gafencu within 24 hours. “This is unheard of. Heretofore it has been a matter of 6 months at least.” (761.71/-265)

\textsuperscript{28} The conference had taken place at Salzburg, July 20–28; records of these conversations are printed in \textit{Documents on German Foreign Policy, 1918–1945}, series D, vol. x, pp. 832–341.

\textsuperscript{29} The negotiations were begun at Craiova, Rumania, on August 15.

\textsuperscript{30} An administrative subdivision common in tsarist Russia which disappeared after 1922 in most parts of the Soviet Union, although the six uyezds of the Moldavian Soviet Socialist Republic remained until 1947.
and concerning the organization of the constituent Moldavian Soviet Socialist Republic, consisting of a part of the former Moldavian Autonomous Soviet Socialist Republic and the balance of Bessarabia. Full geographical details will be submitted by despatch. No indication has as yet been given concerning the disposition of the portion of the former Moldavian Autonomous Soviet Socialist Republic not incorporated by the present law into the new constituent Moldavian Soviet Socialist Republic but it seems logical to presume that this will be reincorporated into the Ukrainian Soviet Socialist Republic.

Thurston

771.74/130: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State
Moscow, August 13, 1940—noon.
[Received 3:35 p.m.]
1012. Pravda this morning in an unsigned article devoted to an historical review of the Bulgarian claims to southern Dobrudja states that the Bulgarian claims concerning the return of this area are just and concludes with the statement: “As is well known, the Soviet Union has always adopted and continues to adopt the position of supporting these demands of Bulgaria with regard to Rumania.” It is reported that the Bulgarian Minister left Moscow on August 11 for Sofia to consult with his Government.
Repeated to Sofia.

Thurston

740.00/11 European War 1939/5092: Telegram
The Ambassador in Turkey (MacMurray) to the Secretary of State
Ankara, August 13, 1940—1 p.m.
[Received 3:30 p.m.]
138. Department’s 65, August 3, 1 [2] p.m.5 According to reliable information available here there has been no appreciable in-

5 Created in 1924 as a part of the Ukrainian Soviet Socialist Republic as an expression of the Soviet claim to Bessarabia and for propaganda usefulness.
5 Despatch No. 1057, January 8, 1941, not printed.
5 By ukaz (decree) of August 13, 1940, of the Presidium of the Supreme Council of the Ukrainian Soviet Socialist Republic, eight rayons (districts) of the former Moldavian Autonomous Soviet Socialist Republic were incorporated into the Odessa oblast (region) of the Ukrainian Soviet Socialist Republic. See also despatch No. 726, September 4, 1940, from the Chargé in the Soviet Union, vol. III, p. 216, regarding the law of August 7, 1940, adopted by the Supreme Council of the Soviet Union making changes in the constitution in consequence of the admission of the Moldavian Soviet Socialist Republic into the Soviet Union.
5 Ivan Stamenov.
5 Not printed.
crease recently in the number of Soviet troops stationed in the Caucasus opposite the Turkish and Iran frontiers. It is estimated that the total number of divisions in this area might not be more than 8 to 10, a number which is not causing any concern to the authorities here.

The Embassy has ascertained from an authoritative source that there is no understanding of any sort between Turkey and Iran with regard to joint action in the event of aggression against either on the part of the Soviet Union.

During the past 4 months, the Turks have increased the number of men under arms from 500,000 to approximately 800,000. Two-thirds of this increase has been absorbed by Turkish troops stationed in Thrace which now number approximately 300,000. In this connection it is worthy of special note that in recent months there has been in progress a steady reinforcement of Turkish troops along the Black Sea littoral for 50 miles either side of the Bosphorus. As I have reported to the Department there has been no recent reinforcement of Turkish troops stationed in the eastern provinces.

MacMurray

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701.6761/12: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 15, 1940—1 p. m.
[Received 4:20 p. m.]

1020. Embassy's 1007, August 12, 9 p. m. the Greek Minister informed a member of the Embassy staff last evening that he was convinced from conversations he had had with the Turkish Ambassador just prior to the latter's departure from Moscow, and that he had so advised his own Government, that Aktay had not been presented with any specific Soviet demands on Turkey to take back to Ankara at this time. Mr. Diamantopoulos stated that Aktay had been depressed during the days immediately preceding his departure, but attributed this largely to the probability that his personal position here had become difficult following the publication of the German White Book (see Embassy's 806, July 5). Mr. Diamantopoulos remarked that while he had no definite information which would lead to such a conclusion, he considered it possible that the Turkish Ambassador might not return to Moscow. As the Department is aware, the Soviet Ambassador to Turkey is still in Moscow and no intimation has been given of the probable date of his return to his post.

Mr. Diamantopoulos also referred to the reports which were particularly current some weeks ago of imminent Soviet demands upon

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*Not printed.

*The Turkish Ambassador departed on August 11, 1940.

*Not printed, but see footnote 74, p. 494.

*V. Terentiev.
Turkey and stated that he understood that the Turkish Ambassador had informed the Soviet Government flatly at that time that Turkey would offer armed resistance if any attempt were made by any power to encroach on Turkish territory. The fact that rumors of pressure on Turkey have become somewhat less persistent recently may indicate that the Soviets have decided to defer an active move in this area until after the final settlement of the Finnish question. Mr. Diamantopoulos inclines to the [belief?] shared by most observers in Moscow at this time that the absorption of Finland stands next on the Soviet list.

THURSTON

740.0011 European War 1939/5269 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, August 26, 1940—4 p.m.
[Received 10:30 p.m.]

474. My 464, August 21, 8 p.m. There have been no further flights of Russian planes over Moldavia. Discussing this matter with the Prime Minister yesterday he seemed to feel that relations with Russia might be quiescent for the present.

GUNThER

761.71/277 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 30, 1940.
[Received August 30—10:33 a.m.]

1088. Embassy’s 1080, August 28. Pravda this morning publishes the following Foreign Office statement.

"On August 19, 1940, Comrade V. G. Dekanozov, Assistant People’s Commissar for Foreign Affairs, handed to Mr. Gafencu, the Rumanian Minister in Moscow, a note of protest against the provocative actions of Rumanian army units on the Soviet-Rumanian frontier. Furthermore the note pointed out the inadmissibility of a repetition of the volleys fired at Soviet border guard detachments by Rumanian army units, to which in individual cases the Soviet border guards had been compelled to open fire in return.

On August 29, Comrade V. G. Dekanozov, Assistant People’s Commissar for Foreign Affairs, summoned Mr. Gafencu, the Rumanian Minister, and again handed him a note of protest both against new hostile acts by the Rumanian border guards and army units on the Soviet frontier, and also against a number of instances of violation of the Soviet frontier by Rumanian military airplanes. The Soviet note of August 29 stated that actually there had been no Soviet casual-

*Not printed.
ties but that if there should be casualties the matter would assume a serious character. The Soviet Government charged the Rumanian Government with full responsibility for possible consequences of the acts mentioned on the part of the Rumanian army units and military airplanes.

At the time of this conversation, Mr. Gafencu handed to Comrade Dekanovozov a note of August 26 of the Rumanian Government in reply to the note of August 19 of the Soviet Government. In its note of reply the Rumanian Government, contesting the statements contained in the Soviet note as regards firing from the Rumanian side, declared that it had issued repeated instructions to the Rumanian border guards to avoid in every way any incidents which could disturb the good neighborly relations between the two countries. Furthermore Mr. Gafencu stated that cases of firing upon Rumanian border guard detachments and of flights of airplanes across the border from the Soviet side had allegedly taken place.

Comrade Dekanovozov declared that these reports would be verified, and emphasized the necessity that a speedy and satisfactory reply be received by the Soviet Government to its renewed protest of that date, inasmuch as, despite the note of August 26 of the Rumanian Government, violations of the Soviet border by Rumanian army units had continued to occur up until that time."

Repeated to Bucharest.

THURSTON

764.71/251 : Telegram

_The Chargé in Germany (Kirk) to the Secretary of State_

Berlin, August 30, 1940—4 p.m.
[Received 7; 47 p.m.]

3821. My 940, April 12, 10 a.m.²¹ The Völkerlicher Beobachter in commenting on the Vienna conversations²² states that, "While the common efforts to achieve a peaceful clarification of the Rumanian-Hungarian differences have been in progress the International Danube Commission²³ has been forced to cease its activity. There is no place in the new Europe of institutions of this sort." Mentioning the history of this Commission and repeating past German accusations as to its misuse by the British and French the paper concludes, "For these reasons alone the new arrangement which was long overdue proved urgently necessary and it removes a situation which was no longer anything more than a senseless remnant of past days."

²¹ Not printed.
²² Relative to the meeting in Vienna, August 29-30, 1940, of the Foreign Ministers of Hungary and Rumania with Joachim von Ribbentrop and Count Galeazzo Ciano, Foreign Minister of Italy, see infra.
²³ The International Commission of the Danube for control of the fluvial portion of the river had been provided for in article 347 of the Treaty of Versailles signed on June 28, 1919; for text, see Foreign Relations, The Paris Peace Conference, 1919, vol. xiii, pp. 57, 664. The Convention instituting the Definitive Statute of the Danube was signed at Paris on July 28, 1921; for text, see League of Nations Treaty Series, vol. xxvi, p. 175.
This is the first reference which has been noted in the German press to the final termination of the activities of the Commission.

The impression is current in Rumanian circles here that this decision refers only to the International Commission which administers the upper reaches of the Danube and that the European Commission is to be permitted to continue to operate. The paper cited above describes the Commission only as being a creation of the Treaty of Paris and the exact significance of the change is thus left obscure. Repeated to Bucharest and Budapest.

Kirk

764.71/253: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

Berlin, August 30, 1940—10 p. m.
[Received August 31—1:53 a. m.]

3826. My 3820, August 30, 3 p. m. The following is a translation of the text of the arbitral award rendered this afternoon in Vienna as given out by the DNB:

"The Royal Rumanian and the Royal Hungarian Governments have appealed to the Reich Government and to the Royal Italian Government with the request that they settle by arbitration the question outstanding between Rumania and Hungary of the territory to be ceded to Hungary. On the basis of this request and on the basis of the declaration made by the Royal Rumanian and the Royal Hungarian Governments to the effect that they will recognize this arbitral award as binding for them the German Foreign Minister, Joachim von Ribbentrop, and the Foreign Minister of His Majesty, the King of Italy and Albania and Emperor of Ethiopia, Count Galeazzo Ciano, after renewed conversations with the Royal Rumanian Foreign Minister, Michael Manoilescu and the Royal Hungarian Foreign Minister, Count Stefan Csaky have today laid down the following arbitral award:

1. The border marked on the attached map shall be fixed as the final border between Rumania and Hungary. The more detailed delimitation of the border on the spot shall be left to a Rumanian-Hungarian commission.

2. The former Rumanian territory falling accordingly to Hungary shall be evacuated by the Rumanian troops within 14 days and turned over to Hungary in an orderly condition. The various stages of the evacuation and occupation as well as the other formalities shall be determined at once by a Rumanian-Hungarian Commission. The Royal Rumanian and the Royal Hungarian Governments shall see


Not printed.

Deutsches Nachrichtenbüro.
that the evacuation and occupation are carried out in complete calm and order.

3. All Rumanian citizens resident as of today in the territory to be ceded by Rumania shall acquire Hungarian citizenship without further formalities. They shall be entitled to opt for Rumanian citizenship within a period of 6 months. The persons who avail themselves of this right of option shall leave Hungarian territory within the further period of a year and shall be taken over by Rumania. They may take with them their movable property and they may furthermore liquidate their immovable property up to the time of their removal and take with them freely the proceeds; should this liquidation not prove possible they shall be compensated by Hungary. Hungary shall treat all questions connected with the resettlement of the optants in a generous and obliging manner.

4. The Rumanian citizens of Hungarian nationality who are resident in the territory ceded by Hungary to Rumania in 1919 and now remaining in Rumania shall have the right to opt for Hungarian citizenship within a period of 6 months. The principles laid down in paragraph 3 above shall apply for the persons who avail themselves of this right of option.

5. The Royal Hungarian Government shall solemnly undertake to treat in every way as the other Hungarian citizens are treated those persons who obtain Hungarian citizenship on the basis of this arbitration decision but who are of Rumanian nationality. The Royal Rumanian Government shall solemnly undertake the similar obligation with respect to the Rumanian citizens of Hungarian nationality who remain in its territory.

6. The settlement of other isolated questions arising out of the change of sovereignty shall be left to direct negotiation between the Royal Rumanian and the Royal Hungarian Governments.

7. In the event that difficulties or doubts should arise in the execution of this arbitral award the Royal Rumanian and the Royal Hungarian Governments will inform each other directly in the premises. Should they thereby not be able to reach an agreement about a question they will submit this question to the Reich Government and the Royal Italian Government for final decision.

Vienna, August 30, 1940."

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KIRK

764.71/255: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, August 30, 1940—11 p. m.

[Received 11:10 p. m.]

3827. My 3820, August 30, 3 p. m. In connection with the Vienna arbitral award the following further communique has been issued by DNB:

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*For the territory ceded by Hungary to Rumania under terms of article 27 (3) of the Treaty of Peace, signed at Trianon on June 4, 1920, see Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910–1923 (Washington, Government Printing Office, 1923), vol. iii, pp. 3539, 3555.

*Not printed.
“Supplementary to the arbitral award there took place the following exchange of notes between the Foreign Ministers of the Axis Powers and the Rumanian Foreign Minister in which Germany and Italy guarantee the integrity and inviolability of Rumania: ‘In the name and at the behest of the German Government I have the honor to inform Your Excellency as follows: Germany and Italy assume effective today the guarantee for the integrity and inviolability of the territory of the Rumanian state. Accept, etc. (Signed) Ribben-
trop.’

The text of the Rumanian reply reads: ‘In the name and at the instance of the Royal Rumanian Government I have the honor to acknowledge receipt of Your Excellency’s note of today according to which Germany and Italy as of today assume the guarantee of the integrity and inviolability of the territory of the Rumanian state. The Rumanian Government has taken note of this communication with satisfaction and Rumania herewith accepts the vouchsafed guar-
antee.’ (Signed) Manoilescu.”

Kirk

761.71/278: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 31, 1940—9 p.m.
[Received August 31—3:20 p.m.]

1098. It has been surmised that recent Soviet-Rumanian agitation based on alleged border incidents may have been designed either to call to the attention of the Axis Powers the fact that the Soviet Union has an interest in Balkan affairs or to serve as the customary buildup [of?] further territorial acquisitions by the Soviet Union which would bring it into physical contact with Bulgaria. If either of these spec-
ulative theses is correct it would appear that the joint German-Italian guarantee of the territorial integrity of what remains of Rumania is directed against the Soviet Union as the guarantee presumably would not preclude any consequential settlement of the southern Dobrudja question between Rumania and Bulgaria. No confirmation of any of the views suggested above is available at the moment.

There is also an unconfirmed rumor that Germany has intimated directly to the Soviet Government that Rumania lies within the Ger-
man sphere of economic interest.69

Thurston

870.811/205: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

Berlin, September 1, 1940—1 p.m.
[Received September 1—12:20 p.m.]

3844. My 3821, August 30, 4 p.m. The press today contains a DNB announcement that on the invitation of the German Govern-

69 See the telegraphic instruction of August 31, 1940, from the German Foreign Minister to the German Ambassador in the Soviet Union, Nazi-Soviet Relations, 1939–1941, p. 178.
ment discussions by experts of the governments concerned will take place in Vienna in the next few days on international Danubian questions.\textsuperscript{1} It is stated that the International Danubian Commission at Belgrade set up by Versailles continued to function with a French and British participation after the beginning of the war but that this could no longer be tolerated in view of attempted enemy sabotage of this important German supply route. The Vienna conference of experts it is added is to set up a new provisional arrangement.

\textbf{Kirk}

\textit{771.74/141: Telegram}

\textit{The Minister in Bulgaria (Earle) to the Secretary of State}

\textbf{Sofia, September 6, 1940—5 p.m.}  
[Received 9:08 p.m.]

114. The Foreign Minister has just informed me he did not think General Antonescu\textsuperscript{2} would interrupt present negotiations between Rumania and Bulgaria and that an agreement might be signed in a few days. The points under discussion were territory, exchange of populations and financial questions.

Full agreement had been reached as regards territory—the boundary line would be that of 1912.

Also complete agreement had been reached on the exchange of populations. Rumanians in southern Dobrudja are to move to Rumania and Bulgarians in northern Dobrudja are to move to Bulgaria; the number exchanged to be equal. This will be compulsory. The nationals of the two countries residing elsewhere in the other country will have the option of moving to their own country.

As to the financial terms the Rumanians had asked for 15,000,000,000 lei but have now accepted the Bulgarian figure of 1,000,000,000 lei. The remaining unsettled point was the payment for goods requisitioned by the Rumanians in southern Dobrudja.

Mr. Popoff emphasized that unlike the case of Hungary, Bulgaria was reaching its agreement with Rumania entirely amicably. It was true that without the influence of the Axis, Rumania would never have agreed to give up the territory; but the rest of the negotiations had been conducted directly between the two countries without pressure from the Axis.

\textsuperscript{1}The conference met September 5–12. No invitation was extended to the Soviet Union.

\textsuperscript{2}By decrees of September 4, King Carol II of Rumania gave up his dictatorial powers, suspended the constitution of February 27, 1938, dissolved Parliament, and gave full powers to the new Prime Minister, General Ion Antonescu, to conduct state affairs. Two days later Carol abdicated in favor of his son, King Mihai (Michael).
Mr. Popoff stated he did not believe that Rumania might now lose her independence. The real danger he thought was internal and if General Antonescu could restore order Rumania would remain independent. He said he did not think that Germany which already has her hands full with several countries wished also to occupy Rumania. He thought that this was likewise true of all the Balkan States.

Regarding Russia's intentions concerning Rumania, Mr. Popoff replied that the German guaranty would apply. Should Germany become weak that might be another matter, but as things stood he did not feel Russia would dare to endanger Rumania's independence.

Regarding the recent Greek-Italian tension, he said that he believed the crisis had passed and that Italy would not invade Greece. He could not see it in Italy's interest to do so now. He concluded by saying that he thought it possible that Germany had cautioned Italy not to invade Greece but he had no definite information on this point.

Earle

764.71/279: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, September 6, 1940—8 p.m.
[Received September 7—10:38 p.m.]

509. My 497, September 5, 5 p.m. A high official who had been in constant touch with the Transylvanian development has confided to me that Rumania was forced into acceptance of the Axis dictate by dire threats of Axis support to Hungary and subsequent partition of Rumania into zones of influence between Germany and Russia. It was made clear by inference that Germany and Russia were working together in this instance. Further, that Italy had insisted upon "getting something out of all this" which was to have Hungary grateful principally to her.

I am further informed that Hungary no longer desires to proceed on the principle of transfers of population as provided in the agreement since she fears many racial Hungarians would not opt for Hungarian nationality. This change in procedure has German concurrence.

Even more troops are being hurried to the Hungarian boundary.

Gunther

* For correspondence on the Graeco-Italian war, see vol. iii, pp. 524 ff.
* Not printed.
The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, September 8, 1940—2 p. m.
[Received 6:07 p. m.]

511. My 481, August 28, 2 p. m. Rumanian and Bulgarian representatives signed an accord at Craiova yesterday bringing to a conclusion the discussions of the past 3 weeks and providing for: (a) the cession of the Departments of Durostor and Caliacra which comprise Southern Dobrudja or the quadrilateral; (b) obligatory exchange of populations between Northern and Southern Dobrudja and an optional exchange between other parts of the two countries; (c) agreement of both parties never to raise any further territorial pretensions; (d) indemnification to Rumania in the amount of 1,000,000 lei for investments in the ceded territory and costs of effecting the exchange of population; and (e) official occupation of the districts to be concluded between September 20 and October 1.

GUNTHER

The Chargé in the Soviet Union (Thurston) to the Secretary of State

MOSCOW, September 11, 1940—11 a. m.
[Received 1:15 p. m.]

1149. Aside from the brief announcement reported in the Embassy’s 1094 and the reference to the German-Italian guaranty of Rumania contained in the despatch from the Kishinev correspondent published in Pravda on September 9 (see Embassy’s en clair 1139, September 9) concerning the reasons for Carol’s abdication, the Moscow papers have up to the present time made no reference to this Italian-German action. On the other hand, in conformity with the previously expressed attitude of the Soviet Government, the Soviet press has commented favorably on the transfer of southern Dobrudja to Bulgaria. A short signed article in Trud of September 10th entitled “The Liquidation of the Injustice of Neuilly” lays emphasis on Rumanian misrule of the Bulgarian minorities in that region and concludes that “now after the signing of the treaty at Craiova the injustice legalized in 1919 by the Anglo-French imperialists at Neuilly in regard to the southern Dobrudja has been liquidated.” The Soviet press further this morning publishes communiqué from the Commissariat for

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*Not printed.
*August 31, 10 a.m., not printed.
*Treaty of Peace between the Allied and Associated Powers and Bulgaria signed at Neuilly-sur-Seine on November 27, 1919; for text, see British and Foreign State Papers, vol. cxxii, p. 781.
Foreign Affairs to the effect that the Bulgarian Minister to Moscow conveyed to Molotov yesterday the gratitude of his Government for the "moral support given by the Soviet Government to Bulgaria in the settlement of the question of the southern Dobrudja."

Repeated to Sofia and Bucharest.

THURSTON

870.811/209 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 13, 1940—1 p. m. [Received September 14—2:50 a. m.]

1156. This telegram refers to Embassy’s en clair 1157, 18th, which will follow this.⁸

The two announcements whose inter-relation is emphasized by the fact that they are published under the same heading in the Soviet press this morning, appear to bear out the apprehension of the German Embassy here (see Embassy’s 1144, September 10, 11 a. m.⁹) that the German-Italian guaranty of Rumania would result in friction between Germany and the Soviet Union. It is significant that the objection to the Danubian Conference in Vienna without the participation of the Soviet Government was delivered to the German Ambassador by an Assistant Commissar rather than by Molotov with whom, insofar as the Embassy is aware, the German Ambassador has heretofore dealt almost exclusively. Of perhaps greater interest is the fact that despite the German-Italian guaranty the Soviet Government continues to adopt a threatening tone toward the Rumanian Government in regard to alleged incidents on the frontier. The fact of the publication of the two foregoing announcements is a clear indication of the continued displeasure of the Soviet Government with the German-Italian guaranty to Rumania.

Repeated to Berlin.

THURSTON

870.811/206 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 13, 1940. [Received September 18—2:52 p. m.]

1157. The Soviet press this morning, in an article entitled “In the People’s Commissariat for Foreign Affairs” publishes the following two announcements:

⁸ Infra.
⁹ Post, p. 562.
1. The first states that in connection with reports of the German Information Bureau and radio which have appeared in the foreign press concerning the convocation in Vienna by the German Government of a conference of experts on international Danubian questions for the purpose of effecting changes in the existing international regime on the Danube, the First Assistant Commissar for Foreign Affairs Vyshinski received the German Ambassador on September 10 and declared to him that “the Soviet Union, being a Danubian state, cannot remain indifferent to the navigation regime on the Danube and must participate in the decision of questions affecting the Danube. In view of the foregoing, the Soviet Government hopes to receive from the German Government appropriate information concerning the conference of experts in Vienna on international Danubian problems.” The announcement concludes that the German Ambassador replied that he would make inquiry of his Government on this question.

2. The second announcement states that on September 12 the Assistant People’s Commissar for Foreign Affairs Dekanosov made a declaration to the Rumanian Minister to the effect that on September 11 at 1 p.m. in the region of the Baloash Mountains, 34 kilometers southeast of Cernovitz, a Soviet frontier detachment was suddenly fired on from the Rumanian territory by rifle and machine-gun fire, and that another group of Soviet border guards sent to the spot were likewise fired on from the Rumanian side. The declaration continues that the Soviet frontier units were forced to open fire in reply and that “the Soviet Government notes that up to the present time no reply has been received from the Rumanian Government to the Soviet note of protest of August 29, 1940, in regard to the provocative action of Rumanian frontier and military units and that furthermore, as set forth above on the 11th of September there took place new provocative acts on the part of the Rumanian military units, the impermissibility of which the Soviet Government again calls to the attention of the Government of Rumania. The Rumanian Minister declared that the reply of his Government to the note of protest of August 29 would be handed by him to the People’s Commissariat for Foreign Affairs on the 13th of September 11 and in regard to the incident which took place on the 11th of September an investigation would be conducted and those guilty would be punished.

Repeated to Berlin and Bucharest.

THURSTON

11 See telegram No. 1174, September 15, from the Chargé in the Soviet Union, p. 511.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 13, 1940—6 p. m.
[Received September 14—2:58 a.m.]

1160. Embassy's 1157, September 13. A Secretary of the Italian Embassy stated today that Gafencu had been dining at the Italian Embassy last night when he received an urgent summons to visit Dekanosov who presented to him the protest concerning further alleged frontier incidents contained in the announcement reported in the Embassy's telegram under reference.

The informant offered the opinion that the Foreign Office announcements testified to the Soviet displeasure at the German-Italian guaranty to Rumania but that it was motivated principally by the desire on the part of the Soviet Government to call attention to its interests in the Balkan area and also to demonstrate both at home and abroad that the Soviet Union had not been overawed by the German-Italian guaranty. The Italian Secretary further stated that he had reason to believe that the German Ambassador (Embassy's 1101, September 1, 10 a.m.\textsuperscript{12}) was unaware when he called on Molotov on August 29 of the impending guaranty and consequently had been unable to inform Molotov thereof; and that the Soviet communiqué published the following morning (see Embassy's 1088, August 30) regarding the alleged border incidents on the Soviet-Rumanian frontier had not been issued in anticipation of a disordered situation or collapse in Rumania from which the Soviet Union intended to profit. He added that the German-Italian guaranty had been impelled by the belief that Rumania would prefer to resist the Hungarian demands by force of arms unless Germany and Italy agreed to guarantee the remaining frontiers. He concluded with the observations that while it was to be doubted that the Soviet Union would directly challenge the German-Italian guaranty by armed violation of the Rumanian frontier nevertheless the strain on Soviet-German relations which this guaranty had imposed would not be easily removed.

Repeated to Berlin.

\textsuperscript{12} Not printed; according to this telegram it was understood that the German Embassy had informed foreign correspondents in Moscow that the German Ambassador had informed Molotov of "German plans in the Balkans." (761.71/279)
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 14, 1940—10 a.m.
[Received 7:05 p.m.]

1162. Reference Embassy’s 1163, 14th which follows this. The publication of this somewhat curious denial is apparently motivated by desire to refute any accusations concerning Soviet intentions in regard to Rumania while at the same time indirectly through the reference to the “unbearable situation” of the Rumanian delegation to imply that a Soviet protectorate would have been in conformity with the desire of the Rumanian Government but that German-Italian pressure prevented this from being made known.

The communiqué significantly makes no mention of the Rumanian note delivered yesterday (see Embassy’s 1161, September 13, 7 p.m.14) disclaiming responsibility for the alleged incidents on the Soviet-Rumanian frontier which may indicate that the Soviet Government intends to ignore this note without however dropping the question of the incident.

Repeated to Berlin and Bucharest.

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Thurston

The Chargé in Germany (Kirk) to the Secretary of State

Berlin, September 14, 1940—1 p.m.
[Received September 14—11 a.m.]

4006. My 3844, September 1, 1 p.m. The latest issue of the Foreign Office DDPK15 discusses the International Danube Commission which it states has now ceased to exist “by reason of a joint decision of the countries directly concerned.” It is emphasized that the participation of the Western Powers in the control of the Danube above Braiła was a relic of Versailles which gave them an unjustified political influence in the Balkans and enabled them to commit intolerable acts of sabotage early this year. Pending a final settlement of the Danubian problem it is stated that all necessary measures to insure the safety of

13 Not printed; in this telegram the Chargé reported a Tass communiqué which denied as “an obvious fabrication” the report in the German newspaper, National Zeitung, taken from the Rumanian newspaper, Buna Vestire, “alleging that the Rumanian Minister in Moscow, Gafencu, during the negotiations concerning the Vienna arbitration advanced proposals of the creation of a Soviet protectorate over Rumania following which the situation of the Rumanian delegation in Vienna became unbearable.” (761.71/289)

14 Not printed; but see telegram No. 1174, September 15, from the Chargé in the Soviet Union, p. 511.

15 Deutsche diplomatisch-politische Korrespondenz, press releases of the German Foreign Ministry.
shipping on this vital waterway are being taken by the experts who recently met at Vienna.

Similar comment in the Dienst aus Deutschland and the Frankfurter Zeitung also points out that the mouths of the Danube below Braila are subject to a separate arrangement which, since March 1939 has been placed almost entirely under the sovereign control of Romania.\(^{16}\) It is further stated that the provisional measures taken at the Vienna meeting constitute a step toward the new order in this part of Europe and will be supplemented by further meetings.

As far as the Embassy is aware there has been no public mention of the delivery of a note on the matter by the Soviet Government to the German Government which has been repeated by radio.\(^{17}\)

Kirk

761.71/286: Telegram

*The Chargé in the Soviet Union (Thurston) to the Secretary of State*

Moscow, September 15, 1940.

[Received September 15—1:30 p.m.]

1174. The press today publishes a Foreign Office announcement which states that on September 13th the Assistant People's Commissar for Foreign Affairs, Dekanozov, received the Rumanian Minister who handed him the reply to the Soviet Note of August 29 concerning the violation of the Soviet frontier by Rumanian military airplanes and concerning the provocative actions of Rumanian border guards and military units. The announcement continues “The Rumanian note mentions the fact of flights of Rumanian airplanes along the Soviet frontier but denies that any cases of the violation of the frontier by Rumanian airplanes have occurred referring in this connection to the fact that the Rumanian Air Force had categorical orders to carry out flights only along the demarcation line and not to fly across it. Declaring in addition that violations of the frontier had allegedly been made by Soviet airplanes, the Rumanian Government considers that it is impossible to place the responsibility for the incidents on the Rumanian Air Force. ‘However’—the note continues—in a desire to neglect nothing which will preserve good neighborly relations with the U.S.S.R. the Rumanian Government had forbidden beginning September 1st any flights in the region adjacent to the demarcation line between Rumania and the U.S.S.R.”

\(^{16}\)For information regarding the modifications made at this time in the European Commission of the Danube, see *Foreign Relations, The Paris Peace Conference*, 1919, vol. xiii, p. 697.

\(^{17}\)For report of the first public announcement, see telegram No. 1157, September 13, from the Chargé in the Soviet Union, p. 507.
The Rumanian Government likewise denies that the incidents on the land frontier had been caused by the actions of the Rumanian border guards and military units and considers that their occurrence is due to the actions of the Soviet border guards. ‘However’—the Rumanian note states—‘the Rumanian Government in a desire to preserve with the Soviet Union the best neighborly relations has officially forbidden by an order of the Chief [of the] General Staff Rumanian border guards to make use of their firearms except in the event of clear violations of Rumanian territory.’

In accepting this note Comrade Dekanovozov promised to bring its contents to the attention of the Government.”

Repeated to Bucharest.

THURSTON

761.71/281: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, September 16, 1940—2 p. m.

[Received 11:30 p. m.]

1182. Embassy’s 1174, 15th, and 1180, 16th. It is felt here that the acceptance by the Soviet Government of the Rumanian note delivered on September 13 and the mild tone of the published communiqué, reported in the Embassy’s telegram under reference, which selected for quotation and emphasis the more conciliatory parts of the Rumanian note, lends itself to the interpretation that the Soviet Government is for the moment at least inclined to play down the dispute with Rumania concerning alleged border incidents. The article which appeared in Krasny Flot for September 15, reported in the Embassy’s 1180 above referred to, which concludes with a disclaimer of Soviet interests in the imperialist struggle in the Balkans, appears likewise to reflect a similar tendency.

In connection with the foregoing a Secretary of the Italian Embassy has stated with reference to the liquidation of the Italian Consulate in Cernovitz that the Soviet authorities there were dissatisfied with the existing frontier in Bukowina and that it was quite possible that the intention of the Soviet Government in publicizing the alleged incidents along the frontier in that region was to obtain a slight rectification of the Bukowina line of demarcation.

STEINHARDT

*Latter not printed.
SOVIET RELATIONS WITH OTHER POWERS

770.00/826 : Telegram

The Minister in Bulgaria (Earle) to the Secretary of State

SOFIA, September 19, 1940—4 p.m.
[Received 6:05 p.m.]

121. The Foreign Minister informed me today that Bulgaria will continue her policy of patient waiting for an egress to the Aegean with no threats or action of any kind against any nation.

He is delighted with the Dobrudja settlement, contrasting the Bulgarian acquisition of the Dobrudja with its Bulgarian population (once the Rumanian population of 72,000 are repatriated) with the Hungarian acquisition of Transylvania with that part of its population of over 1,000,000 who are not Hungarians.

He believes that Germany wants only tranquillity in the Balkans and has no idea of invading Turkey.

He feels certain that in the event of an Italian-Greek war Bulgaria can stay out.

He says the Bulgarian people and Government are very grateful to Germany for receiving the Dobrudja but that this gratitude will not change Bulgaria’s policy of neutrality nor has Germany given any intimation that such is her desire.

I feel that the Foreign Minister is sincere but is somewhat of a Pollyanna.

Earle

740.0011 European War 1939/5589 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, September 19, 1940—5 p.m.
[Received 7:42 p.m.]

155. 1. The Italian Military Attaché is intimating in Turkish military circles that the Russian maneuvers now taking place in the Caucasus are preliminary to a Soviet attack upon Turkey. In view of the season and the nature of the country this appears prima facie unlikely and the report seems to have made no particular impression here except in certain political circles.

2. The Minister for Foreign Affairs yesterday assured me that this country has no reason for any concrete apprehensions with regard to the attitude of the Soviet Union, with which relations are in fact tending slowly towards improvement, a tendency likely to be furthered by the replacement of the Russian Ambassador by the Counselor of Embassy who is a personality more acceptable to the Turks.10

Repeated to Moscow.

MacMurray

10 The appointment of Sergey Alexandrovich Vinogradov to replace Ambassador Terentyev in Turkey was announced on September 11.
The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, September 20, 1940—noon.
[Received September 21—1:28 a.m.]

550. A high official of the Foreign Office has informed me in confidence that the Russian Government in connection with its move to be included in the European Danube Commission has insisted: 1) that Italy be excluded; 2) that Russia should participate from Bratislava to the Black Sea and not merely on the lower reaches of the Danube from Braila down. I understand this to mean that Russia has not suggested that it should become a member of the International Commission but rather that the jurisdiction of the European Commission should be extended to Bratislava. Considering that Russia has never before been a member of either of the two Commissions, these pretensions seemed to him rather ominous.

GUNTHER

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The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, September 20, 1940—4 p.m.
[Received 8:40 p.m.]

156. 1. As the satisfaction of Russian, Bulgarian and Hungarian territorial claims against Rumania recedes into the past without producing incidental complications in the Balkans, Turkish opinion generally feels immense relief that the sword of Damocles has fallen without doing any more vital hurt. There is a certain amount of genuine sympathy for the allied country that has suffered dismemberment but this feeling is qualified by the conviction that Rumania brought that fate upon herself by her blind refusal to face the necessity of finding a basis of accord with Bulgaria (as consistently urged by Turkey and the other members of the Balkan Entente) and by the pursuit of a catch-penny policy which in the end outsmarted itself. It seems to be accepted here that the Rumanian débacle puts an end to any effective entente among the Balkan States and remits them to the pursuit of individual policies involving cooperation ad hoc among those that find a common bond of interest under particular circumstances (in this connection see my No. 143, August 30, 4 p.m.29).

2. In the course of a recent conversation the Minister for Foreign Affairs gave me to understand that from the Turkish point of view the best that one can hope for Rumania is the establishment of some government (of whatever form or color whether pro- or anti-Nazi) that can in fact govern and maintain order and national coherence;

29 Not printed.
failing which Rumania must not only suffer extinction but become an apple of discord in southeastern Europe.

3. The Minister is inclined to be optimistic about the recent intermittent series of Italian threats against Greece. Apart from a casual reference to the desire of the senior partner of the Axis for peace and undisturbed continuance of supplies from the Balkans he expressed the opinion that Italy, herself, has no reason to fight for anything she can get from Greece: if she should end up on the winning side she would get what she wants for nothing; otherwise she would lose whatever she had taken; it therefore seemed probable that Italy had been trying merely to bully Greece into making concessions as Rumania had been scared into ceding Bessarabia to the Soviet Union. Greece, however, had at last set herself to making military preparations which in spite of the lack of modern equipment would doubtless suffice to make the Italians feel that the game would not be worth the candle. In reply to a question as to Turkey’s attitude in the event that Italy should nevertheless attack Greece he first recalled that this country would be under no legal obligation except to maintain a benevolent neutrality but then went on to say that in that event the Turkish Government would have to make an immediate decision as to the course it should pursue in its own interests under the circumstances presented. (From indications received from other sources I am inclined to believe that the British would not press this Government to support them in their guarantee to Greece.)

4. As to the rumored possibility of Bulgaria’s pressing her claims to an outlet on the Aegean Sea he professed complete confidence in the assurances given him by Bulgarian statesmen that they would not resort to hostilities in order to realize that aspiration, especially as they knew that both Greece and this country would resist; he had himself let them know that Turkey would fight to prevent the extension of Bulgarian territory to the Mediterranean.

5. With regard to relations with the Soviet Union he said that while there was some slight tendency toward improvement (see my No. 155, September 19, 5 p. m.\(^2\)) there was no reason to modify the opinion that Russia has various political objectives (among which he agreed should be included the control of the Straits) each of which she is prepared to attain whenever the opportunity is presented to do so without substantial cost or risk. He felt confident that the readiness of this country to put up a stiff fight for its rights would obviate any Russian attempt to encroach upon them. On the question whether the Soviets might be expected to remain faithful to their collaboration with Germany he remarked that as in the cases of Poland and Rumania they would no doubt act for their own profit whether with one side or the other as circumstances might dictate.

\(^2\) Not printed.
6. Recent developments in Turkish official opinion particularly in the light of my latest talk with the Minister for Foreign Affairs suggest to me the following which may be helpful in estimating the attitude of this Government:

(a) The Turks quite realistically and frankly recognize that whatever happens in this part of the world is incidental and eventually conditional upon the outcome of the military struggle between Britain and Germany.

(b) They retain not only their political sympathy with the British but also a confidence in them that revolts against recognizing any loss of military or [or?] political prestige.

(c) They are completely cynical as to the intentions and possible actions of the Axis Powers and Russia.

(d) They are perhaps over-optimistically prone to regard the attitude of those powers in questions which arise in this area as being mere bluff which can be called by a demonstration of readiness to resist with a force capable of a considerable nuisance value.

(e) On the basis of their historical tradition and experience of their war of independence but with no radical modernization of ideas or of equipment (save as they have shopped about among arms dealers for a few items of this and that) they are, I am afraid, inclined to overrate their own actual military force and the impression of formidability which it creates.

(f) Against these somewhat hazardous illusions there is the counter-weight of their very common sense realization that the new Turkey they are trying so enthusiastically to build not only needs peace for its development but would if involved in hostilities risk the loss of everything that it has achieved.

7. In supplement to these observations I should note that I understand there is coming to be felt in certain influential circles some apprehension lest Germany as an alternative to the invasion of the British Isles should throw its weight into the support of the Italian attack on Egypt with the possible result of crippling or even driving out the British Mediterranean Fleet by depriving it of the use of the Suez Canal and the base at Alexandria.

MACMURRAY

740.0011 European War 1939/5603 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, September 20, 1940—7 p. m.
[Received 11:20 p. m.]

1198. Department's 537, September 13, 4 p. m. 22 Gafencu, the Rumanian Minister, called on me yesterday. He stated he was con-

22 Not printed. The Department was interested in ascertaining the opinion of the Rumanian Minister in the Soviet Union, Grigore Gafencu, regarding "how far Russian-German collaboration went during the recent Rumanian crisis prior to the German-Italian guarantee of Rumania." (740.0011 European War 1939/5450)
vinced there had been no Soviet-German cooperation in regard to the Rumanian question at any stage. While presumably the Soviet Government may have been informed of the results of the Salzburg Conference in July and of developments subsequent thereto such exchanges had been merely in the form of information and did not constitute prior consultation with the Soviet Government. In respect of the Italian-German guaranty of Rumania, the Minister confirmed the information contained in Embassy’s 1144, September 10, 11 a. m., to the effect that the Soviet Government had been informed by the German Ambassador either at the very last moment or even subsequent to the announcement that there was little doubt as to Soviet influence of Italian move. He added that the Italian Ambassador here was of the opinion that the guaranty had been deliberately designed to oppose Soviet pretentions in the Balkans. The Minister likewise stated that it was his impression at his interview with Dekanosov on August 29, which was made the subject of the communiqué in regard to the alleged border incidents (see the Embassy’s 1088, August 30) the Soviets had been motivated by the desire to proclaim their interest in the Rumanian question in anticipation of the possibility of a confused situation or even conflict between Rumania and Hungary from which the Soviet Union might profit. (It will be noted that this confirms the view of the Italian Secretary reported in the Embassy’s 1160, September 13, 6 p.m.) Gafencu went on to say that Vishinski’s protest to German Ambassador in regard to the exclusion of the Soviet Union from the Danube Conference in Vienna had been acrimonious as the Soviet Union felt that this exclusion had been deliberate and evidenced an anti-Soviet policy. He added that according to his information in reply to the Soviet protest, the German Government had agreed to include the Soviet Union in a comparatively unimportant meeting of technical experts but not in a second and more important Danubian Conference which was to be held simultaneously to consider general policies affecting the Danube. Gafencu informed me that on September 17 he had transmitted such a note from his Government to the People’s Commissariat for Foreign Affairs concerning the Soviet protest of September 12 (see the Embassy’s 1157, September 13) and that this reply, as in the first Rumanian note had been firm in rejecting responsibility for the incidents. The Minister added that he attached some importance to the fact that no mention had appeared in the Soviet press in regard to the second note and he was inclined to believe that,

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23 Records of these conversations are printed in Documents on German Foreign Policy, 1918–1945, series D, vol. x, pp. 301–316.
24 Post, p. 562.
25 Augusto Rosso.
for the moment at least, the Soviet Union was willing to let the question of the border incidents subside.

STEINHARDT

860H.00/1198: Telegram

The Minister in Yugoslavia (Lane) to the Secretary of State

BELGRADE, September 22, 1940—11 a.m.

[Received 6:23 p.m.]

395. A high Yugoslav Government official informed me at Bled yesterday as follows:

The present policy of the Yugoslav Government is to maintain a dignified position in the face of German pressure, that is, to refuse to permit Germany to dictate how Yugoslavia shall conduct internal affairs. On the other hand, Yugoslavia feels it is imperative to yield to German demands for foodstuffs. It is hoped that the United States Government will appreciate the position of the Yugoslav Government in endeavoring to keep out of the war at the same time maintaining its self respect.

Recently the German Government demanded that the Yugoslav Government should become authoritarian in character. Unfortunately Korosec, the Minister of Education, without consulting the Prime Minister 38 who was then in Bled, issued an order prohibiting the admission into local schools of persons of Jewish race. The Prime Minister countermanded this order thus bringing about attacks on Cvetkovic in the German press. Korosec was deceived by German intrigues in taking action and now realizes his mistake. There will be no Cabinet crisis because of this incident although probably the Government will be “enlarged” to appease foreign nations (presumably Germany). Relations between Cvetkovic and Macek 39 are excellent despite rumors of dissention.

As to repeated reports of Communistic activities in Yugoslavia which have come to our attention my informant said that these are spread by young students encouraged by both Italians and Russians but that they are not to be taken seriously. The Government knows how to control propaganda of this sort. The Yugoslav Government has obtained virtually nothing from its commercial agreement with the Soviet Union nor did it expect anything. No cotton has been forthcoming. The agreement was made solely for political reasons. Yugoslavia has no illusions regarding Soviet aims. Even the Prime Minister who admits that he is accused of being Communistic states

38 Dragisha Tsvetkovich.
39 Vlatko Macek, Vice President of the Council of Ministers, and Croatian leader.
that the best way to cure persons of pro-Soviet views is to send them to Moscow.

My informant as well as another Yugoslav official said to me yesterday that perhaps Germany would attack Yugoslavia or Greece in the event that the air attack on England does not result in German victory but according to German assurances there is no such danger. They agreed with my opinion, however, that no confidence can be placed in German promises.

Lane

761.71/293: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, September 25, 1940—1 p.m.

[Received 3:05 p.m.]

561. According to a member of the German Legation here the Russian civil authorities are about to take over from the military in Bessarabia and occupied Rumanian Bukowina. The evacuation of the 80- to 90,000 German subjects in both provinces has begun and is proceeding according to plan.28

My 482, August 28, 4 p.m. 29 Apart from that already reported I have but little reliable information as to conditions. On the whole my impression is that the administration of these provinces by the military authorities has been about what could be expected, the chief fear being of what may be in store for the populations upon the assumption of power by the civilian authorities.

Gunther

740.0011 European War 1939/5915: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, October 7, 1940—6 p.m.

[Received October 8—7:25 a.m.]

579. Since early this morning there have been persistent rumors which may have reached you through the press to the effect that German troops have been brought to Rumania and lodged in barracks near Bucharest. I have been unable to confirm this and indeed the Rumanian General Staff and the German Military Attaché state categorically that no German troops or equipment have entered Rumania. The latter adds however that negotiations between the Ru-
manian, German, and Italian Governments with a view to supplying Rumania with instructors and training cadres have been going on for some time and will probably be successfully concluded at an early date.

Please inform the War Department.

GUNTER

740.0011 European War 1939/5946: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, October 9, 1940—5 p. m.
[Received October 10—2:30 a. m.]

585. The rumors referred to in my 579, October 7, 6 p. m., persist. Rumanian General Staff and German Military Attaché however continue categorically to deny presence of any German troops in Rumania although I am reliably informed that arrangements are being made for the housing of German military units and staffs expected to arrive as training cadres in the near future. It is probable that these rumors result in part from the presence in Bucharest and elsewhere of German individuals and organizations in SS field uniforms and engaged in the evacuation of Germans from the Bukowina, Bessarabia and Dobrudja.

I believe that ex-King Carol made a request for a German military mission as long ago as last July and also that conversations have continued since then embracing the possibility of the detail of a complete German air unit for the protection of Rumania’s oil supplies.

Please inform War Department.

GUNTER

[For correspondence regarding the freezing of property, credits, etc., of Rumania and Rumanian nationals in the United States, see volume II, pages 780 ff. For the text of Executive Order No. 8565, October 10, 1940, see 5 Federal Register 4062. For text of the regulations of the Treasury Department, issued on October 10, 1940, see ibid., 4063.]

740.0011 European War 1939/51387: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

MOSCOW, October 17, 1940—5 p. m.
[Received 11:40 p. m.]

1360. The Turkish Ambassador who has just returned from Ankara and who had a lengthy conference with Molotov yesterday, has

German Schutzstaffel, elite corps of the Nazi Party used for military and police purposes.
given me in the strictest confidence the following summary of his talk with Molotov.

In reply to an inquiry from the Ambassador as to the Soviet Government’s reaction to the German-Italian-Japanese alliance, Molotov observed that if the pact had been made 3 months ago on the heels of the crushing German victories its unquestioned design to bring about the apportionment of Europe and Asia between its members might have had a real meaning. However as a result of the developments of the past 3 months the pact was merely “so many words” as any apportionment of Europe or Asia would “rest with the victors”. The Ambassador gained the distinct impression from the remarks made by Molotov and his choice of language that he was by no means prepared to concede ultimate victory to the members of the tripartite alliance and that he regarded the United States as being already an ally of Britain.

In response to an inquiry from the Ambassador as to the Soviet Government’s reaction to the developments in Rumania and to a specific question whether the Soviet Government had been advised of the German intentions Molotov replied that his Government had been neither consulted nor advised and that “the Soviet Government would ask for explanations at the proper time.”

Molotov then asked the Ambassador whether he could outline for him Turkish intentions in the event of further penetration by the Axis Powers in the Balkans. The Ambassador replied that the Turkish Government was finally resolved to carry out all of its obligations under existing agreements and that although Turkey was under no obligation to defend Greece, in the event of an Italian attack the Turkish Government had decided that an invasion of Greece by Italy, particularly in respect of Thrace, could not be regarded as having only local significance but would have to be construed as the forerunner of a violation of Turkish territory, in consequence of which the Turkish Government had decided to assist Greece with all the military power at its command in case Italy made such an attack. The Ambassador also told Molotov that Turkey would resist with arms any attempt by the Axis Powers to invade Syria.

Insofar as concerned Bulgaria, the Ambassador advised Molotov that his Government regarded that country as completely under Axis domination and believed that recent Bulgarian military preparations could only in the final analysis be directed against Turkey in consequence of which the Turkish Government had taken measures to meet

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31 Three power pact of assistance signed at Berlin on September 27, 1940; for text, see League of Nations Treaty Series, vol. cxxv, p. 386. For correspondence regarding negotiation of this treaty, see pp. 633 ff.
any attack from that source whether launched by Bulgaria or with Bulgaria as a [place d'armes?] for Axis troops.

The Ambassador told me that 3 months ago Molotov had requested him to caution his Government against involvement in the Balkans but that at their conference yesterday his attitude was noticeably changed inasmuch as he had expressed no disapproval of Turkish intentions as outlined to him by the Ambassador but on the contrary specifically agreed with him in his presentation of the Turkish treatment of the situation in Bulgaria.

In response to my inquiry the Ambassador stated that he had neither asked for nor received any assurances from Molotov as to the position of the Soviet Union in respect of any of the foregoing eventualities but that he had gained the impression that should hostilities develop out of one or more of the contingencies outlined above Turkey might count upon the real if not the benevolent neutrality of the Soviet Union.

The Ambassador also told me that the Turkish Government had a force of over 1,000,000 men concentrated for the defense of the Straits against any attack that might be launched either from Greek or Bulgarian bases and that it was the opinion of his Government that the Italians could not cross the Straits with an army of less than 1,000,000 men. He referred to Gallipoli as an example of the difficulty of invading Turkey with the Straits on one side and the British Eastern Mediterranean Fleet presumably protecting the Turkish western flank.22 From the general tenor of the information given me by the Ambassador I gained the impression that he had presented the Turkish position to Molotov without the slightest equivocation and that he felt his statement of that position was not displeasing to the Soviet Government.

STEINHARDT

870.811/211: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, October 18, 1940—2 p. m.  
[Received October 19—4 p. m.]

626. In the course of a conversation yesterday with Cretzianu, Secretary General of the Ministry of Foreign Affairs, Benton 33 inquired if there had been any sequence to the Russian demand of September 10 to receive from the German Government appropriate

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33 The reference here is to the naval and land attacks in the unsuccessful Gallipoli campaign during the First World War between February 19, 1915, and January 9, 1916.

34 J. Webb Benton, First Secretary of Legation and Consul in Rumania.
information concerning the conference of Danubian experts which opened in Vienna on September 5 (see Moscow Embassy's telegram No. 1157, of September 13).

The Secretary General replied that no general discussions have occurred regarding Russia's expression of interest in Danubian matters, but he understands conversations on the subject are being conducted between Berlin and Moscow. He added that Germany is fully aware that Russia's demands in this regard must be met in some way and he believes this could properly be done through first including Russia in the membership of the European Commission a position to which Russia is entitled as a riparian state in the maritime stretch of the river as a result of her seizure of Bessarabia; it would then be possible to include Russia in any new arrangement made to replace the dissolved international commission.

The code text of this message has been sent by air mail to Berlin with a copy for Moscow.

Gunther

740.0011 European War 1939/6147: Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, October 18, 1940—[6] p. m.
[Received 6:50 p. m.]

171. 1. On returning from a visit to Budapest (where through Lane I had also the opportunity to get some impression of feeling in Yugoslavia) I have been struck with the relative calmness of Turkish official opinion with respect to the developments of Axis policy in the Balkan region. As may be inferred from the Embassy's telegram No. 167, October 12, 5 p. m., it is not that the Turks are unaware of the possible dangers; there is indeed (particularly in Istanbul) a rather general uneasiness in unofficial quarters. But the Government is acting with remarkable lack of nervousness on the assumption that (as remarked to me by the Minister for Foreign Affairs) having calmly made its decisions and its preparations against foreseeable eventualities it can only await developments with like calmness.

2. The Minister stated that he had no actual information as to the decisions taken at the Brenner meeting and could only reason a priori as to its significance. He thinks that the mere fact of its being held after so many other meetings of the representatives of the Axis seemed to indicate that Germany and Italy were encountering serious difficulties either external or internal to their association. As to the German occupation of Rumania he noted three possible hypotheses which he described as all equally plausible, namely:

*Not printed.*
(First) That action may be purely local and intended merely to assure German control and protection of Rumania's resources;
(Second) It may be intended to establish the strategic basis for a German attack on Russia in which case the plan might or might not contemplate as a complementary necessity the seizure of the Straits; or
(Third) It may constitute a step in a plan for a joint German and Italian advance against the Suez Canal through Turkey, Syria and Palestine. He remarked that this alternative did not seem reasonable but could not be ignored or regarded as improbable.

3. As an indication of the unyielding temper of Turkey it may be noted that no transactions have yet taken place under the commercial agreement with Germany of July 25, in consequence of this Government's insistence upon certain points of interpretation and its unwillingness to meet prices on which Germany insists.

4. Upon the Minister's remarking that relations with Soviet Russia were improving somewhat and my saying that I supposed that meant that they were now able to discuss their common problems with an increasing degree of frankness, he said that it would be going much too far to describe the situation in that way.

__MacMurray__

870.811/213: Telegram

_The Minister in Rumania (Gunther) to the Secretary of State_

_BUCHAREST, October 26, 1940—2 p. m._

[Received October 27—9:30 a. m.]

670. My 626, October 18, 2 p. m. Although no announcement has yet been made I am reliably informed that delegates from Germany, Italy, Rumania and Russia will meet in Bucharest on October 28 to discuss problems and respective interests in connection with the lower Danube or that section of the river lying between Braila and the Black Sea hitherto under the jurisdiction of the European Commission of the Danube. You will recall that as late as last May the European Commission met with delegates from all member states—Great Britain, France, Germany, Italy, Rumania—present (see despatch No. 1438 of June 5, 1940). Great Britain and France have however not been invited to be represented at the meeting on October 28.

The German delegation, headed by Dr. Martius, has already arrived in Bucharest and the Russian delegation is expected today. V. V. Pella, Rumanian representative on the European Commission, will head the Rumanian delegation.

As the European Commission properly speaking may be considered as having ceased to exist it is a matter of speculation as to whether

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*Not printed.*

**The chief delegate for the Soviet Union was Arkady Alexandrovich Sobolev, Secretary General of the People's Commissariat for Foreign Affairs.**
the meeting of the four states mentioned above will be carried out under that name, convert itself into a new organization or take steps looking to mergence with the International Commission of the Danube.

Copy to Moscow.

GUNTHER

740.0011 European War 1939-6330 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, November 1, 1940—11 a. m.
[Received 3:44 p. m.]

696. My 685, October 30, 11 p. m. I have discussed the Russian position in some detail with General Antonescu. He was not apprehensive of immediate Russian action directed against Rumania and is disposed to place his reliance possibly too much so on the German guarantee. He said that according to his military information there were no movements of Russian troops worth mentioning except some in the northern Bukowina. He added that the question of the islands just above Ismail which the Russians want was under negotiation as well as the eventual sovereignty of other small islands near the northern mouth of the Danube.33

I asked the General what was his interpretation of the evacuation even from unoccupied Bukowina and Dobrudja of all Germans. He replied that it was to fill with German agriculturists the parts of former Poland left empty now owing to its present shrunken state and the segregation of ethnic Poles therein. It would seem clear that he has had this from a German source.

GUNTHER

870.811/217 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, November 1, 1940—7 p. m.
[Received November 2—10:58 a. m.]

700. My 670, October 26, 2 p. m., and previous. I have just learned from a highly creditable source that there is a great deal of tension behind the scenes of the Danubian Conference here. The Germans are insisting that Russia’s participation therein be limited to the reaches of the river from Braila down whereas the Russians insist upon joint jurisdiction up to Pressburg.39 Consternation has also been caused by Russia’s insistence upon the elimination of Italy.

GUNTHER

37 Not printed.
38 The Kilia (Chilia) channel was the northern mouth of the Danube River.
39 Bratislava.
The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, November 4, 1940—4 p.m.  
[Received November 5—4:50 a.m.]

189. 1. In view of the passage in President Inonu’s speech (my telegram No. 184, November 1, 5 p.m.\textsuperscript{40}) regarding the return to the former degree of cordiality with Soviet Russia, I took occasion today to recall to the Minister for Foreign Affairs that he had fairly recently given me to understand (my telegram No. 171, October 18, 6 p.m.) that the relationship had not at that time been restored to a basis of mutual openness. He assured me that there had since been a considerable improvement and that the two countries were now in a position to deal with each other as unreservedly as say 2 years ago.

2. He went on to say that the Turks quite understood the Russians’ situation with the German Army on their backs. From the ensuing conversation I gathered that in his judgment the Soviet Government while hoping that both sides will so exhaust themselves as to be no longer a danger to Russian interests feels that Great Britain is at any rate the less of a menace; and that its sympathies are therefore with the British although it is not in a position to give any effect to them.

3. As to the Italian invasion of Greece he took the attitude that the ultimatum had been a bluff as the Italian forces in Albania (which he estimated at considerably under 200,000) were not sufficient to back it up; and he seemed confident that British naval and air assistance would so gravely embarrass the transport of the necessary reinforcements as to enable the Greeks to hold their own.

Repeated to Moscow.

MacMurray

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The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, November 7, 1940—5 p.m.  
[Received November 9—5:05 a.m.]

712. My 670, October 26, 2 p.m. The Foreign Minister \textsuperscript{41} told me late yesterday that little progress was being made in the conference which convened in Bucharest on October 28th to discuss problems and respective interests in connection with the lower Danube or that section of the river lying between Braila and the Black Sea hitherto under the jurisdiction of the European Commission of the

\textsuperscript{40} Not printed.
\textsuperscript{41} Prince Mihail Sturdza.
Danube. Russia has, moreover, already seized the island in the Danube near Ismail. This means that the Thalweg is no longer the demarcation line between Rumanian and the Union of Soviet Socialist Republics leaving only a small stream tributary, often unnavigable, for Rumanian use. Furthermore the Russians have just seized the large island at the Vălcoa mouth of the Danube south of the Chilia branch, a serious matter for Rumanian navigation at Sulina the principal channel, due to [apparent omission] scientific and observation of shifting sand bars.

The Foreign Minister also said that Russia was opposing the participation of both Germany and Italy in the settlement of this problem. In other words Russia was desirous of creating a Russian-Rumanian condominium in which the former of course would play the principal role for the discussion and settlement of all problems relating to the lower Danube. The Foreign Minister added that up to the present Germany had shown very little interest in supporting Rumania and I gathered that he felt strongly that the former, for political reasons and inasmuch as her vital interests were not involved, might be willing to accept the Russian thesis and withdraw, at the same time obliging her Italian ally to do likewise, from any active participation in lower Danubian affairs.

I considered the foregoing significant. Germany is undoubtedly anxious to placate Russia; therefore giving away to the latter in a matter such as the above in which Germany has no immediate vital interest would be a good political move costing nothing. I think that Germany takes the view that whatever is arranged now need only be temporary. Moreover I do not think a conflict between Germany and Russia is desired by either at this moment but the former if she finds it imperative to undertake a Balkan campaign—following for instance a British move on Salonika—must first protect either politically and/or militarily her Russian flank. While the Foreign Minister made it clear that he felt that Russia would not attempt to seize more Rumanian territory, I cannot say that I entirely share his optimism. (Please see in this connection my telegram No. 707, November 5, 5 p. m. and previous). The evacuation of Germans from Bukowina and other territories ceded by Rumania as well as from non-ceded territories tends to show that Germany at least envisages the possibility of conflict and accordingly is taking steps to protect her interests politically; and by this I do not mean to imply that I think that the German left flank could rest secure solely as a consequence of appeasement in respect of Russia's Danubian pretensions.

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Not printed; it reported that "most of the young Germans of military age have been retained here in a camp at Galatz" where, in the event of trouble, "due to their speaking Russian as well as Rumanian and German, they would be invaluable as interpreters". (740.0011 European War 1939/6501)
As you probably know the British Government has protested to that of Rumania the exclusion of the British from the Danubian corridor.

Gunther

761.87/327: Telegram
The Ambassador in Turkey (MacMurray) to the Secretary of State

Ankara, November 18, 1940—11 a.m.
[Received 5:55 p.m.]

201. As a sidelight and possible explanation of recent Turkish insistence upon an almost incredible rehabilitation of Turco-Russian relations (see my telegram No 189, November 4, 4 p.m.) I submit the following outline of views expressed to me by an exceptionally well-informed colleague.42

1. Starting from the premise that Stalin's persistent purpose is world revolution and that that objective can best be attained by the mutual destruction of the capitalistic powers, my informant assumed that Molotov had made the agreement of August 1939 for the purpose of precipitating the conflict and in the conviction that communism could only gain by the defeat of Great Britain and would not suffer from the confidently expected German victory, which would involve problems of reorganization in Europe so far beyond the possibility of solution by Germany that any conquered territories would be open for Communist influence. This policy seemed to warrant the close association with Germany and the breaking off of negotiations with England and France and incidentally with Turkey as their ally.

2. The wholly opportunist application of this policy had been profoundly modified by two developments: (first) the Kremlin had now come to believe that England would win in the end; and, (second) it was convinced by the three-power treaty, which it considered to be directed against Russia, that Germany was still actively hostile. He pointed out that the consignment of Europe to the control of the Axis and of "Greater Asia" to that of Japan could not but leave Russia anxious and distrustful. Nobody knew what the novel phrase in quotations meant: it must include Siberia and it might include European Russia and perhaps Turkey and other Near and Middle Eastern countries.

3. In the light of these beliefs the Soviet leaders had to consider two more immediate factors. In the first place the demonstration of the smashing power of the German Army presented the possibility of Germany's inflicting quick and tremendous damage on Russia even if she were herself doomed to ultimate defeat by the British. In the second place, they have no confidence in the loyalty of their own

42 The Ambassador of Afghanistan. Faiz Mohammed Khan.
armies (made up even to a preponderant extent in the officer grade out of the peasant class which prays for deliverance from Bolshevik control even at the cost of foreign domination) and would not dare risk hostilities of a kind or scope that would threaten the Moscow regime.

4. They therefore found it imperative to reorientate their practical application of their fundamental policy. For the time being they may be expected to hedge, avoiding any possibility of conflict with Germany although prepared to shift to the support of Britain (at least to the extent included within the status of nonbelligerency) if there should arise any conjuncture in which it would seem advisable to assist in maintaining her as a counterweight to the danger of an eventual German attack upon Russia. They do not yet dare or [consider it?] opportune to respond directly to British blandishments 44 but have recently gone to some pains to restore their former intimate relations with the Turks in order that in case of need the latter may serve as catalytic agents to facilitate an understanding. He thinks that there is therefore on the Russian side a calculated effort to recreate at least a plausible semblance of the old relationship and that on the Turkish side there is a corresponding desire (which has almost transformed itself into a belief) that everything should be for the best between them.

5. He tells me that he finds among the Turkish officials a belief that Russia would come to their aid to prevent a German or Italian seizure of the Straits but that for his part he would expect the Soviet Government to be disposed to stand aloof and count on the British ultimately dealing with that situation in their own interest. He feels sure Russia would not risk an out-and-out conflict under present circumstances.

6. He further tells me that at the present time Russian deliveries on petroleum and other materials to Germany have dwindled to almost negligible quantities and that in case of tension developing the Soviet might be bold enough to find excuses for withholding them altogether.

MacMurray

762.74/63 : Telegram

The Minister in Bulgaria (Earle) to the Secretary of State

SOFIA, November 21, 1940—4 p.m.
[Received November 22—12: 25 a.m.]

165. The Foreign Minister who accompanied the King to Berchtesgaden on his visit to Hitler 45 has just told me the following:

44 For correspondence concerning Soviet relations with the United Kingdom and France, see pp. 589 ff.
45 November 17.
That the King went on Hitler's invitation; that Hitler assured the
King that he agreed with him and wanted peace in the Balkans so
as to insure Germany's food supply from this region; that Hitler
offered a 10-year contract for all exportable Bulgarian foodstuffs,
payment to be made by Germany by the barter system; that Hitler
has invited all the nations of Continental Europe, big and small
including France and Russia to join the so-called tripartite bloc; that
Hitler, from a lowly position himself had great sympathy for the
common people and desired this bloc of European states to ensure
peace for a hundred years to come; that Bulgaria was studying
the invitation but that Popoff could not foretell Bulgaria's decision;
that Popoff's impression was that Germany contemplated no military
action against Yugoslavia and Turkey, if Hitler felt certain
of the strict neutrality of these nations. The Foreign Minister added
that Bulgaria was as determined as ever to preserve peace and under
no condition would attack Turkey or Greece, and he felt certain
no German troops would pass through this country or Yugoslavia.
He felt Italy, for the time being at least, would ask for no help from
Germany against the Greeks as it would be too humiliating.

I had one disturbing impression from this interview which if
correct may reflect this country's future course. For the first time
since I have been here Popoff, probably expressing the feelings of the
King, seemed to believe in ultimate German victory.

EARLE

740.0011 European War 1939/6925: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, November 27, 1940—6 p. m.
[Received November 28—6:50 a.m.]

760. Yesterday afternoon Benton had a conversation with Cret-
ziianu, Secretary General of the Foreign Office, the most important
points of which are as follows:

1. Cretziianu said that the Foreign Office knows nothing definite
with respect to the recent Hitler-Molotov talks. Asked if Ru-
mania was not worried that Hitler and Molotov have perhaps made
some sort of deal at the expense of Rumania, Cretziianu shrugged
his shoulders and merely said that during the course of General
Antonescu's recent stay in Berlin, Hitler had reiterated that Germany
guaranteed Rumania's present frontiers and consequently the latter
had nothing to worry about.

2. Cretziianu said that the fact that Bulgaria had not adhered to
the Tripartite Pact—he had fully expected she would do so imme-
diately after Rumania’s adherence—puzzled and worried him. Bulgaria’s failure to adhere to the Pact he felt, might be due to one or the other of the following reasons: (a) Germany and Bulgaria were in complete agreement in respect to military and other policies in the Balkans, particularly as to an attack on Greece, and, therefore, did not desire to advertize too fully this agreement as would be the case if Bulgaria at this moment adhered to the Tripartite Pact until the necessary augmentation measures had been taken; (b) Bulgaria was closer to the U. S. S. R. than most people thought and Molotov had persuaded Bulgaria not to adhere to the Pact. Cretzianu seemed to feel that time alone would show which of these suppositions was correct. (I may say that the Bulgarian Minister has told me that his country is very anxious that Great Britain should recognize Rumania’session of territory in the Dobrudja; further that Bulgaria does not want to do anything which might jeopardize its value [valued?] relations with Great Britain.)

3. Cretzianu expressed the belief that sooner or later, probably sooner, Germany will have to send troops to Greece in order to straighten out the situation there. He said that Bulgaria was quietly but systematically mobilizing on the Greek frontier which gave weight to his first supposition (see preceding paragraph) that there was a close argument [agreement?] between Germany and Bulgaria in respect to an attack on Greece. Yugoslavia, he explained was very nervous, and reports received from Belgrade indicate that there was something in the air. Asked if he thought Yugoslavia would fight if Germany violated that country’s neutrality—endeavored to send troops through Yugoslavia en route to Greece—he replied that he did not think so. In this connection the Yugoslav Ambassador has remarked to me that he was certain his country would fight if its neutrality was violated by either Germany or Italy.

4. Cretzianu said that the Danubian Conference (please see my telegram No. 729, November 13, 8 p. m.48) had been broken off inasmuch as different delegates had had to return home for instructions. The Conference, however, would be resumed probably November 27, and he felt that the attitude of the participating powers, Russia in particular, would give some indication not only of what actually took place between Hitler and Molotov during their recent talks but of the course of future events in the Balkans.

5. During this conversation Cretzianu kept on reiterating that he “had the feeling” that the situation in the Balkans was coming to a

46 Rumania adhered to the Tripartite Pact by a special protocol on November 23, 1940 (Reichsgesetzblatt, 1941, Teil II, p. 31).
47 Stoyan Petrov Chomakov.
48 Alexander G. Avakumovich.
49 Not printed.
head and that something—he did not know what—was likely to happen very soon.

**Gunther**

740.0011 European War 1939/6941 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, November 29, 1940—6 p.m.

[Received 10:20 p.m.]

1644. The Turkish Ambassador told me this evening that he was reliably informed that in the interview between King Boris and Hitler, the former had told the latter that inasmuch as the Soviet Union was not a party to the Tripartite Pact, Bulgaria could not risk joining it and that the visit of Sobolev to Sofia had been primarily for the purpose of expressing the approval of the Soviet Government of the position taken by Bulgaria.

The Ambassador also told me that he had recently had an interview with Vyshinski in the course of which, under instructions from his Government, he had put to him the three following questions: (1) regarding the attitude of the Soviet Union towards the Greco-Italian war; (2) regarding the attitude of the Soviet Union towards the general situation in the Balkans; and (3) regarding the attitude of the Soviet Union towards the entry of Bulgaria into the war in any degree or in any way.

He said that after a delay of 2 days Vyshinski had sent for him and had said that he had been authorized by his Government to make the following replies: (1) the attitude of the Soviet Union towards the Greco-Italian war would be governed primarily by the military developments in that theater; (2) the attitude of the Soviet Union towards general conditions in the Balkans was strictly that of “just observer of developments”; and (3) insofar as concerned Bulgaria’s entry into the war in any degree or in any way that was a matter for the Bulgarian Government to decide.

Vyshinski then asked the Ambassador for a statement of the Turkish position to which the Ambassador replied that he was authorized by his Government to state that the Turkish Government intended to preserve its present status of “nonbelligerency” unless its frontiers were violated or Bulgaria attacked Greece, in which event Turkey would immediately go to the assistance of Greece or in the event that

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50 For subsequent disclosures of the nature of this visit, which occurred on November 25, 1940, see telegrams Nos. 188, December 18, 6 p. m., and 189, December 18, 7 p. m., from the Minister in Bulgaria, p. 537; see also telegram No. 1720, December 13, 2 p. m., from the Ambassador in the Soviet Union, p. 535.
Syria was attacked, in which event Turkish armed forces would enter that country.

The Ambassador said that in a subsequent conversation with Dekanov and Molotov, he had called his attention to the rumors current to the effect that in the course of the conversations between Molotov and Hitler an understanding had been reached with respect to a partitioning of the Balkans, with the Soviet Union obtaining the Straits and territorial concessions in Iran and eastern Turkey and asked him if there was any truth to these rumors. Dekanov replied that no agreement had been entered into in Berlin and emphatically denied the truth of the rumors referred to by the Ambassador, stating that the conversations in Berlin had dealt with an enlargement of the cooperation between the Soviet Union and Germany, provided for under the terms of the non-aggression pact and the economic agreements and that conversations with this object in view would now be continued through the regular diplomatic channels.

**Steinhardt**

740.0011 European War 1939/7010: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

*[Extracts]*

Bucharest, December 4, 1940—7 p.m.

[Received December 5—12:52 p.m.]

788. In a long conversation last night General Antonescu told me that during his recent visit to Berlin Hitler had accorded him a three and a half hour interview. Three hours of that time, he said, had been devoted to the Rumanian situation. He, the General, had taken the occasion to serve notice on Hitler that Rumania would never abide by the Vienna *Diktat*, inasmuch as Transylvania had meant too much in the lives and sufferings of the Rumanian people for over 2,000 years to give it up without a struggle; he had, however, promised not to disturb the peace at the present time. With regard to the other boundaries of Rumania, Hitler had renewed his assurances that Germany would not suffer further encroachment by Russia. The General's impression seemed to be that, though Hitler did not desire war with Russia at the present time, if the inevitable happened he would accept it and had sufficient troops not otherwise employed to deal with the situation.

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81 A German-Soviet trade agreement was signed on August 19, 1939; its provisions are described in a German Foreign Office memorandum of August 29, 1939, *Nazi-Soviet Relations, 1939–1941*, p. 88. A German-Soviet commercial agreement was signed on February 11, 1940; its provisions are described in a German Foreign Office memorandum of February 26, 1940, *ibid.*, p. 131.

82 On the occasion of Rumanian adherence by special protocol of November 22, 1940, to the Tripartite Pact of September 27, 1940.
Last night I had a conversation with Sturdza, the Foreign Minister, who remained in Berlin for a few days after the General, and then visited Copenhagen. He also seemed to feel certain that Germany’s territorial guarantee of Rumania would hold good.

GUNThER

Memorandum of Conversation, by the Under Secretary of State
(Welles)

[WASHINGTON,] December 10, 1940.

The Turkish Ambassador ⁵⁵ called to see me. Mr. Murray ⁶³ had informed me previously that the Ambassador, by instruction of his Government, desired to know the nature and tenor of the conversations which had been in progress between this Government and the Soviet Government. ⁵⁴

I told the Ambassador that I was most happy to communicate to the Turkish Government, through him, in every detail the conversations which had taken place. I stated that the conversations were solely of an economic and commercial character and had been undertaken for the purpose of solving the accumulated mass of problems of this nature which had arisen during recent years and which had created extreme bitterness on the part of the Soviet Government and extreme irritation on the part of the United States.

I told the Ambassador that I was glad to say that these conversations had in part proved successful and that I believed the Soviet Government now realized that this Government had made every effort to grant, in a spirit of equity and friendship, certain requests made by the Soviet Government, and that I was glad to say that on the other side, the Soviet Government had now solved many of the difficulties with which the United States had been confronted in its relations with the Soviet Union. I said that it was my thought that the conversations would continue from time to time and that it was my belief that many of the problems which still existed could be settled in this manner. I stated that, of course, where certain questions of fundamental principle were involved, notably the question of recognition of the Soviet domination of the Baltic States, ⁵⁵ I saw no immediate solution.

I said that as a result of these conversations I believed a far more friendly atmosphere existed in the relations between the two countries and that I thought that one clarification had been reached which was

⁵⁵ Mehmet Münir Ertegün.
⁶³ Wallace Murray, Chief of the Division of Near Eastern Affairs.
⁵⁴ For correspondence concerning these conversations, see vol. iii, pp. 441 ff.
⁵⁵ For information regarding the forcible occupation of the Baltic States and their incorporation into the Soviet Union, see pp. 857 ff.
highly useful, namely, joint recognition that insofar as the Pacific area is concerned there is no conflict of interest between the Soviet Union and the United States.

The Ambassador stated that he was most grateful for the expositions which I had given him and that his Government felt that its own position vis-à-vis the Soviet Union was greatly strengthened as a result of the better relationship which had now developed between the Soviet Union and the United States. He added that he believed that the Soviet Government was far more greatly influenced by the attitude of the United States than might appear upon the surface.

I took occasion to read to the Ambassador some of the contents of Ambassador MacMurray’s telegram No. 214, December 9, 4 p. m. 56

S[UMNER] W[ELLES]

761.74/58: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 13, 1940—2 p. m.
[Received 7:12 p. m.]

1720. The Bulgarian Minister told me last night in the strictest confidence that on the occasion of Sobolev’s visit to Sofia, on instructions from his Government he had proposed to the Bulgarian Government that it enter into a mutual assistance pact with the Soviet Union in which event the Soviet Government would not object to Bulgaria thereafter joining the Tripartite Pact. Should, however, the Bulgarian Government decide not to enter into a mutual assistance pact with the Soviet Union, the Soviet Government “preferred” that Bulgaria should not join the Tripartite Pact. The Minister stated that for the time being his Government had decided not to enter into either pact.

STEINHARDT

761.62/831: Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 13, 1940—5 p. m.
[Received 9:03 p. m.]

218. For the Secretary and Welles. Second section your No. 99 delayed in transmission. I greatly appreciate this informative summary of Department’s information regarding German-Soviet relations.

56 Not printed.
57 December 10, 6 p. m.; not printed.
Replying to your request for comment I submit that from this observation point it seems most probable that Germany and Russia must have agreed from the beginning and regardless of any more recent development of their relations to hold in abeyance any fundamental question as to the ultimate status of the Balkans and particularly of the Straits.

I noted Department assumes Turkey called upon Soviet Government for advice as to attitude towards Germany. Pending possible check on my conviction that such is not the case I hasten to point out that that assumption seems irreconcilable with statements made to me by Minister for Foreign Affairs (see for example my 214, December 9) as well as with information received from colleagues in more intimate relations with this Government. It is difficult for any one in touch with strongly self-assertive anti-German temper of this Government to believe that Turks could have asked advice on that question.

MacMurray

761.62/832: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

Bucharest, December 13, 1940—6 p. m.

[Received December 14—6 a. m.]

812. My 785, December 5, 6 p. m. last paragraph. Yesterday evening Benton saw Cretzianu, the Secretary General of the Foreign Office, who reiterated that the situation in connection with the Danubian Conference had improved from the Rumanian standpoint, the Germans being firmer and the Russians less intransigent. He said that the Russians had now agreed to accept the German point of view of a commission including Italy as well as the riparian states but at the same time they insisted on a subcommission composed only of Russia and Rumania to deal with technical questions in connection with the lower Danube. Germany, he explained, was prepared to accept this point of view and the difficulty now lay in deciding just what powers such a subcommission should have. Germany apparently desires the subcommission to be a technical one pure and simple, whereas Russia is endeavoring to invest it with so much power that the real Danubian commission would have little or no say in the lower Danubian region.

Republication of this message is not authorized.

In telegram No. 785, the Minister had reported a conversation in which Cretzianu had made this same statement to him. He further stated that Cretzianu admitted in response to his suggestion that as this change of attitude had occurred subsequent to Molotov’s visit in Berlin it was quite possibly a sequence thereto. (761.62/824)
Cretzianu added that the various delegates would be leaving for home for the Christmas holidays very soon and that a definite solution of the problem would therefore probably have to wait until after the New Year.

I am reporting in detail on developments in the Danubian Conference inasmuch as I strongly believe that they serve as an excellent barometer indicative of the fluctuations in Russo-German relations.

Copies by airmail to Berlin, Rome, Sofia, Belgrade, Budapest and Moscow (via Berlin pouch).

GUNther

761.74/61: Telegram

_The Minister in Bulgaria (Earle) to the Secretary of State_

SOFIA, December 18, 1940—6 p. m.

[Received 7:25 p. m.]

188. The King and Foreign Minister have the highest regard for our country and Government and are on the friendliest terms with me. However, today for the first time in answer to a question regarding the results of Soboleff’s conference here with the King the Foreign Minister begged to be excused, because of the delicate nature of these negotiations, from giving any indication whatever as to what occurred at these discussions. I consider the Foreign Minister’s failure to answer my question significant in that it indicates that the Russian proposals were of a highly political nature.

In reply to my question, he said that Bulgaria still had the Tripartite Pact under consideration.61

Earle

761.74/62: Telegram

_The Minister in Bulgaria (Earle) to the Secretary of State_

SOFIA, December 18, 1940—7 p. m.

[Received 7:15 p. m.]

189. Ganovsky, Secretary of the Bulgarian Communist organization (illegal) informs me that Soboleff asked the King for naval and air bases in Bulgaria. Russia in return offered to force Turkey to give Adrianople and Turkish Thrace to Bulgaria and to exert all possible pressure on Greece to cede Grecian Thrace to the Kavala-Drama line.

Ganovsky says that the King has courteously but firmly refused Russia’s proposals.

Earle

61 The Minister had stated in telegram No. 177, December 2, that it had been “due to Boris’ clever presentation” to Hitler of the consequences of adherence to the pact that such adherence had not so far taken place. “Also, Russian influence here is an important though not decisive factor.” (740.0011 European War 1939/6967)

302072—59—35
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 27, 1940—noon.
[Received December 27—9:38 a.m.]

1783. A member of the Rumanian trade delegation states that the economic negotiations with the Soviet Government are still suspended pending a clarification of the incident referred to in my telegram No. 1762, December 21, 4 p.m. He said that the first explanation of the incident received from the Rumanian Government had been rejected as “unsatisfactory” by the Soviet Foreign Office and that this fact had been reported by his Legation which is now awaiting his Government’s further reply. He added that he was still unable to ascertain why, when the negotiations had been proceeding so satisfactorily, the Soviet Government should suddenly have suspended them on what he is inclined to regard as a pretext. He was frank in admitting that the attitude of the Soviet Government was causing the Rumanian Government some concern.

Information from other diplomatic sources in Moscow refers to increase in Soviet activity and intrigue inside Rumania recently. I have been able to obtain no satisfactory information as to the reason for this alleged activity or as to the extent to which it may be directed against German interests there or is in possible agreement with Germany.

__Steinhardt__

740.0011 European War 1939/7381 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 30, 1940—1 p.m.
[Received 5:50 p.m.]

1799. In the course of a conversation with the Bulgarian Minister yesterday, he stated that the reports of the number of German “tourists and technicians” in Bulgaria have been grossly exaggerated and that having made inquiry of his Government comparatively recently on the subject he had been advised that there were “less than a thousand Germans in all of Bulgaria.”

The Minister also expressed the opinion that the reports, if true, to the effect that the Iranian Government has called up five classes of reservists indicates that that Government entertains concern with respect to Soviet intentions.

__Steinhardt__

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62 Not printed; a member of the delegation staff of the Soviet Union was said to have been assaulted in Bucharest (661.7131/10).
63 For correspondence concerning pressure by the Soviet Union upon Iran, see vol. iii, pp. 621 ff.
IV. WARTIME COOPERATION BETWEEN GERMANY AND THE SOVIET UNION

761.6211/315: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, January 4, 1940—noon.
[Received January 4—9:26 a.m.]

13. My telegram 1113, December 20, [1939,] noon.65 A member of the staff of the German Embassy has informed me in strict confidence that the discussions now in progress between the German economic delegation and the Soviet authorities have resulted in an agreement by the Soviets to supply Germany during 1940 with 500,000 metric tons of apatite. The negotiations are still proceeding with respect to manganese. I understand the quantity under consideration is also about 500,000 tons for 1940. Deliveries of the oil and fodder previously agreed upon are under way. Ritter 66 left Moscow for Berlin last night. Schnurre 67 and the other members of the delegation are remaining.

STEINHARDT

760D.61/941: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, January 6, 1940—10 a.m.
[Received 12:50 p.m.]

39. My 2393, December 18, [1939,] 4 p.m., and 2446, December 22, [1939,] 4 p.m.68 I understand that within the past few days the pro-Soviet attitude of the German Government in the Russo-Finnish conflict 69 has been further stiffened and among the reasons given for this reinforcement are the announcement of aid to Finland on the part of England and France and additional pressure which is said to have been brought to bear on the German Government by the Soviets, especially in connection with the pending trade negotiations between the two Governments. According to this information the practical manifestation of this attitude on the part of the German Government

65 For previous correspondence on relations and wartime cooperation between Germany and the Soviet Union, see Foreign Relations, 1939, vol. 1, pp. 312 ff. and pp. 477 ff.
66 Ibid., p. 498.
67 Karl Ritter, Ambassador on special assignment in the German Foreign Office, in charge of economic warfare questions.
68 Karl Schnurre, Head of the Eastern European and Baltic Section of the Commercial Policy Division of the German Foreign Office.
69 Neither printed.
60 For correspondence on relations between Finland and the Soviet Union, see pp. 269 ff.
has so far been confined to threats against Norway and especially Sweden on the matter of the transit of arms to Finland and there is as yet no proof of actual aid to Russia from Germany at the front. In Finnish circles in Berlin the impression prevails that Sweden will not cede to these threats.

Kirk

761.62/613: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, January 17, 1940—11 a. m. [Received January 17—9:30 a. m.]

67. A survey during the past week of the best informed and most objective diplomats in Moscow of all shades of opinion discloses virtual unanimity that Russian-German cooperation is steadily increasing. This development is regarded as the logical outcome of the reverses sustained by the Red Army in Finland and the failure of the German peace offensive. It is believed that the bewilderment of Stalin and Hitler at the position in which each now finds himself has accentuated in their minds the necessity of mutual support and that any mental reservations either or both may have made at the time they entered into their Pact have for the time being at least been discarded.

Steinhardt

760D.61/1016: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, January 23, 1940—6 p. m. [Received January 23—2:30 p. m.]

95. There is increasing evidence of German concern at the effect of the Finnish-Soviet war on deliveries to Germany from the Soviet

For indications of differences of opinion among high German officials toward the Soviet-Finnish war, see telegram No. 18, January 8, 7 p. m., from the Minister in Finland, p. 272.

Iosif Vissarionovich Stalin, Secretary General of the Central Committee of the All-Union Communist Party (Bolsheviks); member of the Politburo and Orgburo of the Party, etc.

Adolf Hitler, Führer and Chancellor of the German Reich from January 30, 1933; Chief of State from August 2, 1934.

Treaty of Nonaggression between Germany and the Soviet Union signed at Moscow on August 23, 1939; for text, with secret additional protocol, see Department of State, Documents on German Foreign Policy, 1918-1945, series D, vol. vii, pp. 245-247.
Union and the entire Baltic area. The extent of the hostilities has apparently already virtually put an end to timber exports from Finland to Germany and has materially reduced German exports to Finland. The interference with Swedish coastal traffic and the steadily increasing extent of Swedish aid to Finland in respect of manufactured products, foodstuffs, fuel and munitions, with Sweden in turn drawing on Norway, is believed to be seriously embarrassing German imports from Sweden and Norway. Furthermore, I understand that the demand for railway rolling stock and motor trucks in Sweden has been so heavy during the past 3 weeks as to have seriously impeded exports from Sweden to Germany particularly iron ore and foodstuffs. In consequence the Finnish-Soviet war has begun to operate throughout the Baltic area as a partial blockade of Germany.

Insofar as concerns direct deliveries from the Soviet Union to Germany, the Soviet authorities have recently taken great pains to conceal the extent of these movements. Members of the German Embassy staff have recently contented themselves with the observation that the Soviet deliveries were about what they had expected and that being thoroughly familiar with Soviet methods they had never expected very much.

Steinhardt

601.6231/256: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, January 31, 1940—3 p. m.
[Received 6:25 p. m.]

251. Members of the Soviet Embassy here are stating that the trade negotiations with Germany are reaching the final stage and that an announcement may be expected shortly. It has also been intimated that the matter of the Galician oil fields will come within the purview of the commercial agreement between the two countries.

Insofar as public utterances and references in the press are concerned the tone of German-Soviet solidarity is being maintained. I have received a report, however, to the effect that a secret directive has been issued to certain newspaper editors in Germany to present material relating to German-Soviet relations in an aspect which need not necessarily preclude a reorientation of present German policy as regards the Soviets.

[Kirk]
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 5, 1940—5 p. m.
[Received February 5—5 p. m.]

144. My telegram No. 132, February 2, 7 p. m. In a conversation Saturday night with Ritter, the German plenipotentiary for economic matters who has been here in connection with the work of the German economic delegation, he informed me that he was leaving within a few days for Berlin. He spoke with surprising frankness perhaps due to his familiarity with Americans and their customs. He told me he feels that the economic and commercial agreements which have been thus far reached between Germany and the Soviets are not unsatisfactory on their face from the German point of view but he seemed somewhat doubtful as to Soviet compliance of [with?] the terms of the agreements. He characterized the Russian transportation system as hopeless and general internal economic conditions in the Soviet Union as poor. He told me in strict confidence that while Stalin and Molotov apparently sincerely desired to cooperate 100% with Germany other Soviet officials with whom he had come in contact notably Mikoyan and Kaganovich, had been less cooperative. Ritter spoke at great length of the difficulties of negotiating with Soviet officials whose promises he observed are notoriously short of their performance. I expect to have a further talk with him on the 7th.

STEINHARDT

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 8, 1940—6 p. m.
[Received February 8—5:30 p. m.]

156. The Swedish Minister informed me this afternoon that there are persistent reports emanating from northern Sweden and northern Norway that Germany has been using or is about to use

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740.0011 European War 1939/1631 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 8, 1940—6 p. m.
[Received February 8—5:30 p. m.]

156. The Swedish Minister informed me this afternoon that there are persistent reports emanating from northern Sweden and northern Norway that Germany has been using or is about to use

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74 Not printed.
75 February 3.
76 Vyacheslav Mikhailovich Molotov, People's Commissar for Foreign Affairs of the Soviet Union.
77 Anastas Ivanovich Mikoyan, People's Commissar for Foreign Trade of the Soviet Union.
78 Lazar Moiseyevich Kaganovich, People's Commissar for Transportation (Railways) of the Soviet Union.
79 Wilhelm Winther.
Murmansk as a submarine base. The Minister stated that in Sweden and Norway it is believed that the recent sinkings of vessels leaving northern and central Norway for England have been effected by German submarines based on Murmansk, possibly with stores of fuel and provisions which were deposited in the uninhabited and remote sections of the coast of northern Norway.

STEINHARDT

761.6211/324 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 9, 1940—1 p. m.

[Received 4:02 p. m.]

159. My telegram No. 144, February 5, 5 p. m. In the course of a more detailed conversation which I had yesterday afternoon with Ritter and Schnurre I received the impression that they are somewhat better satisfied with the general progress of their negotiations with the Soviets of a trade treaty under which Russia will furnish Germany with certain specified quantities of raw materials than was indicated at the time of my previous talk with Ritter. Schnurre told me he felt useful results had been obtained through the method which he had adopted in connection with the present negotiations of bringing with him the representatives of German firms or agencies for the purpose of holding direct discussions with the Soviet combines through whom mutually foreign trade transactions are normally effected, such discussions being aimed at the conclusion of specific contracts for individual commodities and that the work of the delegation at present was the final embodiment of the various contracts already concluded into a single agreement. Both he and Ritter affirmed that they were pleased with the apparent readiness of the Soviets to cooperate fully with them in principle but observed that the slowness and tediousness of the restriction and the insistence of the Soviet officials upon points which they considered of negligible importance has been very exasperating. Ritter apparently now hopes that the treaty will be signed in Moscow within the next week following which Ritter will return to Berlin leaving Schnurre in Moscow to complete various details.

In regard to difficulties of transportation, which have constituted a serious question in endeavoring to estimate the quantities which the Soviets will actually be able to supply to Germany, Schnurre stated that the Commissar for Railways had shown more optimism than the German officials but that no insuperable problems were anticipated in this respect since in addition to the Baltic and Danube water routes
there were now eight railway lines directly connecting Soviet and
german territory as a result of the partition of Poland.

With respect to the commodities and quantities mentioned in my
erlier telegrams on this subject it was intimated by my informants
that some of the quantities as for example in the case of oil and
cotton might be revised upwards in comparison with the figures
previously reported and that a number of additional commodities
would be added. Although exact figures were not forthcoming Ritter
specifically stated that Germany will receive manganese, apatite,
soy beans, timber, flax, nickel, chrome, platinum, and some iron ore,
pig iron, and scrap iron.

In regard to soy beans Ritter stated that large quantities were
expected to be obtained from Manchuria and shipped across Russia
by Trans-Siberian. He said that the Soviet railway authorities in-
formed him that transport difficulties in shipping from east to west
on that line were very much less than from west to east as the ma-
jority of the Soviet freight cars returned empty from the Soviet Far
East. He remarked in connection with flax that Germany had pre-
viously imported some 30,000 metric tons of flax a year from what is
now Soviet-occupied Poland and that the Germans had expressed
their expectation of receiving a corresponding quantity in the future
but that as regards this item they had encountered resistance and
were less well-satisfied than as to others. He also stated that de-
liveries of oil, cotton, and foodstuffs had already begun and were
now in progress mentioning for cotton a figure of 40,000 metric tons
actually received, and for foodstuffs a total of six trainloads a day
now being regularly obtained.

In return for the Soviet raw materials to be received by Germany
under the agreement Ritter gave me to understand that Germany
will deliver heavy machinery of various types and probably some
naval equipment. Although no German technicians have as yet
arrived in the Soviet Union the German machinery and equipment
which are to be delivered are expected to be installed by German
specialists under technical assistance contracts.

Repeated to Berlin.

STEINHARDT

661.6231/261: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, February 13, 1940—1 p. m.
[Received February 13—11: 53 a. m.]

172. My 166, February 11, 7 p. m.\textsuperscript{69} The following is the text of the
communiqué concerning the signing of the German-Soviet trade agree-

\textsuperscript{69} Not printed.
SOVIET RELATIONS WITH OTHER POWERS

which was released on the Soviet radio last night and published in the press this morning:

"On February 11, 1940, in Moscow, following successful termination of negotiations, there was concluded an economic agreement between the Soviet Union and Germany. This agreement corresponds to the desire of the Governments of both countries concerned the working out of the economic program for the exchange of goods between Germany and the Soviet Union expressed in the letters exchanged on September 28, 1939, between the Chairman of the Soviet of People's Commissars and People's Commissar for Foreign Affairs of the U. S. S. R., Comrade V. M. Molotov, and the Minister for Foreign Affairs of Germany, Mr. von Ribbentrop. The economic agreement provides for the export from the Soviet Union to Germany of raw materials to be compensated for by German deliveries to the Soviet Union of industrial articles. The trade turnover between Germany and the Soviet Union will even in the first year of the life of the agreement have reached a total exceeding the highest level reached any time since the World War. It is intended in the future to increase still further the reciprocal deliveries of goods. The agreement was signed on behalf of the Soviet Union by the People's Commissar for Foreign Trade, Mikoyan, and the trade representative in Germany, Barbarin, and for Germany by the special plenipotentiary of the German Government for economic questions, Mr. Ritter, and the head of the German Economic Delegation, Mr. Schnurre."

Between the statement that the total trade turnover in the first year of the agreement will exceed the highest level previously reached in trade between the two countries, which would indicate that the exchange will exceed a billion gold marks, the level reached in 1931, the communiqué reveals nothing in regard to the nature of the agreement. The communiqué confirms the statements contained in the exchange of letters of September 28, 1939 that the Soviet Union will immediately begin the delivery of raw materials against future deliveries from Germany of manufactured articles and equipment. This aspect of the economic agreement if adhered to has a certain political importance in respect of future Soviet-German relations in that at any given time the Soviet Union will have a credit balance in Germany for future deliveries of machinery and equipment and consequently it would not be to the advantage of the Union of Soviet Socialist Republics to undertake any line of action which might impair the ability of Germany to make these deliveries.

Repeated to Berlin.

THURSTON

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81 Economic agreement between Germany and the Soviet Union, signed at Moscow on February 11, 1940. For a summary of its terms, see the German Foreign Office memorandum of February 26, 1940, by Karl Schnurre, in Nazi-Soviet Relations, 1939-1941, p. 131.
82 For texts of these letters, see ibid., pp. 108-109.
Moscow, February 18, 1940—5 p. m.  
[Received February 18—4:30 p. m.]

186. My telegram No. 172, February 13, 1 p. m. The following information concerning the Soviet-German Agreement of February 11 has been supplied by Commercial Counselor of the German Embassy 83 with the request that it be held in strict confidence.

The Agreement of February 11 is entirely apart from and supplementary to the Commercial Credit Agreement of August 19, 1939. 84 The figures of Soviet-German trade under the Agreement of February 11 alone will surpass the highest level reached since the world war and the Soviet deliveries to Germany will in value be equal to or even greater than those of 1929, the highest level heretofore attained. The Agreement of February 11th is entirely on a barter basis expressed however in terms of Reichmarks at the official rate. At the beginning of the negotiations the Soviet officials were insistent upon balancing the respective deliveries at the end of each year but finally accepted the German contention that this was impossible due to the longer period required for the fulfillment of Soviet orders for machinery in accordance with specifications so that under the Agreement as signed even at the end of 1940, when the sum total of Soviet deliveries agreed upon will have been received by Germany, the full equivalent in German machinery and equipment will not yet have been delivered to the Soviet Union.

The following are the quantities of the principal types of raw materials which the Soviet Union will deliver to Germany under the Agreement of February 11. While some of these figures have been forecast in previous telegrams it is now possible to give them definitively as follows: 900,000 metric tons of oil products consisting of crude oil, refining and lubricating oil, automobile and aviation gasoline; 100,000 metric tons of good quality cotton; 500,000 metric tons apatite; 300,000 metric tons manganese; 800,000 tons of fodder; 200,000 tons of grain for human consumption; approximately a million metric tons of various mineral ores of which 600,000 metric tons are iron ore, 100,000 metric tons chrome ore and the balance made up of small quantities of other types of ore used in metallurgy; 15,000 tons of flax; timber worth 18,000,000 marks in value.

It was stated that the figure for manganese deliveries had been somewhat reduced as Germany needed no more than the official figure

83 Gustav Hilger.
84 For a description of the provisions of the trade agreement of August 19, 1939, see the German Foreign Office memorandum of August 29, 1939, by Karl Schuurre, in Nazi-Soviet Relations, 1939–1941, p. 83.
agreed on. No specific figures are forthcoming as to deliveries of leather and platinum and in regard to soy beans and similar products which will come from the Far East it was indicated that the problem as concerns the Soviet Union was more one of transit than of supply. My informant emphasized that the foregoing figures are exclusive of the deliveries under the Commercial Credit Agreement of August, whereby the Soviet Union would furnish Germany with 18,000,000 marks worth of raw materials and in this connection it was stated that the quantity of oil in the neighborhood of 100,000 tons provided for in this Agreement had already been delivered to Germany. In regard to the problem of transportation the opinion was expressed with considerable conviction that despite the admittedly overstrained condition of the Soviet railroads no serious difficulties were anticipated in shipping the quantities agreed upon to Germany. It was stated that aside from the technical assistance contracts for the installation of German machinery in Soviet factories no attempt had been made by Germany to “persuade” the Soviet authorities to accept German specialists but that it had been agreed that should the Soviet Government desire the services of such German specialists as could be spared for any special branch of Soviet industry, the question would be settled by special agreement at a future date.

On the whole, the Commercial Counselor, who took a leading part in the negotiations and whose familiarity with the Soviet Union is unquestioned, seemed to be well satisfied with the results achieved and stated that the care and realism with which the Soviet foreign trade officials had examined the various questions involved, while causing considerable delay in the negotiations, nevertheless in his opinion had removed any doubt in his mind as to the seriousness with which the Soviet Government viewed the expansion of its economic relations with Germany. He added that there had been little difficulty in the negotiations in respect of Soviet deliveries to Germany but that the necessity for drawing up careful specifications and enumeration of the types of machines and equipment which Germany is to supply the Soviet Union had occupied a greater part of the time of the negotiations.

Repeated to Berlin.

STEINHARDT

760D.61/1163 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 23, 1940—1 p. m.
[Received 2: 49 p. m.]

202. A member of the German Embassy, who has just returned from Berlin with the Ambassador,²⁵ has stated in strict confidence

²⁵ Friedrich Werner, Count von der Schulenburg.
that there appears to be no prospect of any settlement of or Soviet acceptance of any settlement of the Finnish conflict by negotiation. He stated that the informal approach made by the German Ambassador in early January (see my telegram No. 134, February 2, 10 p. m.\(^6\)) was made on the Ambassador's own initiative and not under instructions from Berlin but that in this informal discussion Molotov had been quite definite in his statement that the Soviet Government would only negotiate with "a friendly Finnish government", which from the context of his remarks clearly referred to the Kuusinen government \(^7\) or some government in Helsinki which would be completely subservient to Moscow. My informant said that insofar as he is aware there has been no change in the Soviet Government's attitude and expressed the opinion that under the circumstances there was little possibility of any offer of mediation from the German government.

In respect to Soviet-German relations in general my informant stated that both the political and economic relations had now been clearly defined and that in the absence of any new developments in the general European situation or French and British action against the Soviet Union no change in the present status of Soviet-German relations was to be anticipated. He specifically denied any intention at the present time on the part of either the Soviet Union or the German Government to conclude a military alliance. In this connection he reiterated the view previously expressed by members of the German Embassy here that a military alliance would be detrimental rather than beneficial to both Germany and the Soviet Union since assistance of an economic or other nature which the Soviet Union was in a position to furnish Germany could be best accomplished with Russia at least formally neutral. He further expressed the opinion that in view of its preoccupation with the Finnish conflict the Soviet Government had postponed indefinitely the question of the acquisition of Bessarabia and at the present time had no intention of taking any initiative in the Balkans.\(^8\)

STEINHARDT

761.6215/5: Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, March 5, 1940—1 p. m.
[Received 5:09 p. m.]

552. My 2339, December 14, 7 p. m.\(^9\) This morning's Berlin papers announce that the mixed German-Russian commission for

\(^6\) Ante, p. 284.

\(^7\) The Soviet-supported puppet government of the "Democratic Republic of Finland" set up at Tertjoki at the beginning of December 1939, with Otto W. Kuusinen as President.

\(^8\) For correspondence concerning activities of the Soviet Union in the Balkans and the seizure of Bessarabia, see pp. 444 ff.

\(^9\) Not printed.
frontier questions has reported to the German and Russian Governments that the marking of the “German-Soviet frontier” was completed on February 27 along a distance of some 1500 kilometres, that 2,820 boundary posts were erected, and that the surveying of the frontier has been practically completed. The report mentions that in certain small sectors the task of surveying will be brought to a close shortly after the advent of the thaw and that in the meantime the mixed commission is working on the preparation of the necessary boundary documents.69

The reference in the above mentioned to the German-Russian “frontier” instead of the “frontier of interests” which has been the term hitherto employed has been remarked upon in local political circles.

KIRK

740.0011 European War 1939/2043: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

MOSCOW VIA BERLIN, April 9, 1940—6 p.m.

[Received April 10—7:05 a.m.]

362. My 361, April 9.91 I am informed in strictest confidence that Molotov this afternoon received the German Ambassador with great cordiality and in regard of the German actions against Denmark and Norway92 told him that the Soviet Government fully understood the “defensive character” of these measures.

THURSTON

761.62/661

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

No. 417

MOSCOW, April 15, 1940.

[Received May 15.]

SIR: I have the honor to enclose herewith a memorandum93 setting forth certain observations on the present status of Soviet-German

69 The German-Soviet frontier agreement was finally signed at Moscow on January 10, 1941. In despatch No. 4060 of December 16, 1940, the Chargé in Germany reported that “German officials . . . have expressed great annoyance at what they termed the ‘petty attitude’ of the Soviet members of the Mixed Boundary Commission.” This attitude had caused months of delay. (761.6215/22)

91 Not printed; in this telegram the Chargé in the Soviet Union reported that a member of the German Embassy had stated that advance information of the German action against Denmark and Norway had been brought to Moscow by special courier late in the afternoon of April 8. Because Molotov “was in the country,” this information could not be given to him before the following afternoon. It was believed, however, that the Soviet Government had already been informed through its Embassy in Berlin. (740.0011 European War 1939/2037)

92 For correspondence regarding the invasion of Norway and Denmark by Germany, see pp. 136 ff.

93 Not printed.
relations in the light of the information available in Moscow. An attempt has been made in this memorandum to assess the realities that lie at the bases of these relations as well as the prospects of their future development under existing conditions. The conclusions reached in the memorandum are (1) that the present political and economic relations between the Soviet Union and Germany which have been formulated in the series of agreements reached since August, 1939, are under present conditions satisfactory to both countries; (2) that, in the absence of some external developments resulting from French and British initiative, it is not to the interest of either country to expand the relations beyond their present content; (3) that there is little likelihood of a reversal of the present attitude of the Soviet Government under present conditions, since any reversion to a policy of hostility towards Germany may only be envisaged if (a) the Soviet Government believes that Germany is sufficiently weakened or militarily occupied elsewhere to obviate the risk of a German military retaliation and (b) if such a reversal is dictated by Soviet interests. The foregoing conclusions are, of course, based on the supposition that Germany on its part will continue its present policy vis-à-vis the Soviet Union.

Respectfully yours,

LAURENCE A. STEINHARDT

740.0011 European War 1939/2278: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

[Extract *]

Moscow, April 16, 1940—7 p. m.

[Received 9:10 p. m.]

392. The Swedish Minister * told me the following this morning in the strictest confidence.

1. He said he had learned from a member of the German Embassy that on the day of the invasion of Denmark and Norway the German Ambassador had called on Molotov and had advised him of the invasion (see my telegram No. 361, April 9, noon ** ) giving Molotov an assurance that Germany did not intend to invade or attack Sweden or Finland and requesting and receiving a similar assurance from Molotov with respect to Soviet intentions.

STEINHARDT

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* For correspondence regarding the relations of the United Kingdom and France with the Soviet Union, see pp. 589 ff.
* Another section of this telegram is printed on p. 327.
* Per Wilhelm Gustaf Assarsson, since February 25, 1940.
* See footnote 91, p. 549.
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, April 17, 1940—10 p. m. [Received April 18—3:10 a. m.]

400. Reference to Department's 222. Reports of a steadily increasing infiltration of German engineers and technicians into the Soviet Union have been persistent since the conclusion of the Soviet-German economic agreement of February 11. It is the consensus in informed but unofficial circles that the German technicians who have come to this country recently have sought to purchase raw materials, sell German merchandise and plan for the erection and equipment of industrial plants to be built for the Soviets by Germany. A member of the staff of the German Embassy who has hitherto been a reliable informant confirms the foregoing and states no German engineers or technicians have thus far come to the Soviet Union to assist the Soviets in improving the organization of any of their industries or transport facilities or to assume charge of factory operations or transport. He states that entirely aside from the question of whether the Soviet authorities would view any such procedure with favor Germany has no wish or intention to pursue this policy. He said that the services being rendered by German technicians are identical with the type of services rendered to Soviet industry by American engineers and technicians in recent years, as, for example, in the petroleum industry and that it is contemplated that German technical assistance to Soviet industry be confined to such services. He said that the Germans had been represented by a very large delegation in Moscow at the time of the negotiations resulting in the economic agreement; that questions of transport had been carefully studied and that the German experts had come to the conclusion that Soviet transport facilities while inefficient and limited were as adequate as could be expected under the circumstances and that it would not be practical to attempt to inject German technicians into the field of Soviet transportation. He said that German engineers have been visiting and will continue to visit the Soviet Union in connection with contracts for the supply and erection of plant equipment; that they would come to plan the installation and if necessary install the equipment after delivery. He told me that the Germans regard the Soviet petroleum industry as of prime importance to them and that the installation of refineries was an important consideration. He also mentioned machinery for the aviation industry.

Insofar as concerns the actual number of German engineers and technicians who have thus far entered the Soviet Union for the pur-
poses described, no accurate information is available although I believe that several hundred is a reasonable estimate. In addition to the Moscow area I understand that the principal districts visited by them have been the Caucasus, Transcaucasus, Black Sea and Dniester [Dnieper?] regions. While confirmation of my belief is not obtainable it appears logical in the light of the information furnished me by the member of the German Embassy referred to above.

With respect to the extent to which the German technicians have been able to achieve successful collaboration with Soviet personnel it is as yet rather soon to attempt to draw anything more than a general conclusion. I have been told that the Kremlin is compelling a greater degree of cooperation in the fulfillment of contracts than some Soviet officials desire. However, conceding an intense desire on the part of all Soviet officials to collaborate, the inherent difficulties caused by Soviet suspicion, indifference, incompetence and defective organization tend to impair materially what might otherwise be effective collaboration. The German attitude appears to be realistic, my informant having stated that thus far the Soviets have lived up to their agreements to the satisfaction and the surprise of the Germans.

It is my opinion that when plant installations are being made the German technicians will encounter the same difficulties in training operating personnel which have confronted our engineers in the Soviet Union, as well as the interminable delays and annoyances resulting from Soviet methods and the characteristics referred to above.

Despatch follows.\(^2\)

STEINHARDT

661.6231/277 : Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN VIA GENOA, MAY 9, 1940—4 P. M.

[Received May 9—1 P. M.]

1260. My telegram No. 534 of March 2, 9 a. m.\(^1\) According to reports emanating from several sources there seems to have been of late certain difficulties between the German and Soviet Governments owing to delays on the part of German manufacturers in the execution and delivery of Soviet orders placed with German industry under the trade agreements of August 19, 1939 and February 11, 1940 which have been countered by a slowing down in shipments of Russian products to Germany. It is also reported that some 3 weeks ago Goering\(^2\) addressed a letter to the Reich Economic Chamber insisting on the

\(^{29}\) Despatch No. 464, May 10, from the Chargé in the Soviet Union, not printed.

\(^{1}\) Not printed.

\(^{2}\) Field Marshal Hermann Wilhelm Göring, Reich Minister for Air, Commander in Chief of the Luftwaffe, Chairman of the War Cabinet, and nominated successor-designate to Hitler, September 1, 1939.
necessity of manufacturers giving precedence to the execution of Soviet orders over all others even military in view of the decisive importance of an uninterrupted flow of Russian supplies for Germany's war economy. Further, that he promised the full support of all Government and especially of all military departments in speeding up the delivery of Soviet orders and ordered that all cases where such assistance was not given immediately should be reported to him personally.

It is understood that at a recent conference with prominent industrialists Goering again raised this question and urged them to do their utmost to expedite the filling of Soviet orders.

Kirk

740.0011 European War 1939/3286: Telegram
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, May 24, 1940—noon.
[Received 5:55 p. m.]

580. Referring to the Embassy's telegrams 468, April 27 and 491, May 6 a American journalists passing through Moscow en route from Stockholm to Bucharest report that the belief is general in Stockholm that Germany is bringing strong pressure to bear on the Swedish Government to permit the passage of German troops wishing to reach Kiruna and Narvik, and that the reluctance of the Soviet Government to countenance any violation of neutrality of Sweden is the principal deterrent to an immediate German invasion of that country.

In connection with the statements contained in the Embassy's telegrams under reference concerning a conversation between Molotov and the German Ambassador with respect to Soviet interest in the maintenance of Swedish neutrality, a member of the staff of the German Embassy whose information has hitherto proved to be reliable recently confirmed that in the course of a conversation on other subjects presented by the German Ambassador, Molotov had voiced the hope of his Government that Germany would respect the neutrality of Sweden if possible. b This informant stressed the phrase "if possible" as indicating that the Soviets had made no categorical request that Sweden's neutrality be observed by Germany.

While there is believed to be no doubt that the Soviets would view with disfavor the expansion of the war zone into Sweden it is by no

a Neither printed.
b The Chargé in the Soviet Union informed the Department in his telegram No. 588, May 27, 1 p. m., that the Swedish Minister had told him that Molotov had categorically declared to the German Ambassador that the Soviet Union was "vitaly interested in the maintenance of Sweden's neutrality and would view an invasion of that country as an unfriendly act." (740.0011 European War 1939/3345)
means certain that a German move in this direction would constitute an immediate threat to Soviet-German relations. On the other hand continued large scale unexplained troop movements reported in telegram No. 564, May 20\textsuperscript{e} and recent extensive curtailment of both interurban and local rail passenger service in European Russia are arousing considerable speculation among foreign observers in Moscow as to the intentions of the Soviet Government. Opinions vary as to whether these activities indicate precautionary measures of a purely defensive character or point to an eventual invasion of Bessarabia or envisage the occupation by the Soviets of the Baltic States\textsuperscript{6} in the event that hostilities break out in Sweden.

\textbf{Thurston}

\textbf{740.0011 European War 1939/3445 : Telegram}

\textit{The Minister in Sweden (Sterling) to the Secretary of State}

\textbf{STOCKHOLM, June 1, 1940—noon.}  
[Received 2:30 p.m.]

577. In making his farewell call yesterday before returning to Finland and retiring to private life Erkko\textsuperscript{7} gave me some interesting information. He has been continuously friendly; he is the soundest and best informed of my colleagues.

He stated that with regard to the fortification of the Åland Islands (see my 374, April 24, 10 a.m.) the Finnish Minister for Foreign Affairs\textsuperscript{8} had recently visited Stockholm and after discussing the question in all its phases with the Swedish Government, the Finnish reply, although couched in friendly terms, was tantamount to a refusal of the Swedish proposal for joint action. The underlying reasons of the refusal, Erkko said, were (a) Finland was continuing the defense works herself; (b) she wishes to pursue in her present situation a more isolationist policy—friendly to all her neighbors, but taking no action which might lead to international complications during the period of reconstruction; (c) she could not forget how Sweden had broken her written agreement last autumn to send troops to the islands for their joint defense. The Soviet Government, he commented, had no objection to the fortification and while Germany had not been notified he did not doubt that the operations were known although no communication on the subject had been received.

\textsuperscript{5} Ante, p. 463.
\textsuperscript{e} For correspondence concerning the occupation of the Baltic States, see pp. 357 ff.; concerning the seizure of Bessarabia, pp. 444 ff.
\textsuperscript{7} Elias Erkko, Finnish Chargé in Sweden, formerly Minister for Foreign Affairs.
\textsuperscript{6} Not printed, but see telegram No. 200, April 17, noon, from the Minister in Finland, p. 328.
\textsuperscript{8} Rolf J. Witting.
Copy of this section to Helsinki.

In strictest confidence he told me that from absolutely reliable sources he knew that German High Command and War College were now busily engaged in working out plans for attack on Russia, to begin as soon as Western Powers were defeated. Main objects were to loosen Russia’s hold in Baltic and to gain all of Poland and Russian Ukraine. This information had been confirmed to him by Günther who also told him of German plans for new status of northern states, when and if Germany was victorious in present war in west. Under this rearrangement Denmark would continue to hold her sovereignty and independence; southern Norway, as far north as Trondheim, would remain in German hands or placed under control by means of occupation of strategic points; northern Norway, Sweden and Finland would be compelled to form a loose confederation under economic control of Germany.

In confirmation of the Legation’s impression that Sweden, while officially and publicly proclaiming her strictly neutral attitude, nevertheless makes minor concessions to Germany, Erkko has positive knowledge that a few German ski troops passed through Sweden last month by railway to the Narvik area disguised in Red Cross uniforms. Günther, he said, reluctantly admitted this fact.

As a keen neutral observer his remarks regarding present situation on western front have value. He believes that if Allies can keep up resistance for 2 or 3 more months Germany will be finished because of tremendous losses of best troops and lack of essential material.

STERLING

761.6215/18: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 12, 1940—10 a. m.
[Received June 12—7:55 a. m.]

663. Embassy’s telegram No. 466, April 27, 5 p. m. The Embassy has been informed by a Secretary of the German Embassy that the Soviet and German Governments have concluded a treaty for the regulation of border disputes. The informant indicated that the treaty was of purely technical nature and of no political significance. He added that it contained provision for the settlement of border disputes by the local frontier authorities.

THURSTON

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30 Christian Günther, Swedish Minister for Foreign Affairs.
31 Not printed.
32 Signed at Moscow on June 10, 1940.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 22, 1940—10 p. m.
[Received June 22—1:30 a. m.]

731. A Tass 18 communiqué has just been issued stating that rumors have been published in American, British, French, Japanese, and Turkish papers to the effect that the Soviet Union has concentrated 100 to 150 divisions on the Lithuanian-German frontier; that this concentration was due to the displeasure of the Soviet Union at the German successes in the west; that it expresses a worsening of Soviet-German relations; and that it is aimed at putting pressure on Germany. It states that Tass is empowered to declare that these ridiculous rumors do not correspond with realities, and that there are not more than 18 or 20 divisions in the three Baltic States; not concentrated on the Lithuanian-German frontier but distributed throughout the three States for the purpose of guaranteeing the mutual assistance pact[s].

The communiqué concludes as follows:

"In responsible Soviet circles it is considered that the disseminators of these rumors have as their aim to cast a shadow on Soviet-German relations. But these gentlemen give out their vague wishes as actualities. They obviously are not capable of understanding the self-evident fact that the friendly relations established between the Soviet Union and Germany as a result of the conclusion of a nonaggression pact are unshakeable by any rumors or trivial propaganda because they are based not on transitory motives but on the fundamental state interests of the Soviet Union and Germany."

THURSTON

The Chargé in Germany (Heath) to the Secretary of State

Berlin, June 28, 1940—8 p. m.
[Received 11 p. m.]

2189–2190. Despite the attitude adopted by the German press noted in my 2188, June 28, 7 p. m., 19 there is no doubt of the resentment of the German Government over the occurrence at this time of the Russian move into Bessarabia and Bukowina. The real reaction

18 Telegraph Agency of the Soviet Union; official communications agency of the Soviet Government.
19 For correspondence regarding the pressure put upon the Baltic States by the Soviet Union in 1939 to conclude pacts of mutual assistance, see Foreign Relations, The Soviet Union, 1933–1939, pp. 254 ff.
20 Not printed.
towards the occurrence was scarcely disguised by a high official in conversation today although he insisted that in the negotiations of last fall Russia had made it known to Germany that it reserved freedom of action with regard to its territorial claims in this region and German press authorities are intimating to foreign correspondents here that Russia gave Germany advance notice of its action.  

It is assumed, however, that the notice was brief since it is known that the Italian Ambassador was summoned urgently to the Foreign Office 3 days ago to discuss the situation with State Secretary Weissäcker. The Italian Ambassador indicated to me the belief that England had some connection with Russia's action but no such statement has been made by German contacts nor does this view find much credence in diplomatic circles.

The view is frequently expressed, however, that one of the principal reasons of German displeasure with Russia's present activity is fear lest it may encourage Britain to continue the war. In this connection it may be noted that the official above referred to denied any knowledge of British peace overtures, rumors of which are persistent here, stating that according to his latest information and to his regret Great Britain seemed determined to carry on the war, a decision which he attributed to the effect on the Government of British public opinion which he asserted had been misled and misinformed as to the gravity of the British military situation.

This official expressed the opinion that Russia would make no further moves at this time in the Balkans or against Turkey although he remarked that the Soviet Government was maintaining its refusal to permit the visit of the Turkish Minister of Foreign Affairs to Moscow.

The Foreign Office he said was informed of Finnish anxiety over a possible repetition of Russian aggression, but he thought there was no ground for such anxiety. He also expressed doubt that Turkey had at present the ambition or was in a position to attempt to get back its former territories lost following the World War through the creation of mandates and independent kingdoms.

Repeated to Rome for Kirk.

Heath

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16 The Chargé in the Soviet Union stated in his telegram No. 770, June 28, 4 p. m., that a Secretary of the German Embassy had said that Ambassador von der Schulemburg had been advised of the Soviet Government's intentions against Rumania on June 23 (740.0011 European War 1939/4262). The Chargé had earlier reported in his telegram No. 702, June 27, 8 p. m., that the German Ambassador, however, had told some colleagues that he had been informed only on June 26 (740.0011 European War 1939/4220).

17 Bernardo Attolico.

18 Sükrü Saracoğlu.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, July 8, 1940—2 p.m.
[Received 2:47 p.m.]

831. A member of the German Embassy states that in accord with an agreement with the Soviet Government the German Government has sent a Consul General to Leningrad and is sending Consuls to Batum and Vladivostok. The informant added that for the time being the opening of Consulates in Baku, Odessa and other places is not being considered. The Soviet Government, it is understood, is opening consular offices in Vienna, Hamburg and Koenigsberg.

Thurston

The Chargé in Germany (Kirk) to the Secretary of State

Berlin, July 24, 1940—11 a.m.
[Received 8:50 p.m.]

3128–3131. Aside from the pertinent passage in the Reichs Chancellor’s speech the strictest official reserve has recently been maintained with respect to German-Russian relations and rumors and speculation on this subject continue to be rife in Berlin.

The recent Soviet advances into Bessarabia and the Baltic States have been accompanied by persistent reports in Polish, German, and neutral circles to the effect that events of some importance may be in the making in German-occupied Poland. These reports agree that there have been in the past month extensive transfer of troops to Polish points especially in the southeast. Stories emanating from Warsaw stress growing Bolshevik sentiment there and in the country districts to the east. It is said that Communist propaganda has been circulating freely during the past few months and that it is not unusual to find the red flag hanging from destroyed houses and factories. Important elements of the city population particularly the church group fear and expect as imminent a Soviet occupation up to and including Warsaw. These rumors are steadily gaining currency in Berlin and certain circles believe that by an agreement between Berlin and Moscow the original [occupation?] line along the Vistula may shortly be reconstituted.

19 A German Consulate General was established at Vladivostok previous to that established by the American Government. For correspondence concerning establishment of the American Consulate General, see vol. III, pp. 460 ff.

20 Speech by Adolf Hitler before the German Reichstag on July 19, 1940, offering peace to Great Britain in a “final appeal to common sense.” See the New York Times, July 20, 1940, p. 5.
Aside from laconic, inconspicuous press items concerning the final and formal bolshevization of each of the three Baltic States, the most frigid silence has been observed by the German press on this direct subject. No effort has been made to explain away these Soviet advances or to reconcile the public to them and there have been no intimations of satisfaction over them or attempts to portray them as part of the development toward a new order in Europe. It is not known that any decision has been taken with regard to the Baltic Legations in Berlin, but it is indicated in official statements that their role will be altered even if they do not disappear. Exiled Lithuanians profess to believe that Germany intends to take away from the Russians at least a small strip of Lithuanian territory along the German frontier and they cite stories of naval concentration at Memel as indicative of tension in that district but no confirmation of these rumors is available and the strong probability is that they are pure wishful thinking.

Although in Finland Russian influence appears to be successfully exerted recently in the matter of the demilitarization of the Aaland Islands and in the direction of Finnish demobilization, Germany is reported to have insisted at Moscow that no further steps such as the recent ones in the Baltic States be taken. Furthermore, it is said that recently Germany requested and obtained from Moscow the withdrawal of troops along the German-Lithuanian frontier. Another minor source of German-Russian friction appears already to have arisen in the question of the future distribution of the output of the Petsamo nickel mines as the Russians resented and protested over Finnish plans to sell to Germany and the Germans resented the Russian protests. All in all the impression is gained that whatever the Russians may have been promised with regard to Finland in the agreements of last August the Germans now consider the promises to have been substantially fulfilled and further Russian advances in this area are, barring new arrangements with Germany, not probable.

Despite all these signs of uneasiness in the east, however, the German official position remains as the elated Chancellor defined it: namely, that everything done so far has fallen strictly within the scope of the existing agreements for the diversion of spheres of influence and that no grounds exist or need be anticipated for any conflict between the two countries in this generation. The concentration of German troops in Poland is explained in official German circles as due to the recall of surplus units from the west and the necessity of finding quarters for them pending demobilization and some observers even go so far as to predict that the development of the war against England will find Soviet and German forces eventually fighting together in the eastern Mediterranean district. The recent

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22 See telegram No. 327, July 29, 3 p. m., from the Minister in Finland, p. 333.
departure for Moscow of a German official delegation which is to arrange for the resettlement within the Reich of the racial Germans in Bessarabia and north of Bukowina gives the impression moreover of German sanction of the territorial changes in Rumania.

The fact remains, however, that the thoroughness with which the Russians cashed in on the promises made to them last summer as well as the timing of their several moves which is said to have caused surprise in Berlin on certain occasions may well have served to deepen German consciousness in Berlin of the gravity of the sacrifices made to gain Russia's benevolent neutrality and there is evidence that the new neighborly proximity is giving rise to many new problems which may require solution other than by the usual diplomatic processes. Furthermore, it is not possible to exclude the contention that a policy of expansion to the east on the part of Germany will bring about armed conflict with Russia and that Germany's military machine must sooner or later find employment against the Soviets. For the moment, however, Germany's attitude toward the Soviet Union appears to be dominated by the supreme necessities of the present war and it would not seem that the time has yet come when the problems involved can be approached from the German side in its characteristic way or German policy determined from a long range point of view. This being the case, there would appear to be strong reason for Germany to maintain for the time being the present relations between the two great empires, at least insofar as outward appearances are concerned.

Kirk

740.0011 European War 1939/5120 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 14, 1940—10 a. m.

[Received 4:15 p. m.]

1015. The following views advanced as personal opinions concerning German policy in eastern and southeastern Europe and Soviet-German relations have been received from the source well-known to the Department.

The informant reiterated the opinion reported in the Embassy's 919, July 27 concerning the basic alteration of Hitler's policy in respect of eastward expansion and colonization and elaborated this opinion with the statement that Hitler had definitely abandoned any political interest in the Balkan States and that Germany's only interest in these regions is practical and economic such as access to Rumanian oil. He stated in this connection that at Salzburg Hitler had refrained from taking any very active part in the negotiations in the

22 Not printed.
23 See telegram No. 96, July 30, 7 p. m., from the Minister in Bulgaria, p. 496; also footnote 22, p. 517.
sense of supporting the claims of one of the conferring Balkan countries against another and had refused to act as “broker”, his influence having been confined merely to an endeavor to arrange as practical and peaceful a solution as possible; that the Hungarians’ “disloyal” behavior in the period immediately following the occupation of Czechoslovakia had not been forgotten, will receive little territorial compensation but will have to be content with the transfer of populations. Bulgaria on the other hand will receive southern Dobrudja the exact delimitation of which had not been fixed. The informant emphasized again that Germany would not intervene even diplomatically in political questions in the Balkans except in the event of a conflict between Italian and Russian interests in that area, in which case Germany would probably attempt to act as mediator in order to prevent friction between those two countries. In accordance with the present policy he stated Germany would in no way oppose any Soviet demands on Turkey even should such demands include actual physical control of the Dardanelles. In regard to Soviet policy he said that it was clear that the Soviet Union intended at an appropriate moment to incorporate all of Finland into the Soviet Union and he supposed that this process would be attempted when the expected German attack on England had seriously begun.

He made a definite statement that Germany would not oppose any action which the Soviet Union might undertake against Finland but [expressed?] the belief that any attempt at penetration into Sweden would be regarded very seriously by Germany. Other Soviet aspirations which he believed would be fulfilled were the acquisition of the lost provinces of Turkish Armenia; at least a deciding voice in the Regime of the Straits; and in respect of Iran, the southern coast along the Caspian and possibly a strip running down to the Persian Gulf to include the Iranian oil fields. He concluded that while it was impossible to state categorically in which order these aims would be realized by the Soviet Government he was strongly of the opinion that the incorporation of Finland would precede any direct action in the Black Sea area although it was possible that informal discussions had already occurred between Molotov and the Turkish Ambassador here.25

While the permanence and sincerity of alleged reorientation of German policy in respect of southeastern Europe and the Balkans is open to strong doubt, it is of interest that Hitler appears to have convinced officials of the German Government of the reality of that policy, a policy which it is clear could at the present time only be predicated on a decision by Hitler to launch a large scale offensive against England this summer. The apparent motive of the dis-

24 For correspondence regarding the German occupation of Czechoslovakia and the subsequent tension in Europe, see Foreign Relations, 1939, vol. 1, pp. 34 ff.
25 Ali Haydar Aktay.
claimers in advance of any intention to oppose the Soviet penetration in the Black Sea area would appear to be dictated by a desire to have no distracting controversies while the military operations against England are in progress.

THURSTON

661.6231/281: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 21, 1940—10 a.m. [Received 11:30 a.m.]

1045. Embassy’s August 19, 10 a.m. The source mentioned in my telegram under reference has stated that in addition to technical questions involved in the Soviet-German economic agreement of February, Schnurre, who is arriving in Moscow on August 28, will also discuss the question of trade between the Soviet Union and the territories under German occupation as well as questions relating to trade with the Baltic States, Bessarabia and Bukowina. In regard to the latter it was stated that Schnurre will probably endeavor to have the Soviet Government continue as part of the Soviet-German economic agreement the trade which in the past existed between Germany and the territories recently incorporated into the Soviet Union.

Repeated to Berlin.

THURSTON

740.0011 European War 1939/45: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, September 10, 1940—11 a.m. [Received September 11—12:52 a.m.]

1144. The source referred to in the Embassy’s 1015, August 14, 10 a.m., has stated in strictest confidence that the German and Italian guaranty of Rumania following the cession of part of Transylvania to Hungary came as an unpleasant surprise to the German Embassy here consequently was contrary to what the Ambassador had been given to understand was Germany’s policy in southeastern Europe which was as set forth in the telegram referred to above. He said

26 No. 1035, not printed.
27 The source mentioned was a member of the German Embassy.
28 Dr. Schnurre and the German delegation arrived on this day “to discuss the half year’s results of the fulfillment of the Soviet-German economic agreement.”
29 The Department of State’s appreciation for the “valuable information” herein contained was expressed in its telegram No. 537, September 13, 4 p.m.
30 See telegram No. 3827, August 30, 11 p.m., from the Chargé in Germany, p. 502.
that the German Ambassador had been requested on the eve of the announcement of the guaranty to inform the Soviet Government that the German and Italian Governments had been forced to take this step somewhat precipitously in view of the threatening situation in the Balkans resulting from the breakdown of the Hungarian-Rumanian negotiations and that while Molotov accepted this explanation he was obviously displeased with the action taken by Germany without prior consultation with the Soviet Government. The informant expressed the personal opinion which however he intimated was shared by the German Ambassador that the guaranty of Rumania was a mistake and that while the Soviet Government would undoubtedly accept the fait accompli it might in the future have a harmful effect on Soviet-German relations. He added that in his opinion it constituted the first violation of the spirit of the Soviet-German pact of August 1939. He stated that the Ambassador had so reported in substance to his Government and that should suggestions as to possible steps to remedy the situation be requested by the German Foreign Office the Ambassador here would probably recommend that compensation with German support be offered Russia either in respect of Finland or of Turkey and Iran.

The informant went on to say that the German Embassy has not sufficient information as to the motives which prompted the German Government to extend this guaranty, to enable it to judge whether it justifies a basic reversal of the policy outlined in the telegram referred to above or merely an isolated departure resulting from the acute situation which developed between Hungary and Rumania.

In this connection he added that Italy had given vigorous support to the Hungarian claim to all of Transylvania and that a compromise had been reached, the cession of a part in return for the German-Italian guaranty which Rumania desired as a quid pro quo. He added, however, that among the German motives undoubtedly was a desire to prevent any disturbances in the Balkans which would impair the delivery of Rumanian oil to Germany and said that the guaranty had a significance for the internal affairs of Rumania in that it might be expected to stabilize the disordered situation which prevailed in that country and that Germany would now feel [free?] to intervene should any disorders occur which might endanger Rumanian oil wells. The informant offered the personal opinion that perhaps it would have been better for Germany to have exerted pressure on Italy and Hungary in order to bring about a modification of Hungarian demands which would be acceptable to Rumania rather than run the risk of an impairment of Soviet-German relations.

He offered the opinion that the precipitous nature of the guaranty
bore the earmarks of Ribbentrop's work who, he stated, has a singular lack of understanding of the Russian mentality and apparently does not realize that the guaranty of Rumania while not necessarily directly aimed at the Soviet Union would be so interpreted by Stalin.

Whatever may have been the motives which impelled the German decision to guarantee Rumania it is of considerable interest that the German Embassy here is openly apprehensive as to the possible effect on Soviet-German relations. It is the first instance which has come to this Embassy's attention which might provide the grounds for friction between the two countries although it is apparent from the article appearing in Pravda yesterday on the reasons for King Carol's [abdication] \(^{30}\) (see Embassy's 1139, September 9 \(^{31}\)) that the Soviet Government will for the time being at least acquiesce in the German-Italian action in guaranteeing the integrity of Rumania.

**THURSTON**

762.9411/33: Telegram

*The Chargé in Germany (Kirk) to the Secretary of State*

[Extract]

BERLIN, September 28, 1940—2 p. m.

[Received September 29—2:35 a. m.]

4189.

... .

As regards Russia, the problem \(^{32}\) in its nature is regarded as more obscure. It may be assumed that the event of yesterday had been regarded in the Kremlin as a possibility and, although the actual signature of the pact was unheralded, was known by the Soviets beforehand. Speculation therefore turns in general on whether Stalin has been a passive factor in the negotiations or has himself gained a free hand in parts of the Near East and in India, as has Japan in the Far East, and the Axis Powers in Europe and Africa. In that event the declaration of spheres of domination outside the Western Hemisphere would be complete, and the possibility of cooperative action among the dominating powers which now seems practically impossible insofar as aid to Japan is concerned would be assured. It is only through future developments, however, that this situation may receive clarification and at present there is no indication here that the underlying

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\(^{30}\) The abdication occurred on September 6, 1940.

\(^{31}\) Not printed.

\(^{32}\) I. e., the appraisal of the significance of the three power pact of assistance signed by Germany, Italy, and Japan at Berlin on September 27, 1940. For text of the pact, see League of Nations Treaty Series, vol. cciv, p. 386.
suspicion which is felt in regard to Soviet Russia has been allayed either in Berlin or Rome, or that Stalin himself has lent himself even ostensibly to a combination which he regards as capable of consolidating the power of his neighbors and of threatening his own.

Kirk

762.9411/36: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, September 28, 1940—4 p. m.
[Received September 28—2:15 p. m.]

1247. Embassy’s 1244, September 28 \(\textsuperscript{33}\) which preceded this. Members of the German Embassy are quite frank in their statement that the present pact \(\textsuperscript{34}\) will not be well received by the Soviet Government and a former member of the German Embassy who is in Moscow on leave from the Army has even stated that he fears that this pact indicates that German policy toward the Soviet Union is basically altered and in strictest confidence expressed the view that Germany might be at war with Russia by next spring. He added that there were at the present time an unnecessarily large number of German troops on the Soviet-German frontier and expressed the opinion that the signature of the pacts could only mean that Germany does not intend to attempt to invade England this fall. It was further stated that there had been no real prior consultation with the Soviet Government concerning the pact and that only on September 26 in the late afternoon had the German Chargé d’Affaires informed Molotov of the forthcoming event. \(\textsuperscript{35}\)

Steinhardt

740.0011 European War 1939/5837: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 2, 1940—6 p. m.
[Received October 3—4:25 a. m.]

1267. The Turkish Military Attaché, \(\textsuperscript{36}\) who in the past has proved to be a reliable observer and who has just returned from a trip to Sweden and Finland, told me yesterday that in his opinion there is

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\(\textsuperscript{33}\) Not printed.

\(\textsuperscript{34}\) The three power pact of September 27, 1940.

\(\textsuperscript{35}\) For analytical consideration by Ambassador Steinhardt of the changing German policy toward the Soviet Union, see his telegram No. 1268, October 2, 7 p. m., p. 615.

\(\textsuperscript{36}\) B. Türkmen.
considerable evidence that the Germans are concentrating large forces in areas which might serve as eventual bases of operation against the Soviet Union. He said he had obtained reliable information that at the present time the Germans have 79 divisions on the Soviet-German frontier supported by 3- to 4,000 first-line planes with 2,000 additional planes in reserve. In addition he stated that at least half of the more than 150,000 troops in Norway are in the northern area of Norway close to the Norwegian-Finnish frontier with many in the vicinity of Petsamo where an important German military base is in the process of construction and that roads in northern Norway leading to the Finnish frontier are being built by German troops.

The Attaché stated that while he was in Sweden the German Military Attaché there had told him with conviction that the Soviet-German Pact had served its purpose and that should the Soviets again attack Finland, Germany would without question go to the latter’s assistance. He added that from the same source he had been informed that at a meeting with most of the German Military Attachés, Hitler had stated that the invasion of England might have to be postponed until next year. While I am unable to confirm the foregoing it is interesting as indicating the speculation which has been aroused in diplomatic circles in Moscow by the recent German diplomatic moves as to Germany’s intentions in regard to the Soviet Union and particularly the conclusion of the military alliance with Japan. While the extent of the German forces bordering on the Soviet Union may be exaggerated it is of interest in connection with the information contained in my 1247, September 28, 4 p.m. from a German source.

STEINHARDT

801.7762/5: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 5, 1940—noon. [Received 4:15 p.m.]

1286. The press today publishes a communiqué reporting the signature on October 4 in Berlin of an agreement for passenger and freight rail communication between the Soviet Union and Germany. The communiqué states that the negotiations were carried out in a favorable atmosphere by the People’s Commissar for Ways of Communication of the Union of Soviet Socialist Republics and by the Chief of the Administration of the German Railways.

Although the communiqué gives no details in regard to the proposed direct rail connection I am informed by a member of the German Embassy that the agreement will provide for two direct lines between
Moscow and Berlin: one, Moscow—Negorelo—Warsaw—Berlin and the other, Moscow—Dvinsk—Tilsit—Koenigsberg—Berlin. Service on these roads it is stated will begin within the next few days.

Repeated to Berlin.

STEINHARDT

740.0011 European War 1939/6082 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 16, 1940—7 p. m.
[Received 8:30 p. m.]

1355. The press today publishes a Tass communiqué denying as “not in accordance with the facts” a report stated to have appeared in the Danish newspaper under [sic] Politiken from its Berlin correspondent to the effect that the Soviet Government was informed “in due time that German forces were to be sent to Rumania and that the Kremlin was informed as to the stand of those forces and as to the purposes for which they were sent to Rumania.”

Repeated to Berlin and Bucharest.

STEINHARDT

740.0011 European War 1939/6083 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 16, 1940—8 p. m.
[Received 10:30 p. m.]

1356. The Tass denial reported in my No. 1355, October 16, 7 p. m. confirms the information previously reported from confidential sources that the recent German moves in the Balkans and particularly in Rumania beginning with the guaranty of that country by Germany and Italy have been made without prior consultation with the Soviet Government. By stating publicly through the medium of the Tass denial that the recent German moves in Rumania have not been undertaken with Soviet consent it is probable that the Soviet Government desires to reaffirm the existence of Soviet interests in that area in anticipation of the discussions which the German Ambassador who returned yesterday is expected to have with the Soviet Government.

STEINHARDT

*With regard to the presence of German troops in Rumania, see telegrams Nos. 579, October 7, 6 p. m., and 585, October 9, 5 p. m., from the Minister in Rumania, pp. 519 and 520, respectively.*
Moscow, October 17, 1940—noon.
[Received 7 p. m.]

1359. A member of the German Embassy who has just returned from Berlin with the German Ambassador, states in the strictest confidence that Ribbentrop will not come to Moscow at this time but that the Ambassador has received instructions from the German Government to endeavor to disquiet [alloy?] the elements of friction which admittedly have arisen between the Soviet Union and Germany as the result of recent German moves in the Balkans and the conclusion of the military alliance with Japan. My informant stated that the instructions were general in nature and were designed primarily to ascertain the wishes of the Soviet Government at the present time as well as to convey the willingness of the German Government to discuss in friendly consultation such aspirations as the Soviet Government may now entertain or any problems relating to Soviet-German relations. He said the Tass denial reported in my No. 1355 of October 16 had been somewhat surprising and was not reassuring as he now understood that the Soviet Ambassador in Berlin had been informed by Ribbentrop prior to the entry of German troops into Rumania. It was possible, however, that the Soviet Government had confused the dispatch of German regular troops of which they were informed in advance with the departure of a military mission which had gone to Rumania somewhat earlier.

My informant stated that the German Ambassador would see Moltov today for the first exploratory conversation. This conversation would not deal with specific questions but should the Soviet attitude be favorable a variety of subjects might subsequently be discussed. What these subjects might be would depend on the Soviet reaction and the lengths to which the Soviet Government was prepared to go at the present time. He intimated, however, that the Ambassador would endeavor to ascertain the Soviet attitude toward the further development of Axis policy in the Balkans with particular reference to Turkey.

My informant said that while Germany would of course be pleased to have the Soviet Government adhere even indirectly to the German-
Italian-Japanese alliance he very much doubted that the Soviet Government could be induced to take such a positive step which would definitely align the Soviet Union with the Axis Powers. On the other hand he said that some form of Soviet-Japanese agreement which Germany had always encouraged would probably be forthcoming in the near future; that although he could not forecast the exact details of any such agreement it might well take the form of a non-aggression pact,\(^{32}\) the cessation of Soviet aid to China with Soviet pressure on Chiang Kai-shek\(^ {30}\) to conclude peace with Japan; the recognition by Japan of the Mongolian People's Republic and possibly of a Soviet special interest in Tsinkiang.

My informant stated that he understood the departing Japanese Ambassador\(^ {40}\) had held general discussions along the above lines with Molotov but that the negotiations were now in abeyance pending the arrival of the new Japanese Ambassador.\(^ {41}\) The change of Japanese Ambassador at this time according to my informant was an error on the part of the Japanese Government as Togo had been persona grata with the Soviet Government.

My informant said that although the German Ambassador had been successful while in Berlin in bringing about the adoption of a conciliatory policy towards the Soviet Union at the present time, nevertheless there were influential groups in Germany whose anti-Soviet bias and whose conviction that sooner or later a Soviet-German war was inevitable were a complicating factor in the determination of German policy toward the Soviet Union. My informant frankly expressed concern as to the possible influence of these circles on Hitler. He said it was quite clear following his visit to Berlin that as a result of the apparent abandonment of an attempted invasion of England this autumn, German policy in Eastern Europe and in particular the German attitude toward Russia was more uncertain than at any time since the beginning of the war and that while for the moment the policy toward the Soviet Union was one of conciliation and not one of pressure or threats, the possibility of a sudden change in the German attitude could not be excluded. He added that in this regard the results of the Ambassador’s coming talk with Molotov would be very important.

STEINHARDT

\(^{32}\) A neutrality pact between the Soviet Union and Japan was signed at Moscow on April 13, 1941; for text, see Department of State Bulletin, April 29, 1945, p. 812.

\(^{30}\) Generalissimo; President of the Chinese Executive Yuan (Premier).

\(^{40}\) Shigenori Togo.

\(^{41}\) Lt. Gen. (retired) Yoshitsugu Tatekawa.
Moscow, October 21, 1940—4 p. m.
[Received 6:30 p. m.]

1379. Embassy’s telegram No. 1359, October 17, noon. The source indicated in my telegram under reference has informed me that on the occasion of his first call on Molotov on October 18, the German Ambassador, in conformity with his instructions, took up no specific questions with Molotov and made no definite proposals, but merely suggested that the Soviet Government make known to the German Government its desires or aspirations and stated that the German Government would be willing to discuss any problems or matters in which the Soviet Government might be interested at the present time. My informant says that Molotov was noncommittal, promised “to convey the message to his Government” and added that a reply would be forthcoming within a few days. My informant emphasized that the nature of the Soviet reply would determine the questions, if any, which would be discussed as well as determine in large measure the probable future course of Soviet-German relations. My informant stated frankly that the German Embassy here had no indication as to the nature of the Soviet reply. He offered the personal opinion that it was doubtful the reply would contain any very positive suggestions.

STEINHARDT

Moscow, October 23, 1940—1 p. m.
[Received 2:52 p. m.]

1391. My 1359, October 17, noon. The Turkish Ambassador last night gave me the following details which he said he had learned from an extremely confidential source concerning the German Ambassador’s talk with Molotov. He said that Schulenburg had assured the Soviet Government that from the point of view [of] the German Government there had been no change in Soviet-German relations which the Germans considered to be very good. He had informed Molotov that the German troops in Rumania had been sent there at the specific request of the Rumanian Government for the purpose of training the Rumanian Army and of protecting the oil fields and “for no other purpose” and had given assurances that the Soviet Govern-
ment would be represented on the Danube Commission. In addition Schulenburg had in effect offered the Soviet Government what amounted to a free hand in Iran and had expressed the desire of the German Government for the conclusion of a Soviet-Japanese pact.

Steinhardt

761.02/757: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 24, 1940—1 p. m.
[Received 2:42 p. m.]

1403. Personal for the President, the Secretary and the Under Secretary. My 1379, October 21, 4 p. m. The source indicated in my telegram under reference states that Molotov at a subsequent meeting with the German Ambassador informed the latter that the Soviet Government was prepared to discuss its desires as well as outstanding problems with the German Government and that the Soviet Government would within a few days submit a list of such desires and problems which might form the basis of discussion between the two countries. My informant said that the Soviet reception of the German approach had been more favorable than had been expected and that the Soviet Government had appeared satisfied with the German explanation of the reasons for the entry of German troops into Rumania. He added that the German Embassy here had no intimation of the specific matters the Soviet Government desired to discuss but offered as his personal opinion that they would in all probability relate to the Black Sea, Turkey and Iran. My informant stated that Schnurre would arrive in Moscow on October 30th for further economic conversation with the Foreign Office.

In respect of Soviet-Japanese relations my informant denied that Germany had recently exerted pressure on the Soviet Government for the conclusion of a Soviet-Japanese pact, observing however, that ever since the conclusion of the Soviet-German nonaggression pact in August 1939 the German Government had [not] concealed from the Soviet Government its desire for an improvement in relations between the Soviet Union and Japan. He added that although the negotiations between Japan and the Soviet Union had progressed far prior to the departure of Ambassador Togo, nevertheless there were now certain indications that the Soviet Government had not yet definitely decided exactly what type of agreement it desired with Japan. He said that information recently received here by the German Embassy indicated that the Soviet Union was at the moment less disposed to conclude a simple nonaggression pact with Japan as a preliminary step toward
the settlement of other and more important questions but was now more inclined to enlarge the scope of the negotiations and to settle all questions relating to Manchukuo, Outer Mongolia, Tsinkiang, etc. prior to the conclusion of a nonaggression pact. He expressed the opinion that the Soviet Government recognized that any agreement with Japan, however limited, would have an adverse effect on its relations with the United States and Great Britain and was therefore not disposed to incur this consequence except for the sake of an agreement from which the Soviet Union would obtain substantial practical benefits. He emphasized that a Soviet-Japanese pact could not be considered as certain until definitely concluded.

STEINHARDT

661.6231/265 : Telegram
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 30, 1940—5 p. m.
[Received October 30—3:45 p. m.]

1452. Schnurre arrived in Moscow today accompanied by a delegation of 15. A member of the German Embassy has stated that Schnurre in addition to discussing current matters of a technical nature affecting Soviet-German economic relations will also take up with the Soviet economic officials the possibilities of an increase in the exchange of goods between Germany and the Soviet Union as the result of the acquisition or control of new areas since the conclusion of the commercial agreement of February 11, 1940.

Repeated to Berlin.

STEINHARDT

761.62/769 : Telegram
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 31, 1940—10 a. m.
[Received 10:05 a. m.]

1456. My 1404, October 24, 2 p. m.† I was informed today that the conversations which the German Ambassador has had with Molotov have been “very favorable” and that the Soviet Government had given every indication of a desire to maintain its present friendly relations with Germany. It is, however, not yet known how far beyond the limits of the present relations the Soviet Union is prepared

† Not printed.
to go at the present time. It was stated that the specific questions which the Soviet Government desires to discuss with Germany have not yet been outlined and will probably not be presented for another week. The delay was attributed in part to caution on the part of the Soviet Government which, according to my informant, desires to watch future developments particularly in the Balkans before involving itself in discussions of concrete and definite problems. My informant added that the effect of the Italian invasion of Greece on the people could not yet be foreseen and that the Soviet Government had given no intimation thus far of its reaction thereto. My informant added that there was evidence that the Soviet Union was exercising the same caution in respect of an agreement with the Japanese and that while the general attitude in this regard remained favorable he did not believe that the Soviet Government was interested in expediting the matter.

STEINHARDT

761.62/774: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 10, 1940—11 p. m.
[Received November 11—2:30 a. m.]

1516. The announcement of Molotov’s impending visit to Berlin was made on the radio last night while the British Ambassador was my guest at dinner. Sir Stafford Cripps frankly stated that he was not only surprised but shocked by the news. In reply to my inquiry as to whether he had not prepared his Government for a continuation of Soviet-German collaboration he admitted that he had persistently hoped that some measure of success might be achieved by him and that in consequence he feared his Government was not fully prepared. He then said the possibility could not be excluded that should Molotov’s visit to Berlin result in more extensive collaboration between the Soviet Union and Germany influential circles in Great Britain might begin to press for peace with Germany on an anti-Soviet basis.

The Rumanian Minister who was also present was equally depressed and said that in his opinion the psychological effect of Molotov’s visit to Berlin could not be disregarded.

43 The Invasion of Greece by Italy began on October 28, 1940. For correspondence regarding the Greco-Italian war, see vol. iii. pp. 524 ff.
44 People’s Commissar for Foreign Affairs Molotov, with a suite of 32 persons, left Moscow by special train at 6:45 p.m., on November 10. They arrived at the Anhalter Bahnhof in Berlin soon after 11:00 a.m., on November 12 and stayed at the Bellevue Palace Hotel.
45 For correspondence on the relations of the United Kingdom and France with the Soviet Union, see pp. 589 ff.
46 Grigore Gafencu.
thev's visit to Berlin would be bad especially among the smaller nations and particularly Turkey.

The Department will have observed from my telegrams during the past month that the course of events leading up to the announce-
ment of Molotov's visit to Berlin very closely parallels that which
led to the Soviet-German Nonaggression Pact of August 1939, and
that British diplomacy has again failed to evaluate properly the
basic factors motivating Soviet foreign policy since early in 1939.
The decision of the Soviet Government to send Molotov to Berlin at
this time and thereby publicly to demonstrate loyalty to its existing
relationship with Germany supports the view expressed in my previ-
ous telegrams, that so long as the German Army remains intact and
unengaged there can be little expectation of a basic alteration in
Soviet policy toward Germany. In consequence it should have been
apparent that any attempt to change the existing Soviet-German
relationship through proposals such as those put forward by the
British Government, or by means of unilateral concessions, not only
would be futile but would tend to impair in Soviet eyes the prestige
of the government making such proposals.

The Soviet Government has shown itself very adroit in exploiting
any attempt to bring about a change in its relations with Germany,
using such attempts to obtain concessions of practical value to it
without the slightest intention of deviating from that relationship.
As viewed from Moscow it would appear to be inadvisable for us
to make any concessions to the Soviet Government in respect of
administrative or commercial matters, or even to put into effect
those which are under discussion, 47 at least pending the outcome of
Molotov's negotiations in Berlin. The greater economic and political
Soviet collaboration with Germany which may be expected to result
from the conference at Berlin would materially increase the pros-
pect that the Soviet Union would endeavor to utilize its purchases
in the United States for the purpose of defeating the British blockade.

STEINHARDT


761.62/783: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the
Secretary of State

Moscow, November 11, 1940—4 p. m.
[Received 6:38 p. m.]

1518. My 1512, November 9, 5 p. m. 48 The following information
concerning the background of Molotov's visit to Berlin was received in

47 For correspondence on the difficulties affecting relations between the United
States and the Soviet Union and the discussions concerning their alleviation,
see vol. III, pp. 244 ff.
48 Not printed.
strict confidence from the source previously disclosed to the Department. The informant in question has accompanied the German Ambassador to Berlin with Molotov. He stated that although the outcome of Molotov’s visit to Berlin could not be predicted in view of the importance of the consultations which would take place, no prior political agreement had been reached by the Soviet and German Governments and no program of the specific questions to be discussed in Berlin had been arranged. My informant was quite specific on this point. He stated, however, that without question the entire range of Soviet-German relations, both political and economic and questions relating thereto, would be discussed but that it was not now contemplated that any new political agreement would be signed and announced during Molotov's visit to Berlin. He stated that the visit was of course of great importance in that it indicated a decision in principle by the Soviet Government and was designed to emphasize Soviet-German friendship, as well as to lay the foundations for closer collaboration, both political and economic. In respect of economic matters, he stated that although Molotov would only remain in Berlin for 2 days, it was possible but not certain that the economic experts who accompanied him would remain there for some time. Concluding, my informant emphasized that the outcome of the conversations in Berlin would depend on the conversations themselves and that no prior agreement in the political field has been reached.

Steinhardt

761.62/789 : Telegram

The Chargé in Germany (Morris) to the Secretary of State

BERLIN, November 12, 1940—1 p. m.  
[Received 9:40 p.m.]

4670–4673. Kirk’s 3128, July 24, 11 a.m. The following considerations are outlined as of possible value as background in connection with Molotov’s arrival in Berlin today.

The German desire for a visit of Molotov to Berlin would probably find its explanation in one or both of two principal factors.

The first of these is the obsession of certain German circles—probably those around Von Ribbentrop—with the belief that if only a sufficiently imposing array of solidarity could be mustered between Germany and other powers in Europe and Asia, then the United States—impressed and disturbed—would become hesitant in its support of England and that the British [would become] disheartened to the point of considering a compromise peace.

It was an analogous line of reasoning which contributed to the establishment of the German-Russian understanding in the first in-
stance, and it appears never to have lost its fascination for the makers of German policy.

The second factor is the increasing probability that the British position in the Near East will not be seriously threatened without direct German intervention and the natural German desire to have a reassuring understanding with a power which would command the flank of any large scale German military operation in that area.

There is little doubt, therefore, that the immediate impetus for the visit springs from the German side and that Russian consent to it—a consent which had been withheld for an entire year—represents an important Soviet concession to German wishes, even though it was not, as Berlin had hoped, given in time for the visit to take place before the American election. This concession would not be made unless the Russians had hopes of thereby achieving—or fears of otherwise not achieving—certain important objectives, and the fact of the visit may be taken as an indication that the Soviet Government, which has shown itself determined to lose no opportunity to profit by the preoccupation of others in order to improve its own future strategic position through territorial acquisition, now has its eyes on some further possibility along these lines.

But the border from the Baltic to the Black Sea may now be regarded as settled and for further acquisitions Russia would presumably have to look north of the Gulf of Finland or south of the Danube delta.

It should be borne in mind in this connection that in coming to Berlin, Molotov will be interested primarily in those territories or facilities which may be said to be at Germany's effective disposal. It must be doubted whether Russian aims in eastern Turkey or in Iran would play any great part in inducing the Kremlin to send Molotov to Berlin. When the time comes and when there is some intimation of preoccupation of Turkey in other quarters, it must be assumed that Russia will take what she feels she advantageously can in that part of the world without asking leave of the Germans or paying tribute for the privilege. These more easterly territories may to be sure, be formally assigned to a Russian sphere of influence as a result of these discussions but they will not be the main point in question.

Russia's most serious territorial aspirations connected with Molotov's visit would therefore seem to boil down to Finland or the area around the Dardanelles. In Finland the Russians are going to encounter far greater inhibitions in German circles—particularly the Army—against further Russian penetration than was the case eight

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49 For indications of pressure upon Iran by the Soviet Union, see vol. III, pp. 621 ff.
months ago. Through their conquest of northern Norway the Germans now have a stake in that part of the world which is important to them not only from considerations of military operations but also of military prestige. The advent of the Russians into northern Finland would not only render problematical the present supplying and reinforcing of these German troops over Finnish territory but would also confront these German forces in Norway for the first time with the proximity of a powerful and—in view of the strategic situation—potentially dangerous foreign land force.

This must not be taken to mean that there is no possibility that the Germans will toss the remainder of Finland to the Russian bear in order to facilitate their aims in the Near [Near?] East. Ribbentrop, whose personal prestige is considerably involved with the German-Russian understanding, has on former occasions obtained Hitler's consent to serious sacrifices in order to preserve this understanding and he may succeed in doing so again.

But the opposition to be overcome will be severe and if the German Army yields in Finland its demands will surely be stiffer with respect to the Near East.

Rumor has it that the Germans are prepared to concede to the Russians the entire Dardanelles area. If it be remembered that the Russians made this one of the prices of their cooperation with the Allied Powers in 1915 and were promised it in the event of a victorious conclusion of hostilities it would not be surprising if they should turn out to be asking for it again and the possibility of obtaining it would be one of the few conceivable explanations for the visit. Recent in-

formation here has not indicated any progress in Russian-Turkish relations which would preclude the pursuance of such aims on Russia's part.

On the other hand if the Germans are planning to use this territory in the near future as a channel of expansion toward the Near East it would be difficult to conceive of any satisfactory arrangement which could be concluded just at this time. There can scarcely be any desire on the German side to conquer this area and then turn it over at once—or parts of it—to the Russians leaving the latter virtually sitting on the German line of march. Even an arrangement for a division of the area giving the German[s], say the Dardanelles and the Russians the Bosphorus would have this effect. And it is not likely that the Russians would be interested in any promises of future delivery which would involve an interim consented [consent?] to occupation.

An arrangement could more easily be envisaged if the Germans were prepared to keep their own hands off the area in question during the coming months. A passage of German armed forces through Bulgaria to Greece might well have the effect of producing hostilities between Turkey and Bulgaria. In this situation it might be left to the Russians to take what action they might wish against Turkey on the understanding that if they were to succeed in seizing the Dardanelles area, Germany would impose no objection to their retaining it. In incurring some obligation of this nature which would amount initially to an agreement on spheres of influence the Germans might not be entirely impervious to the thought that the Russians might possibly become so seriously bogged down in eastern Turkey and Iran that an actual seizure of the Bosphorus and Dardanelles during the coming winter would be improbable and that the German commitment might thus eventually in view of changed circumstances become meaningless. Such a plan would have the added advantage in the German view of keeping the Russians occupied with the Turks at a time when if idle they might be a constant source of worry on the German flank.

In return for any concessions of this nature which might be made in the Near East the Germans would probably demand first and foremost as indicated above a demonstrative association of the Soviet Union with the establishment of an anti-British "new order" in Europe and Asia or at least some gesture of acquiescence in this conception. They might also seek a deepening and widening of the present economic cooperation between the two countries designed not only to contribute to the propaganda effect of any political arrangements which may be made but also to render Germany less dependent during the coming months on the reserves and substance of the territories she has occupied or dominated in Europe. Any such development would presumably imply greater German efforts to meet the Russian need
for up-to-date military equipment, a factor which may explain in part the inclusion of certain high officials of Soviet industry in the delegation.

It would be dangerous, however, to attribute the presence of so many high Russian officials solely to the need for the elaboration of the technical details of an increase in the exchange of goods between the two countries. The German expert Schnurre has been in Moscow a great deal recently and all such details could presumably be more conveniently worked out there at leisure. It is more likely that the size and composition of the delegation was conceived for its external effect. Ribbentrop took an imposing delegation to Moscow with him last year and it is possibly a dictate of the Russian Cossack prestige that Molotov should travel to Berlin with no less pomp and circumstance.

In conclusion it may be worth noting that whatever the more important decisions which may be finally sealed or arrived at through this visit it is not likely that they will find expression in the published result of the meeting. It is more probable that abstract intimations of Russian acquiescence in the German new order, mutual professions of recognition of the other party's interest in certain undefined vital areas and professions of high intent with respect to the intensification of economic cooperation will all be put forward to mask the bolder details of the arrangements until such time as the latter can find their expression in the practical application of military and diplomatic policy.

Repeated to Moscow.

Morris

761.62/795: Telegram

The Chargé in Germany (Morris) to the Secretary of State

Berlin, November 13, 1940—5 p. m.
[Received 11:50 p. m.]

4700. My 4684, November 12, 6 p. m.\(^1\) Molotov was the guest of honor at a party given by Ribbentrop last night at the Kaiserhof Hotel for members of the Soviet delegation and Embassy and German officials. Today he was received for a long conversation by Goering and also called upon Hess.\(^2\) He is scheduled to depart for Moscow tomorrow morning.

According to a German official the party was a great success and Molotov who speaks some German made an excellent impression on

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\(^1\) Not printed.

\(^2\) Rudolf Hess, member of the German Reichstag, Minister without Portfolio; Chairman of the Central Committee of the Nazi Party.
the Germans. The source said that all of the Russians gave evidence of being sincerely pleased and satisfied with current developments in Russo-German relations. He remarked that announcements of startling agreements or new treaties should not be expected, and added this is only the beginning.

Repeated to Moscow.

MORRIS

761.62/800: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 14, 1940—3 p. m.

[Received 9:20 p. m.]

1539. In view of the widespread speculation concerning the purposes and probable results of the visit of Molotov to Berlin, I note an increasing tendency in the Diplomatic Corps in Moscow to view the visit more in the light of a gesture reaffirming the solidarity of existing Soviet-German relations and as a prelude to closer collaboration in the future, than as the actual [result of?] negotiations already completed and to be consummated in Berlin in the form of a definite and far-reaching agreement between the two countries. It should be borne in mind that the visit is taking place following the first friction in the relations between the two countries since the conclusion of the Soviet-German Nonaggression Pact in August 1939. This friction, as previously reported, resulted from the German-Italian guaranty of Rumania, Finnish troop transit agreement and the tripartite pact all of which according to the new ministry [sic], were effected by Germany without prior consultation with the Soviet Union.

Under the circumstances, and especially in view of the recent British attempts to drive a wedge between the Soviet Union and Germany which have received great publicity abroad, it is natural that Germany should desire a public reaffirmation of Soviet loyalty to its existing agreements with Germany, particularly as the outcome of the election in the United States has heartened all of the actual or potential adversaries of Germany. The visit of Molotov from the German point of view thus serves the purpose of proclaiming to the world that if Britain can count on the continued and increasing support of the United States, Germany can count on that of Soviet Russia.

The foregoing view of the fundamental purpose of Molotov’s visit at a time selected by Germany as essentially a gesture to reaffirm the stability of existing Soviet-German relations and to lay the foundation for closer collaboration in the future between the two countries, does not in any sense indicate that the discussions in Berlin
will not be of the utmost importance and productive of far-reaching agreements in the future. The opinion, however, that Molotov's visit to Berlin was not for the purpose of concluding there a definite political agreement is supported by the information reported in my No. 1518, November 11, 4 p. m., which indicates that no agreement had been arrived at prior to Molotov's departure from Moscow. If this information is correct I doubt that Molotov has sufficient plenipotentiary powers to conclude a definite agreement or secret understanding. The personal direction of Stalin in all fields and especially in that of foreign affairs is so absolute that I doubt he would permit even Molotov, despite his high offices as Prime Minister of Russia and member of the Political Bureau to bind the Soviet Union to any definite agreement as the result of negotiations in which Stalin himself had not personally participated.

Furthermore while the known Soviet territorial aspirations cited in Berlin's No. 4670 of November 12 undoubtedly were fully discussed in the course of the Berlin talks, the price which Germany may have demanded for an agreement to recognize these territorial aspirations must be considered in its relation to the main line of Soviet foreign policy. Should this price require abandonment by the Soviet Union of its present position of technical neutrality and a definite alignment with the Axis Powers, there would in my opinion be little chance of acceptance by the Soviet Government of these terms. However, should the German Government be content with increased Soviet economic assistance to Germany and the conclusion of some form of Soviet-Japanese agreement in exchange for German connivance at Soviet acquisition of one or more of the desired areas, such an arrangement would present less difficulty from the Soviet point of view and is I believe the maximum which may be expected to result from the Berlin talks.

Repeated to Berlin.

STEINHARDT

761.62/801: Telegram

_The Chargé in Germany (Morris) to the Secretary of State_

BERLIN, November 14, 1940—4 p. m.
[Received November 15—5:20 a.m.]

4708. My 4700, November 13, 5 p. m. After having been entertained at lunch yesterday by Hitler and having had a long conversation yesterday evening with Ribbentrop, Molotov left for Moscow this forenoon.

The following communiqué has been issued with reference to the Soviet-German conversations.
"During his stay in Berlin on the 12th and 13th of November of this year the President of the Council of People’s Commissars and Foreign Commissar, W. [V.] M. Molotov, had conversations with the Führer and with the Reich Minister for Foreign Affairs, Von Ribbentrop. The exchange of opinions took place in an atmosphere of reciprocal trust and led to mutual agreement in all important questions that interest Germany and the Soviet Union."  

Morris

761.62/804: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 15, 1940—4 p.m.
[Received 11:07 p.m.]

1547. As of interest in its relation to the significance of Molotov’s visit to Berlin I have learned from a number of sources that recently party propaganda orators in addressing local party meetings have adopted a line which is noticeably less favorable to Germany. From two sources which I believe reliable I have learned that at a local party meeting in Moscow before the November 7 celebration the speaker emphasized the success of the British air raids on Germany and the extent to which these raids were affecting German war industry; that at the present time the German chances of winning the war are progressively receding and that the only country that would really “win the war” would be the Soviet Union. Of even greater significance, if true, is a report which I have from a reliable source that on November 7 new instructions were issued to the underground Communist Party organizations in Germany and the other countries occupied by German forces. These new instructions, according to this report, directed the party cells inside Germany to work against the German Government and those within the occupied countries, including Austria, to work for the liberation of those countries from German dominance and that there was no longer any reason to conceal from foreign Communists that Soviet-German relations were no longer what they had been during the past year.

While it is of course impossible to verify the accuracy of this report some credence is given thereto by the fact that contrary to custom no article by Dimitrov, the Secretary General of the Communist Intern-

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*German accounts of the conversations held during Molotov’s visit in Berlin are published in Nazi-Soviet Relations, 1939–1941, pp. 217–255.

*Georgy Dimitrov, a Bulgarian, defendant in the Reichstag fire trial in 1933, elected Secretary General of the Executive Committee of the Communist International (the Third International founded in Moscow by the Bolsheviks in March 1919) at the VII Congress held at Moscow, July 25–August 20, 1935. For correspondence concerning the American protest against the activities of this Congress, see Foreign Relations, The Soviet Union, 1933–1939, pp. 218 ff.
national, was published this year for the November 7 anniversary, a possible indication that there has been some change in Comintern policy which, since the beginning of the war and up to the present as the Department is aware, has been largely devoted to antwar propaganda in the countries opposing Germany and in neutral countries. It would be appreciated in this connection if the Department would inform me whether there has been any noticeable change in the official line of the American Communist Party with respect to the war in general and the question of assistance to Great Britain.

While the foregoing information, if true, has definite significance it should not in my opinion be construed as foreshadowing any imminent change in the official Soviet attitude or policies toward Germany, but as an interesting manifestation of the duality of Soviet conduct of foreign affairs.

STEINHARDT

761-62/607 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 16, 1940—3 p. m.
[Received 5:27 p. m.]

1563. Shortly after 7 o'clock last night the Italian Ambassador who in the absence of the German Ambassador is doyen of the Diplomatic Corps in Moscow telephoned me to say that at the request of the Commissariat for Foreign Affairs he was advising all Chiefs of Mission that Molotov would arrive at midnight thereby conveying the unmistakable desire of the Commissariat for Foreign Affairs that Chiefs of Mission present themselves on the station platform to welcome Molotov. As a similar "invitation" was not extended at the time of Molotov's departure and as I could see no reason for evidencing any enthusiasm over the result of his visit to Berlin and particularly in view of his continuing failure to receive me I did not go to the station.

I have learned this morning that the British, French, Turkish and Iranian Ambassadors and the Swedish, Belgian, Finnish and Greek Ministers pursued the same course. The staff of the German Embassy, the Italian, Chinese and Japanese Ambassadors and the Hungarian, Rumanian, Bulgarian, Yugoslav, Norwegian, Danish and Slovakian Ministers were present.

In connection with the refusal of Molotov prior to his departure for Berlin to receive the British Ambassador and myself I have now learned that he also declined to receive the Turkish Ambassador.

STEINHARDT

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55 Augusto Rosso.
Moscow, November 19, 1940—1 p. m.  
[Received 8: 46 p. m.]

1577. For the President, the Secretary, and the Under Secretary. My No. 1518, November 11, 4 p. m. The following information concerning Molotov’s conversations in Berlin has been obtained in the strictest confidence from the source referred to in my telegram under reference.

My informant stated that no conclusive agreements were reached in Berlin and that none had been contemplated. With respect to the background of the visit, he reiterated that while its primary purpose from the German point of view had been to publicly emphasize and reaffirm the continuation of Soviet-German friendship and cooperation it also had been a continuation of the talks in Moscow between the German Ambassador and Molotov. He explained that when Molotov had finally decided to go to Berlin, the Soviet Government had preferred to have him present directly to Hitler and Von Ribbentrop the specification of important Soviet aspirations and desires which the German Ambassador had, under instructions from his Government, invited the Soviet Government to present. He added that the German Ambassador would shortly resume his conversations with Molotov on the basis of the Berlin talks and before discussing the outcome of the Berlin conversations my informant pointed out that it was more than a year since there had been any personal contact between the Soviet and German Foreign Ministers, and that during that period far-reaching and fundamental changes resulting from German victories had taken place throughout Europe and the world and that, in consequence, it was desirable that a clarification of the respective positions of Germany and the Soviet Union be undertaken, especially in view of Soviet apprehensions and suspicions of Germany’s future intentions which had resulted from the actions of Germany in regard to Rumania and Finland and the conclusion of the tripartite pact.

My informant then continued to the effect that Molotov had gone to Berlin exceedingly well prepared and apparently with precise instructions as to the specific aims and aspirations of the Soviet Union in all parts of the world and had set them forth with great frankness and complete realism. Although my informant was unwilling to disclose the Soviet aims and aspirations in detail, he made it quite clear that they referred almost exclusively to territorial acquisitions and by implication indicated that they related to Finland, the Black Sea
area, especially the Dardanelles, eastern Turkey, Iran, Afghanistan and the Far East. He said that the character of the Soviet aspirations and the frankness with which they had been presented clearly revealed that the Soviet Government understood that under present conditions the only agreements of any value in international affairs were those providing for the acquisition of territories of strategic or economic importance. He said that Molotov had made an excellent impression in Berlin and that Hitler and other German officials had met his frankness with equal frankness and had made it quite clear to him that Germany was prepared to take into consideration any legitimate Soviet territorial aspiration in any part of the world. Although my informant again emphasized that no agreement as to territorial acquisitions or spheres of influence had been definitely agreed upon in Berlin, he said that each Government now thoroughly understood the interests and desires of the other and that as a result of the exchange of views in Berlin, any future negotiations with regard to specific areas of interest to either or both Germany and the Soviet Union would be facilitated and the task of reconciling any conflict of interests in any particular area would be greatly simplified. My informant added that the far-reaching nature of the conversations was best exemplified by the fact that they had dealt not only with the immediate problems arising out of the war but with matters affecting postwar settlements as well, such, for example, as the German intimation that while German troops would be stationed in Rumania during the progress of the war with England, it was very unlikely that they would remain there after the establishment of peace.

With respect to the Far East, my informant stated that Molotov had indicated clearly and definitely the terms on which the Soviet Union would conclude an agreement, which he described as far-reaching, with Japan and had asserted that if the Japanese desired such an agreement, they would have to "pay the price." Although unwilling to disclose the exact "price," my informant intimated that it called for specific territorial concessions which, he added, were entirely logical and consistent with the general lines of Soviet policy. He believes that the Japanese, under German advice, will accept. He added parenthetically that contrary to general expectation, China would not suffer seriously from any such Soviet-Japanese agreement. He does not anticipate any immediate developments in Soviet-Japanese relations since the negotiations may be complicated and continue for some time.

My informant said that in economic matters, the German Government, aside from an increase in Soviet grain deliveries to Germany, had not expressed a desire for any important changes in the existing economic agreement and that Molotov had discussed with Goering
the delay in the delivery of certain German machinery and equipment to the Soviet Union. He added that economic matters had not played an important part in the six and a half hours of discussion between Molotov and Hitler. There was, however, one German desire in the economic field, namely, the continuation of German trade with the former Baltic States on the basis of the German trade agreements with those countries. He regards this desire as difficult of realization as he does not see how the Soviet Union can make so important an exception to its foreign trade monopoly in respect of areas which have formally been made an integral part of the Soviet Union.

My informant summed up the results of the Berlin conversations as follows: (1) the position of both countries has been sufficiently clarified to preclude any misunderstanding as to their respective interests and aspirations; (2) the German Government is now entirely confident that at least in the immediate future, the Soviet Union will continue its present policy of good relations with Germany and thus assure the latter tranquility on its eastern frontier and in the Balkans, which he characterized as still the main object of German policy in its relations with the Soviet Union; (3) there will be no change in the general line of Soviet foreign policy in respect of the war in the immediate future, and in this connection he stated that no attempt had been made in Berlin to induce the Soviet Government to abandon its position of technical neutrality or to adhere to the tripartite pact since Germany realized that any such attempt at the present time would be unlikely to succeed; (4) the establishment of a solid foundation for future collaboration and a basis for negotiations and joint consultations in regard to any specific area in the world of interest to both the Soviet Union and Germany, such, for example, as Turkey and the Black Sea area.

The foregoing information clearly indicates that although some definite agreement may have been reached in Berlin, Molotov’s conversations were on a frankly imperialist basis and that Molotov and Hitler in effect discussed the division of certain areas of the world. I do not believe that there will be any immediate developments or early positive moves on the part of the Soviet Union as the discussions were apparently only of a preliminary nature. I am of the opinion, however, that a greater rather than a lesser degree of Soviet-German collaboration must be anticipated in the immediate future. In regard to the Far East, the “price”, evidently embodying territorial concessions by Japan, which the Soviet Government will demand in return for an agreement is not clear. Such possibilities as the return of the southern half of Sakhalin and perhaps certain of the more northern of the Kurile Islands suggest themselves in addition to the demands the Soviets may present with respect to the mainland.
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 22, 1940—5 p. m.
[Received 8:17 p. m.]

1590. I was informed by Schnurre yesterday that the trade negotiations which he is conducting are proceeding in general to his satisfaction. He stated that Soviet deliveries under the February 1940 agreement have been "astonishingly good" and that he feels that German deliveries to the Soviet Union about which, as reported, complaint has been made by the Soviets, will begin by February of next year to come up to the desired level. His explanation of the German failure to deliver on schedule thus far, in contrast to the Soviet performance, is that the Soviets are delivering raw materials while the Germans are required to deliver manufactured products. It has therefore taken some time to get the German deliveries under way. He emphasized that Germany is not endeavoring to buy from the Soviet Union everything which that country can furnish but is limiting its purchases to articles which are really essential to Germany. In the case of oil, for example, he stated that the stocks which Germany had acquired through the occupation of France and other countries made its needs less so far as the Soviet Union is concerned. As regards fodder, on the other hand, this is an item of particular interest at the present time. He stated that he expected to be in Moscow for several weeks to continue the present talks.

STEINHARDT

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 24, 1940—4 p. m.
[Received November 24—1:05 p. m.]

1604. My 1603, November 24, 3 p. m. The appointment of Dekanosov, who accompanied Molotov to Berlin, to the post of Ambassador to Germany is presumably the result of the visit to Berlin and probably indicates a desire on the part of the Soviet Government to have a more vigorous Ambassador in Berlin and one who may more authoritatively reflect the views of the Kremlin. Dekanosov, prior to his appointment as Assistant Commissar for Foreign Affairs in

56 Not printed.
57 Vladimir Georgievich Dekanosov left for Berlin on November 26. He was received by Ribbentrop on December 12; he did not present his letter of credence to Hitler until December 19, a delay which caused comment in diplomatic circles in Berlin. At the same time, Dekanosov retained his position as Assistant People's Commissar for Foreign Affairs of the Soviet Union.
June 1939 was as reported in despatch Number 2449, July 6, 1939, 58 Commissar of Internal Affairs of the Georgian Republic, a position in the Soviet Union which could not be occupied by anyone not enjoying the special confidence of Stalin. Insofar as this appointment has any significance apart from the obvious implication of dissatisfaction with the work of the previous Ambassador it would appear to strengthen the diplomatic relations between the two countries.

Repeated to Berlin.

STEINHARDT

740.0011 European War 1939/6996: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, December 4, 1940—2 p. m.  
[Received December 4—12:15 p. m.]

1671. The following from the Military Attaché 59 for the War Department: It has been ascertained from a heretofore reliable source that there has recently been effected a withdrawal of Soviet troops from the Soviet-German frontier and as a result the divisions are disposed as follows, which should be compared with the disposition previously reported. The following places are fronts and not military districts and the figures refer to infantry divisions and air divisions (4 to 6 squadrons): Leningrad, infantry 21, air 6; Baltic 18, 4; Poland 32, 11; Rumania 17, 4; Caucasus 10, 3; Far East, no change; general reserve 23, 6. It will be noted that the divisions withdrawn from the frontier have been apparently moved into the interior to form a general reserve and have not been moved to other borders.

THURSTON

761.62/828: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 11, 1940—5 p. m.  
[Received 6:15 p. m.]

1709. Embassy’s 1696, December 9, 2 p. m. 60 Schnurre informed me this afternoon that his present negotiations with the Soviet authorities related specifically among other matters to the incorporation of German commerce with the former Baltic States into the framework of the Soviet-German economic agreement of February 1940 and that he anticipated this trade would be so included, beginning with the commencement of the second year of the agreement.

In response to an inquiry with respect to the nationalization of firms in the former Baltic States which were German-owned or in

59 Maj. Ivan D. Yeaton.
60 Not printed.
which Germany had a sizeable interest, he stated that certain disadvantages were encountered by firms not nationalized in respect of the obtainment of raw materials, the assurance of engagement of workers, and the assessment of taxes so that Germany was disinclined to insist that such interests be not nationalized. I refer in this connection to my summary November 11, 6 p. m.

STEINHARDT

661.6281/294: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 23, 1940—1 p. m.

[Received 1:28 p. m.]

1768. My 1759, December 21, 2 p. m. A member of the German Embassy has stated in confidence that while the economic negotiations with the Soviet Government have been completed and the agreement is ready for signature at the last moment a number of minor questions of a technical nature had arisen which had to be submitted to Berlin and for this reason the anticipated communique will be delayed until a reply is [received?]. He repeated his previous assertion that the agreement in the main would be a renewal of the February 11, 1940 agreement, but that the quantity of Soviet grain broken [taken?] would be considerably increased under the forthcoming agreement.

Repeated to Berlin.

STEINHARDT

V. WARTIME ATTEMPTS OF THE UNITED KINGDOM AND FRANCE TO OBTAIN CLOSER RELATIONS WITH THE SOVIET UNION

751.61/313: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 11, 1940—noon.

[Received January 11—9:18 a. m.]

58. There has been a considerable demand from the Right in France recently for the breaking of diplomatic relations with the Soviet Union.

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61 For information regarding Soviet offers of adequate compensation for property nationalized in the Baltic States and the report of an agreement with Germany, see telegram No. 1731, December 14, 6 p. m., from the Ambassador in the Soviet Union, p. 442.
62 Telegram No. 1520, p. 440.
63 Not printed.
64 The new agreement was signed on January 10, 1941.
65 For previous correspondence on Anglo-French-Soviet negotiations attempting to reach an agreement against aggression, see Foreign Relations, 1939, vol. 1, pp. 232 ff.
Coulondre stated to me yesterday that Daladier had now decided not to break relations with the Soviet Union but to use the present wave of emotion against the activities of the Soviet Union to crush the Communist agents of the Soviet Union in France.

Bullitt

761.6211/320: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, February 2, 1940—5 p. m.
[Received 6:55 p. m.]

180. My telegram 114, January 30, 11 a. m. During a farewell visit this morning the French Ambassador informed me that although the official reason ascribed for his departure is to take a vacation by reason of his ill-health, he is definitely not returning to Moscow. Expressing himself with great vigor and feeling he stated that for the past 6 weeks he had repeatedly reported to his Government that Soviet-German cooperation was complete in every respect and amounted to collaboration under which Germany was gaining all of the benefits at present describable from an actual military alliance without the disadvantages of having its ally at war and that it was his considered opinion that the collaboration between the two countries will become stronger and more effective rather than weaker as the war progresses. He told me in the strictest confidence that he had advocated to his Government a complete rupture of diplomatic relations with the Soviet Union and that it was his personal opinion that Great Britain and France should declare war on the Soviet Union since he was convinced that they would eventually have to do so and that no purpose was being served by giving Germany the benefit of vitally essential imports from neutral countries via the Soviet Union in the meantime. The Ambassador added, however, that he did not believe the French Government at the present time was prepared to take such extreme measures and that unfortunately considerable additional experience would be necessary before the French and British Governments would fully realize that the Soviet Union was in reality an ally of Germany equally bent on defeating England and

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65 Robert Coulondre, Director of the Cabinet of the Minister for Foreign Affairs; formerly French Ambassador in Germany, 1938–39.

67 Edouard Daladier, President of the French Council of Ministers until his resignation on March 20, 1940.

65 Not printed.

65 Adm. Paul-Emile Naggiar.

70 For correspondence on the wartime cooperation between Germany and the Soviet Union, see pp. 539 ff.
France and already participating in the war to the extent at present desired by Germany. He attributed this divergence between the views of the French Embassy here and its Government to the fact that no one who has not lived in the Soviet Union and had direct dealings with the Soviet authorities could possibly credit the utterly unprincipled character of the present leaders nor grasp the cold-blooded duplicity and opportunism of their policies and practices. He added in this connection that he felt France and Great Britain had had a lucky escape in having their attempts to conclude an alliance with the Soviet Union fail, as the effect of the inevitable Soviet betrayal after the war had begun would have been extremely bad for the morale of the French and British people. He concluded with the statement that he wished to emphasize that while he entertained these views very strongly and would endeavor to press them on his Government, he doubted that the policies he advocated in regard to the Soviet Union would be followed at least for some time. He added that it was his opinion shared by the entire French Embassy here that the Achilles heel of Germany was now the Soviet Union and that in the last analysis France and England could not defeat Germany within a reasonable period of time unless they succeeded in impairing Soviet direct and indirect assistance to Germany, not necessarily through a military defeat of the Soviet Union but by measures which would so weaken the already fragile Soviet economic system as to make it impossible without risk of internal collapse for the Soviet Government to concentrate on aid to Germany.

In view of the fact that the necessary tables which would permit direct communication with Paris have not yet been received I would appreciate it if the Department would repeat the foregoing to Paris for the information of Ambassador Bullitt.\textsuperscript{71}

\textit{Steinhardt}

\textsuperscript{71} Shown to Ambassador Bullitt on his return to Washington.

\textsuperscript{72} Telegraph Agency of the Soviet Union; an official communications agency of the Soviet Government.
raided the quarters of the Soviet Trade Delegation in Paris and after holding the employees under temporary detention made a thorough search of the premises and removed a quantity of papers. Similar raids are asserted to have been made on the office of Intourist \textsuperscript{73} and on a former Soviet school in Paris. The communiqué states that following the failure of the police to evacuate the premises and return the seized documents on the demand of the Soviet Ambassador,\textsuperscript{74} the latter on the same date lodged a protest with the French Government against the action of the police authorities and demanded the termination of the search and the return to the Trade Delegation of all of the seized documents.

Repeated to Paris.

\textbf{STEINHARDT}

740.0011 European War 1939/1940: Telegram

\textit{The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State}

\textit{Moscow, March 9, 1940—8 p. m.}

[Received 8:22 p. m.]

265. A member of the Embassy has been informed by a personal friend who is a Soviet Army officer that an extensive movement of Soviet troops from Moscow to the Caspian Sea area will begin tonight. Included in equipment which will accompany these forces are some 60 large tanks which were personally seen by the members of the Embassy staff in question. The informant further stated that Voroshilov \textsuperscript{75} left for the Caspian area on March 6 and advanced as the explanation for these activities the fear which is entertained by the Soviet Government of some act of aggression on the part of the British and French, especially with respect to the Baku oil fields and pipe lines.

The connection between Soviet concern in regard to the Black Sea and Caucasus areas which I have previously reported and the decision to negotiate with Finland \textsuperscript{76} would appear to be obvious.

\textbf{STEINHARDT}

\textsuperscript{73} All-Union Corporation for Foreign Tourism in the Soviet Union; the official Soviet travel agency.

\textsuperscript{74} Yakov Zakharovich Surits (Suritz).

\textsuperscript{75} Marshal Kliment Efremovich Voroshilov, People's Commissar for Defense in the Soviet Union.

\textsuperscript{76} For correspondence regarding relations between Finland and the Soviet Union, the Winter War, and the Peace of Moscow, see pp. 299 ff.
The Chargé in France (Murphy) to the Secretary of State

Paris, March 19, 1940—3 p.m.
[Received March 19—10:38 a.m.]

360. Hoppenot \(^7\) confirms to me the information contained in Steinhardt’s telegram to the Department 305, March 18, 6 p.m.,\(^8\) adding that Souritz’s telegram to Molotov \(^9\) was dispatched from Paris on March 15 *en clair* in the French language. Hoppenot said that the telegram contained language intentionally provocative and insulting regarding both France and England. It congratulated Molotov over the peace with Finland and expressed Souritz’s pleasure over the allied failure to “create another theater of war” in Finland branding France and England as instigators of the present war with Germany. The language employed was “eighty teur forty million de guerre”\(^6\).

Hoppenot said that London was consulted immediately and Cadogan \(^5\) said that Maisky \(^2\) had not sent a similar message but if he did the British Government would certainly ask for his recall.

The French Government accordingly instructed Payart \(^3\) on March 16 to inform the Soviet Government that because of Souritz’s personal provocative and insulting attitude his continued presence in France could serve no useful purpose, that he was *persona non grata* and should be recalled.

Hoppenot added that if the Soviet Government failed to act, Souritz would be asked to leave the country and would be escorted to the frontier.

Hoppenot said that he has no information regarding the purpose which Souritz may have hoped to achieve by his action. Hoppenot is inclined to think that it is personal with Souritz who may have hoped to impress certain French labor elements and that it is not part of a concerted plan under Moscow’s direction. The Foreign Office does not consider that the incident has an important effect on Franco-Soviet relations. He said that the French Government has no thought of severing relations with the Soviet Union.

Repeated to Moscow.

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7 Henri Étienne Hoppenot, member of the French Foreign Office (Under Director for European Affairs).
8 Not printed.
9 Vyacheslav Mikhailovich Molotov, People’s Commissar for Foreign Affairs of the Soviet Union.
6 This passage is obviously garbled.
2 Sir Alexander Cadogan, British Permanent Under Secretary of State for Foreign Affairs.
3 Ivan Mikhailovich Maisky, Ambassador of the Soviet Union in Great Britain.
5 Jean Payart, French Chargé in the Soviet Union.
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, March 27, 1940—noon.
[Received March 27—10: 25 a. m.]

331. An announcement by the People’s Commissariat for Foreign Affairs published in the Soviet press today states that on March 19th the French Chargé informed the People’s Commissariat [Commissar] for Foreign Affairs, Molotov, that the French Government considered a telegram sent by Suritz, Soviet Ambassador to Paris, to Stalin in connection with the conclusion of the treaty of peace with Finland to be “interference by the Ambassador in the internal political life of France.” The announcement, after stating that according to the communication of the French Chargé d’Affaires the French Government considered certain expressions contained in the telegram as “improper” in respect of the French Government, quotes the passages in question which contain a reference to the forestalling by [the] Soviet Union of the “plans of the Anglo-French incendiaries of war” and a statement that in the future the Soviet Union will continue to disrupt the “dark conspiracies of the enemies of Socialism”, and adds that although this telegram was not passed by the French censorship the French Government has declared that Suritz is no longer persona grata and expresses the hope that he will be recalled by the Soviet Government.

According to the announcement the reply of Lozovski, the Assistant Commissar for Foreign Affairs, transmitted to the French Chargé on March 26th states:

“(1) The Government of the Soviet Union does not in essence find any grounds on which the French Government can no longer consider the Ambassador, Mr. Suritz, persona grata by reason of the contents of the telegram to Moscow in which the French Government is not even mentioned.

(2) However, in view of the fact that the French Government has raised in regard to Mr. Suritz a formal question of confidence, the Government of the Soviet Union states that Mr. Suritz is being relieved of his duties as plenipotentiary representative of the Soviet Union in France.”

Repeated to Paris.

STEINHARDT

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44 Josif Vissarionovich Stalin, Secretary General of the Central Committee of the All-Union Communist Party (Bolsheviks); member of the Politburo and Orgburo of the Party, etc.
45 In telegram No. 323, March 23, 11 a. m., Ambassador Steinhardt reported that the French Chargé had said that he had seen Molotov on March 21 to request the recall of Suritz (701.6151/46).
46 Solomon Abramovich Lozovsky.
PARIS, March 27, 1940—4 p.m.
[Received March 27—4 p.m.]

395. Steinhardt's telegram No. 324, March 23 noon. Hoppenot told me this morning that the Foreign Office is informed that Molotov has canceled his visit to Berlin. One of the reasons attributed by the Foreign Office to this cancellation is the Souritz affair. Hoppenot said that French policy in regard to the Soviet Union is designed to prove to the latter that its present relationship with Germany is a mistake. He said that every time there is an incident such as the Souritz case the French Government will take pains to convey to Moscow that the reason therefor is not hostility to the Soviet Union but only the latter's affiliation with Germany. He said for example that it might even come to pass that Soviet cargoes of metals and other Soviet supplies for Germany might be interfered with or sunk and that should such occasions arise the Allies will always emphasize that their action is directed against Germany rather than against the Soviets.

Hoppenot said that the Foreign Office is convinced that Russian mentality is best adapted to that sort of language.

Repeat to Moscow.

MURPHY

Moscow, March 28, 1940—noon.
[Received 3:55 p.m.]

335. My telegram No. 323, March 23, 11 a.m. The French Chargé told me in strict confidence yesterday that in delivering to him the reply of the Soviet Government on March 26 concerning the recall of Suritz, Molotov had inquired why the French Government had chosen to receive [seize?] upon the incident of the telegram and had implied that in the opinion of the Soviet Government there were motives of policy behind the request for the recall of Suritz. When the Chargé d'Affaires had told him that in his opinion it was simply that because of this incident Suritz had become personally unac-

*Not printed.*
ceptable to the French Government, Molotov appeared distinctly relieved at the intimation that the request for Suritz’s recall had not been motivated by reason of policy.

As of possible interest in connection with the general subject of the present trend of Soviet maneuvers in regard to England and France a member of the British Embassy has stated in confidence that according to the latest reports from London, Maiski has been very active in attempting to convince the British Government that the Soviet Union is genuinely neutral in regard to the European war and that the relations between the Soviet Union and Germany are not in reality as close as they may appear. According to my informant, Maiski has urged upon the British Government the desirability of adopting a more friendly attitude toward the Soviet Government in order to avoid pushing that country “into the arms of Germany.”

The foregoing constitutes increasing evidence of support of the view previously reported (see my telegram No. 328, March 25, 2 p. m.69) that the Soviet Government will endeavor to avert or at least forestall any rupture with England and France which might lead to hostilities with those countries by a resumption of attempts to hold out the hope of an alteration in Soviet policy toward Germany. While it may be accepted that the Soviet Government, following the termination of hostilities with Finland, in its own self-interest will endeavor to avoid too great a degree of dependency upon Germany, the transparence of any maneuver designed to convey the impression of a basic alteration in its policy toward Germany is obvious. All the evidence at my disposal indicates that in reality the policy of collaboration with Germany will continue and as previously reported I have reason to believe, based on statements from members of the German Embassy here, that Germany, far from discouraging any attempt of the Soviet Union to relieve the strain on its relations with England and France, may well have advised such a course.

In connection with the foregoing it is regarded as probable that Molotov’s speech at the forthcoming session of the Supreme Soviet 70 will lay emphasis on the “neutrality” of the Soviet Union and a desire on the part of the Soviet Union for good relations with all countries.

STEINHARDT

69 Not printed.
70 The substance of Molotov’s speech before the Supreme Council (Soviet) on the evening of March 29 was reported and commented upon by the Chargé in the Soviet Union in his telegrams No. 337, March 29, No. 338, March 30, and No. 341, April 1, vol. iii, pp. 191, 192, and 193, respectively.
The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

London, March 29, 1940—8 p. m.
[Received March 29—4:43 p. m.]

778. Personal for the Secretary. I have just seen Halifax.º¹ Regarding the meeting yesterday of the Supreme War Council, he said that they had quite a session. He said he found no unanimity among them on all questions. First of all it was very apparent that Daladier did not have to resign; that nobody expected he would, and that the Chamber were more shocked than anybody else when he took the step.

Some of the French want action, but when asked what kind of action they have not a very satisfactory reply. The French strangely enough do not want universal bombing to start as they do not want to have it in their own backyard. They advocate some action against the Russians particularly in Baku, but Halifax said he told them that Maisky had come to him 2 days ago with direct instructions from Stalin to tell him that he would like to make some trade arrangements with England and might possibly entertain a trade agreement. Halifax said he told Maisky that sounded very strange, but since England was now dedicated to licking Germany, the only kind of an agreement they could enter into with Russia would be one that had the defeat of Germany in the background and one of the first things they would have to have before taking action would be an understanding and agreement that their ships could be stopped for contraband that might be going to Germany. When Maisky admitted that this did not shock him Halifax said, “Well, at any rate, let’s see what suggestions you have.” Halifax said he was stalled 6 months by Maisky and the Russians and did not want to be stalled again. However, some of the French were therefore anxious that England pursue this policy with Russia because they felt that if Russia could be won away that would be the end of Germany. Others of the French regarded it all as eye-wash and did not think there was anything to it. I think that Halifax feels that Russia does not want to be on the side of Germany and that there is better than an even chance that they might work out something with them. I asked him if the French action in sending the Soviet Ambassador home indicated that they were dedicated to a policy that might mean

º¹ Edward Wood, Viscount Halifax, British Secretary of State for Foreign Affairs.
trouble between the two countries and he said that now the French would not do anything unless the British came along.

As to the Balkan situation both they and the French have made up
their minds that they do not want any fighting in the Balkans.\(^\text{92}\) Halifax thinks that all the Balkan States have made up their minds to the
same thing.

He said one place where things are going very much better for the
British is in Japan. They still hope to work out the silver agreement
in a manner that will not be unsatisfactory to the United States.\(^\text{93}\)

The Allied Supreme Council is convinced that Germany will start
a much more energetic campaign of bombing ships, but that she will
not bomb London or any important cities. They think that Hitler's
\(^\text{94}\) advisers, who are on top at the moment, are saying, "Keep on irritating
the neutrals and spreading propaganda, which you do much better
than the democracies, and it will get you much better results."

He sensed some difficulty for the Reynaud \(^\text{95}\) government on the
ground that they had pledged a more aggressive war policy, but Halif-
fax does not see just where the issue is to be joined up.

It really looks to me like the real complaint the British have against
Hitler is that he is not cooperating with them in helping the British
win the war.

KENNEDY

641.6131/208: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary
of State

Moscow, April 22, 1940—5 p.m.
[Received 8:02 p.m.]

428. With reference to a British radio report concerning the possi-
bility of renewed trade negotiations between the Soviet Union and
Great Britain I am of the opinion that the Soviet authorities are quite
willing to enter into such negotiations provided any agreement arrived
at would not interfere with Soviet commitments to Germany. Nothing
on the subject has thus far appeared in the Soviet press.\(^\text{96}\)

STEINHARDT

\(^\text{92}\) For correspondence concerning the activities of the Soviet Union in the
Balkans, see pp. 444 ff.

\(^\text{93}\) For correspondence regarding this negotiation, see vol. iv, pp. 840 ff.

\(^\text{94}\) Adolf Hitler, Führer and Chancellor of the German Reich from January 30,
1933; Chief of State from August 2, 1934.

\(^\text{95}\) Paul Reynaud, President of the French Council of Ministers from March 21,
1940.

\(^\text{96}\) The Under Secretary of State, Sumner Welles, noted in a memorandum of
April 22, that the Marquess of Lothian, the British Ambassador, had called
to tell him that the Soviet Government "had taken the initiative in proposing a
trade agreement" with Great Britain. "The British Government had replied
that before giving any indication it would have to obtain from the Soviet Govern-
ment a clear statement of the bases for such proposed trade agreement together
with assurances that the latter Government would not permit supplies covered
by the trade agreement to reach German hands." (641.6131/209)
Moscow, April 25, 1940—5 p. m.
[Received 5:28 p.m.]

449. In the course of a conversation yesterday with the British Chargé, he expressed the view that there has been no fundamental change in Soviet foreign policy since the conclusion of the Soviet-Finnish peace. He gave it as his opinion that for the time being at least the Soviet Government would continue to pursue a policy of close cooperation with Germany insofar as concerns deliveries under the recent commercial agreements and would lend its active political and diplomatic support to Germany while at the same time endeavoring to placate England and France insofar as the latter objective does not in any manner impair the existing relations between Germany and the U. S. S. R.

The French Chargé on the other hand is of the opinion that little importance should be attached to any apparent attempt by the Soviet Government to placate England and France as he suspects the ulterior motive at German instigation of persuading England and France into the mistaken belief that a wedge can ultimately be driven between Germany and the Soviet Union thereby according Germany substantial advantages in the prosecution of the war.

STEINHARDT

641.6131/211 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, May 14, 1940—noon.
[Received May 14—6:30 a.m.]

1198. Personal for the Secretary. My 778, March 29, 8 p. m., second paragraph, and 1057, April 26, 1 p. m., last paragraph. In conversation with Halifax he told me the British had handed their

97 John H. LeRougetel.

98 An economic agreement between Germany and the Soviet Union was signed at Moscow on February 11, 1940. For a summary of its terms, see memorandum of February 26, by Dr. Karl Schnurre, Head of the Eastern European and Baltic Section of the Commercial Policy Division of the German Foreign Office, printed in Department of State, Nazi-Soviet Relations, 1939-1941 (Washington, 1948), p. 121. See also telegram No. 172, February 18, 1 p. m., from the Chargé in the Soviet Union, and telegram No. 186, February 18, 5 p. m., from the Ambassador in the Soviet Union, ante, pp. 544 and 546, respectively.

99 Latter telegram not printed. Ambassador Kennedy here reported that "Halifax feels that it is extremely unlikely that anything will come from the talks with the Russians regarding a trade agreement because the basic demand of the British is that the Russians cut down their trade with Germany." (740.0011 European War 1939/2497)
note to Maisky on the Russian trade situation. Maisky was very indignant with the strict rules and therefore Halifax is convinced they will get a very sharp turndown from the Russians. Then they have two alternatives: either not to play with the Russians at all and call it all off or agree to a barter deal, letting the contraband situation stand as is. I think at the present time the Foreign Office feels it might be just as well to try and keep from an open break with Russia but events may change this in a comparatively short time.

Kennedy

740.0011 European War 1939/3198 : Telegram
The Ambassador in France (Bullitt) to the Secretary of State

Paris, May 21, 1940—noon.
[Received May 21—9:16 a. m.]

785. I was introduced to the new Secretary General of the French Foreign Office, François Charles Roux, this morning by Charvériat. In the course of the conversation which followed, Charvériat and Roux stated that the British Government believed that the present moment was an appropriate one to suggest to the Soviet Government that the German armies were overrunning Europe with such speed that it would not be long before they might be able to turn against the Soviet Government and that the Soviet Government in its own interest should diminish supplies to Germany.

They then asked me if the American Government might not get in contact with the Soviet Government and suggest that as two great neutral peoples who might some day be menaced by Germany, the American Government and the Soviet Government should withhold any supplies possible from Germany.

I expressed extreme skepticism as to the utility of any such démarche.

The new Secretary General and Charvériat nevertheless asked me if I would transmit this suggestion to my Government. I said that I would do so.

In my own opinion such a démarche would be worse than useless but I should be glad to have your opinion on this subject.

Bullitt

740.0011 European War 1939/3198 : Telegram
The Secretary of State to the Ambassador in France (Bullitt)

Washington, May 21, 1940—6 p.m.

429. Your 785, May 21, noon. We fully approve the attitude which you assumed with respect to this request. We are convinced

1 Émile Charvériat, Director of Political and Commercial Affairs in the French Foreign Office.
on the basis of such information as we possess regarding the present position of the Soviet Union that a déclaration such as that suggested would serve no useful purpose just now.

HULL

740.0011 European War 1939/3238 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, MAY 22, 1940—4 p. m.
[Received May 22—1:44 p. m.]

815. Pierre Cot, former Minister of Air, has been ordered by Paul Reynaud to proceed to Moscow this evening in order to attempt to persuade the Bolsheviks to reduce their deliveries of supplies to Germany.

He called on me this afternoon and asked me whether or not the United States would be disposed to make deliveries of commodities that the Bolsheviks might want greatly if the Bolsheviks should promise to reduce their deliveries to Germany.

I replied that we were not so induced as to consider that a Bolshevik promise was worth anything. I thought, however, that if during the period of the next 6 months the Bolsheviks should reduce greatly their deliveries to Germany we might regard them with a less clear eye.

BULLITT

641.6131/212 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, May 23, 1940—1 p. m.
[Received 9 p. m.]

574. The Moscow press of May 22 published a lengthy Tass communiqué stating that incorrect reports have been appearing in the foreign press misrepresenting the progress and character of the preliminary Soviet-British trade negotiations and that accordingly Tass has been authorized to make a statement on the subject.

The communiqué states that in the autumn of 1939 Halifax informed Maiski of the British Government’s desire to institute trade negotiations with the Soviet Government, and that in reply the latter expressed agreement in principle on the conduct of such negotiations. It remarks that, however, such British measures as the cancellation of Soviet orders for equipment, the detention of Soviet merchant vessels, the hostile attitude displayed toward the Soviet Union during the Soviet-Finnish war and the leading role played by the British in bringing about the exclusion of the Soviet Union from the League
of Nations,\(^2\) were not conducive to the satisfactory development of these negotiations.

On March 18, 1940, after the conclusion of the Soviet-Finnish peace treaty, the communique continues, the British Foreign Office again proposed to Maiski that trade negotiations be commenced, and on March 27 Maiski informed Halifax that the Soviet Government was willing provided the British Government would express its actual readiness to seek a favorable solution to questions of Anglo-Soviet trade and, in particular, prior to the institution of negotiations, release the Soviet vessels Selenga and Mayakovski.

On April 19, 1940, according to the communique, Halifax handed a reply to Maiski wherein the British Government, besides expressing the desire to learn the concrete proposals of the Soviet Government concerning a trade agreement, demanded guarantees that the goods imported by the Soviet Union would be intended for consumption in the Soviet Union and not for Germany, and furthermore connected the question of the conclusion of a Soviet-British trade agreement with the limitation of trade relations between the Soviet Union and Germany. On April 29, Maiski communicated to Halifax the Soviet reply to these proposals, which pointed out that the Soviet Union has traded and will continue to trade with both belligerent and neutral countries on the basis of its own requirements as regards imports and exports; that the Soviet Union has a trade agreement with Germany which it is fulfilling and will continue to fulfill and which it does not consider as a permissible subject of negotiations with third countries; that the Soviet Government is agreeable to a restoration of trade relations with England on the basis of reciprocity and as long as such an agreement will not require violation of the trade obligations of either party toward other countries; that the Soviet Government has in mind negotiations concerning an agreement by which the Soviet Union assures imports of goods from England for Soviet needs and not for export to other countries; and that the release of the vessels above mentioned would be the best condition for the commencement of negotiations and the conclusion of an agreement.

In reply, the communique states, Halifax gave Maiski a memorandum on May 8 in which, instead of making concrete proposals concerning trade negotiations, the British Government raised a whole series of new questions concerning Soviet-German trade relations, made merely formal reference to fact that the Soviet vessels mentioned had been transferred to the French Government, and proposed the conclusion of an agreement for the control of contraband. The

\(^2\) For correspondence concerning the exclusion of the Soviet Union on December 14, 1939, from the League of Nations, see Foreign Relations, The Soviet Union, 1933–1939, pp. 800–806.
memorandum reemphasized the British Government's wish to subordinate Soviet-British trade relations to the tasks of the war being conducted by England.

On May 20, the communiqué continues, Molotov dispatched the Soviet reply to this memorandum which emphasized the fact that the Soviet Government could not subordinate Soviet trade policy to the war tasks of one foreign state or another. The Soviet reply also stated that:

"The Soviet Union as a sovereign state, will conduct its foreign trade with both belligerent and neutral countries on the principles of complete equality of the parties and the reciprocity of obligations.

The new questions set forth in the memorandum of May 8, 1940, of Mr. Halifax concerning trade between the Soviet Union and Germany belong entirely and completely within the jurisdiction of the Soviet Government and cannot be a subject of discussion in trade negotiations between the Soviet Union and Britain. The Soviet Government has already declared on April 29, 1940, that it intends to import goods from Britain for Soviet needs and not for export to other countries.

The explanations of the British Government regarding the detention of the Soviet ships Selenga and Mayakovski cannot be acknowledged as convincing and the Soviet Government considers the British Government to be responsible for the detention of the said ships.

The Soviet Government notes that the fact itself of the British Government’s raising for discussion questions belonging exclusively to the jurisdiction of the Soviet Government does not indicate the existence of a desire on the part of the British Government to conduct trade negotiations with the Soviet Union."

The principal interest of the foregoing communiqué at the present time lies in the indication which it gives that an exchange of communications between the Soviet and British Governments, concerning trade negotiations has continued down to date.

THURSTON

641.6131/214

Memorandum of Conversation, by the Adviser on International Economic Affairs (Feis)

[WASHINGTON,] May 28, 1940.

Mr. Butler, Counselor of the British Embassy, called in order to give the Department certain information in connection with reports of possible discussions between the British and Soviet Governments for a trade agreement. He said that the British Government had approached the Soviet Government with a view to seeing whether an agreement was possible. He said that the British had had three ideas in initiating this effort:
(1) To try if possible to get an agreement whereby if Great Britain furnished supplies to Russia they would be assured they would not go into Germany or replace Russian production that went into Germany.
(2) To get supplies from Russia that otherwise might be sent to Germany.
(3) To try to get an agreement for controlling the traffic through Vladivostok.

He said that the Soviet Government had stated that the form in which it might be willing to consider it was a "barter agreement". The Russian Government avoided other aspects of the matter. He said at the same time the Russian Government had indicated a wish for "personal contact" and had hinted that the establishment of personal contact might be useful for the discussion of political questions as well as of economic. Accordingly Sir Stafford Cripps was being sent. He said however that Cripps was being sent merely for preliminary exploration and without any authority to sign an agreement.

Mr. Butler promised to keep the Department informed.

I thanked him for this information and said that I had no comment to make, certainly not before consulting other Divisions of the Department. One American interest which I knew we would feel it important for Great Britain to bear in mind was to avoid impairment of our normal sales to Russia, especially of our agricultural products.

The Counselor then asked whether we have received word from London regarding conversations between the British and Japanese Governments along the lines that Ashton-Gwatkin had explained the British Government had in contemplation. I said that so far as I knew no word had been received from London. He explained that as a matter of fact the discussions had not actually assumed any importance up to the present. The Counselor of the Japanese Embassy in London had been authorized to discuss the question with the Ministry of Economic Blockade and had had one talk. In that talk the Japanese Counselor had stated that Japan would be more interested in the type of payments agreement that the British Government was suggesting if the whole Empire were included. The British Government had replied that this would raise problems of Imperial relationships and would be very difficult. The Japanese Counselor is now awaiting further instructions.

The Counselor promised to keep the Department further informed on this subject so far as he could.

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Frank Trelawny Arthur Ashton-Gwatkin, Policy Adviser in the British Ministry of Economic Warfare.

M. Okamoto.
741.61/890: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, May 29, 1940—11 p.m.
[Received May 29—8:25 p.m.]

600. Embassy’s telegram No. 584, May 25. A Tass despatch was issued tonight stating that Molotov has instructed Maiski to advise the British Government that the proposed mission to Moscow of Sir Stafford Cripps is unacceptable to the Soviet Government and that if the British Government desires to conduct trade negotiations with the Soviet Government “and not simply confine itself to talk of a nonexistent change in the relations between England and the Soviet Union” it can do so through its Ambassador at Moscow, Mr. William Seeds, or in the event that he is not returning to his post, through his successor.

THURSTON

701.4161/38: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 5, 1940—10 a.m.
[Received June 5—8 a.m.]

624. The press today publishes the following Foreign Office statement:

"On June 4, Mr. Le Rougetel, the British Chargé d'Affaires, called on Comrade Molotov, the People's Commissar for Foreign Affairs of the U. S. R., and informed him of the intention of the British Government to replace Mr. Seeds in the post of British Ambassador to the U. S. R. by Mr. Cripps, who will have the rights of an ordinary Ambassador without any extraordinary functions. Comrade Molotov replied that the Soviet Government does not object."

With regard to final phrase of the foregoing statement a Secretary of the British Embassy has informed a member of the Embassy staff in strict confidence that the Soviet Government was requested to accept Sir Stafford Cripps as a special Ambassador but declined to do so. The same informant stated, however, that he did not expect that Cripps would remain in Moscow as Ambassador for more than a brief period.

THURSTON

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4 Not printed.
5 Sir William Seeds, British Ambassador to the Soviet Union since January 1939, who left after the outbreak of the Finnish-Soviet war.
6 On the same day the French Chargé informed Molotov of the desire to replace Admiral Naggiar as French Ambassador by Erik Labonne, to which Molotov foresaw no objection.
The Minister in Bulgaria (Earle) to the Secretary of State

SOFIA, June 10, 1940—5 p.m.

[Received 8:40 p.m.]

59. Have had a conversation with Sir Stafford Cripps, new British Ambassador to Russia, passing through en route to Moscow.

He says there has been tremendous change in the last 2 weeks in the attitude of Russia toward France and Great Britain. He states he has real hope of something "very constructive" being arranged.

He believes Russia at last realizes that Germany's war machine in the event of conquest of France and Britain will not be disbanded until Russia is crushed.

EARLE

The Ambassador in Japan (Grew) to the Secretary of State

MOSCOW VIA TOKYO, June 20, 1940—4 p.m.

[Received June 20—7:45 a.m.]

The following telegram has been received from Moscow for transmission to the Department.

"713. June 19, 6 p.m. The newly appointed British Ambassador, Sir Stafford Cripps, informed me this afternoon that he has tentatively taken up with Molotov the subject of a switch in Soviet policy away from Germany to active support of France and Great Britain. While this approach was made several days ago, prior to the breaking of the French Army, and was supported by Labonne, the new French Ambassador, it is Cripps' intention to follow it up and he is awaiting a new appointment with Molotov for that purpose. He stated that he has suggested to his Government that the British Ambassador at Washington be instructed to say to the President or the Secretary that it would be helpful if the Government of the United States would intimate to the Soviet Government that it would welcome such a shift. The principal argument put forward by the British and French Ambassadors apparently was that it is in the immediate self-interest of the Soviet Government to prevent German dominance in Europe as it has been reported by British and French agents in Germany that once the Allied forces operating in Europe have been disposed of Germany will turn against the Soviet Union. Molotov apparently did not reject the argument.

The Ambassador also stated that he has discussed with the Turkish Ambassador here the advisability of the formation of a Soviet-Turkish association for the preservation of the status quo in the

1 See the memorandum of June 18 by the Under Secretary of State of a conversation with the British Ambassador, vol. iii, p. 321.
2 Ali Haydar Aktay.
Balkans. The Turkish Ambassador seemingly acquiesced but pointed out that the present pro-German Government in Rumania would vitiate such an association and that moreover he is inclined to believe that the Soviet Government may decide this week to move against Bessarabia.\(^*\) Thurston.”

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740.0011 European War 1939/4112: Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, June 22, 1940—midnight.

[Received June 22—11:02 p.m.]

732. The Tass communiqué reported in my 731\(^{20}\) would appear to confirm statements made to me this evening by the Counselor of the Italian Embassy, Mr. Mascia, that Ambassador Rosso had inquired of Molotov with respect to the activities of the new British and French Ambassadors. Molotov replied that Labonne “appealed” for help of the Soviet Union in preserving European equilibrium and that he had informed Labonne coldly that the preservation of “French equilibrium” was not a matter of concern to the Soviet Government. Cripps, according to Molotov, had suggested that Soviet interests lay with those of the Allies and that the Soviet Union should assume [the] role in the Balkans to which it is entitled. Molotov’s reply to Cripps, while less abrupt, is said to have conveyed the intimation that the Soviet Government does not require assistance in judging where its interests lie. Further confirmation may perhaps be inferred from the fact that Molotov has not yet granted Cripps the further interview he requested several days ago.

Despite the foregoing, however, it is generally believed here that the Soviet Government is in fact disturbed by the prospect of an early German victory. It is also believed to be true that Soviet forces in considerable strength have been distributed to cover the western frontier. Moreover, whether as a result of loquacity on the part of the British and French Embassies (members of each of which have informed members of this Embassy of the general trend of the British and French efforts and may have informed others thereof as well) or merely because it is a logical assumption, the impression has become general in Moscow that an attempt is being made to bring about a shift in Soviet policy. It is probable, therefore, that the communiqué cited is largely designed to mollify the German Government.

\(^*\) For correspondence regarding the seizure of Bessarabia by the Soviet Union, see pp. 444 ff.

\(^{20}\) June 22, 10 p. m., p. 556.
Moscow, July 20, 1940—4 p.m.

[Received 6:20 p.m.]

884. Secretary Thayer 11 was present at a small dinner in the British officer’s residence last night during which Hitler’s speech to the Reichstag 12 was listened to and commented on by the British Ambassador. In view of Sir Stafford Cripps’ political associations, it is believed that Mr. Thayer’s report may be of interest to the Department.

"After listening to Hitler’s speech, the Ambassador characterized it ‘excellent and very clever’ and said that it would undoubtedly cause much heart searching in England, even among Cabinet members confronted with the question of the advisability of coming to terms with Hitler. He said that he believes the chief difficulty in coming to terms would be the divergence of opinion in London as to British war aims—as among the members of the War Cabinet, two could not be found who would agree on the definition of these aims.

Commenting on Hitler’s statement that attempts to drive a wedge between Russia and Germany were doomed to failure, Sir Stafford said: ‘I cannot of course agree with that.’ He remarked subsequently that if Russia were willing to put 3000 tanks into action, the Red Army could be in Berlin within 3 weeks and expressed the opinion that the success of the Russian action in the Baltic 13 was evidence of Germany’s high opinion of Russian military strength and added that there could be no doubt that Berlin was ‘incensed’ by the Soviet invasion of that area."

While it is possible that the British Ambassador may have some justification for his implied optimism with respect to the vulnerability of the present German-Soviet association (both the British Embassy and the press department of the Soviet Foreign Office refuse to comment on a recent B. B. C. 14 announcement of an extended interview between Sir Stafford and Stalin 15) it may safely be asserted that he overestimates the might of the Soviet Army.

THURSTON

11 Charles Wheeler Thayer, Vice Consul and Third Secretary of Embassy in the Soviet Union.
12 Speech of July 19, 1940, offering peace proposals to Great Britain. See the New York Times, July 20, 1940, p. 5.
13 For correspondence concerning the occupation of the Baltic States and their incorporation into the Soviet Union, see pp. 357 ff.
14 British Broadcasting Corporation.
15 This meeting occurred on July 1, 1940. For text of the memorandum of this conversation given by Molotov to the German Ambassador, Friedrich Werner, Count von der Schulenburg, see Nazi-Soviet Relations, 1939–1941, p. 166.
811.24544/1 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 19, 1940—noon.
[Received 3:15 p.m.]

1037. Referring to the Embassy’s telegram 1038 which follows.26 While such comment has been critical of the “imperialist” motives and intentions of the United States, the reiteration of the view that the United States has determined to support England and to continue to oppose Nazi Germany even should England be defeated may indicate that such a prospect is not entirely displeasing to the Soviet Government.

THURSTON

611.6131/216 : Telegram

The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 22, 1940—11 a.m.
[Received 11:30 a.m.]

1051. I am informed in confidence by a member of the British Embassy that yesterday Mikoyan,17 the Commissar for Foreign Trade, unexpectedly invited the British Ambassador and the British Commercial Secretary here to come to see him today for the purpose of discussing general questions relating to Soviet-British trade. The informant stated that Mikoyan’s request was of interest inasmuch as during the last few weeks discussions concerning Soviet-British trade had been allowed to lapse and there had been no indication from London of any new developments in that field. In addition the informant stated that as of interest in connection with the foregoing the Soviet Military Attaché in London had been very anxious to obtain confirmatory evidence of German air losses claimed by the British Government and had asked to be shown the wreckage or other evidence of the planes brought down.

THURSTON

26 Not printed. In this telegram the Chargé reported that a number of articles in Soviet periodicals “have uniformly expressed the view that the United States is moving rapidly in the direction of more active assistance to Great Britain and is doing everything in its power to encourage England to continue the war in order that the United States may establish its hegemony over Latin America while the war in Europe is in progress.” (811.24544/2)

17 Anastas Ivanovich Mikoyan.
The Chargé in the Soviet Union (Thurston) to the Secretary of State

Moscow, August 27, 1940—11 a.m.
[Received 3:30 p.m.]

1078. I am informed in strict confidence by a member of the British Embassy that the meeting between Mikoyan and the British Ambassador was not “encouraging” and that Mikoyan had merely said that the Soviet Government was interested in obtaining certain specific and restricted categories of material from England and would exchange for an equivalent amount of Soviet products. Mikoyan, however, was unable to give any assurances in regard to reexport to Germany and refused to admit that there could be any connection with or restrictions on Soviet trade with Germany as a result of unsuitable [a suitable?] arrangement with England. In this connection he referred vaguely to the political situation as not being propitious. According to the informant while conversations might be continued there appeared to be little prospect of modification in the immediate future of Soviet attitude toward its economic commitments to Germany.

With reference to the attempts of Sir Stafford Cripps in Moscow to bring about an improvement of British-Soviet relations and to draw the Soviet Union away from Germany, from the same source I have learned in the strictest confidence that when Cripps saw Stalin some weeks ago (see Embassy’s 884, July 20, 4 p. m.) he pointed out at great length that Russia’s real interest lay with England since in the event of a complete German victory Russia would alone almost certainly have to fight Germany; by this time Stalin while admitting that everything was possible in international affairs made it quite clear that he did not feel in a position to risk a conflict with Germany’s Army at the present time and appeared to prefer the possibility of a future war with Germany to the very real risk of a military defeat at the present time. While the foregoing interview took place some six weeks ago, it is believed to be of considerable interest. Stalin’s statement in the opinion of the Embassy is a very frank and realistic statement of the attitude of the Soviet Government in the present situation. As of possible interest in relation to the foregoing it has been ascertained from a foreign newspaper source that Stalin is believed to have been very much annoyed that the report of the meeting with Cripps had leaked out into the foreign press and that this may be one of the reasons why he has shown no disposition to see the British Ambassador since that time.

Thurston
Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, September 22, 1940—6 p. m.
[Received September 23—10:32 a.m.]

1202. The British Ambassador called on me yesterday and in the course of an extended and I believe very frank conversation discussed the entire field of British-Soviet relations, various negotiations with Soviet officials and his personal views concerning present Soviet policy. Sir Stafford’s remarks on the more important subjects touched upon may be summarized as follows:

1. Conversation with Stalin: The Ambassador informed me that Stalin had been extremely frank, realistic and outspoken during his interview with him and although the conversation had been confined to a general evaluation of the present European situation with no proposals being advanced by either side, Stalin had made it quite clear that his present policy was designed to avoid the involvement of the Soviet Union in the war and, in particular, to avoid a conflict with the German Army. Stalin had admitted that Germany constituted the only real threat to the Soviet Union and that a German victory would place the Soviet Union in a difficult if not dangerous position but he felt that it was impossible at the present time to invite the certainty of a German invasion of the Soviet Union by any alteration of Soviet policy. Stalin had said that he preferred to run the risk of war with Germany without allies in the event of a British defeat, because he believed (a) that even should Germany be victorious over Great Britain, German military power would be appreciably weakened, and (b) after the efforts involved in the present war it would be very difficult for the Nazi leaders to persuade the German people to embark on a new major military objective.

2. Trade negotiations with Soviet officials: The Ambassador stated that in contrast to the frankness and realism of Stalin, other Soviet officials, notably Molotov, Mikoyan and latterly Vishinski, with whom he had dealt, had been evasive and noncommittal in their dealings with them [him] on the question of a trade agreement between the Union of Socialist Soviet Republics and Britain. He stated that following his arrival here at the end of June 12 the negotiations had apparently begun rather auspiciously, but that during the last 10 weeks the Soviet Government had allowed these negotiations to

18 Andrey Yanuaryevich Vyshinsky, Assistant People’s Commissar for Foreign Affairs of the Soviet Union.
19 Sir Stafford Cripps had arrived in Moscow on June 12, 1940.
lapse, a change in attitude which he attributed in part to the collapse of France and the consequent elimination of the only other continental army which might have opposed Germany. He confirmed the fact that recently Mikoyan had proposed an agreement for a limited exchange of British rubber for Soviet flax. The Ambassador said that he had told Mikoyan that Great Britain was not interested in a limited exchange of specific commodities but only in a general trade agreement. The Ambassador said that in his most recent interview with Vishinski he had expressed his dissatisfaction with the evasive tactics of Soviet officials on the question of a general trade agreement and that Vishinski had finally said to him that the Soviet Government was not disposed to continue the negotiations, unless the British Government would release the gold and ships which had been sequestered following the incorporation of the Baltic States. The Ambassador added in this connection that he had been informed by his Foreign Office that the British refusal to release the gold of the Baltic States had been taken at the instance of the American Government, and went on to state that in his opinion there was no necessity for the British Government to continue to accede to this request, inasmuch as it was quite possible for the British Government, being at war, to pursue one policy [in] this matter for obvious reasons without impairing the position adopted in principle by the United States. I received a strong impression that one of Sir Stafford’s purposes was to enlist my support in suggesting to the Department that it reconsider its request of the British Government on the subject of the withholding of the gold of the Baltic States.

3. Soviet-Turkish relations: The Ambassador told me that Stalin had dwelt at length on Soviet-Turkish relations and had made clear his desire to obtain for the Soviet Union a voice in the régime of the Dardanelles. He said he had gained the impression that while Stalin’s preference would be for joint Soviet-Turkish control of the Straits and possibly one or more bases in the vicinity, he would be satisfied with a commitment on the part of the Turkish Government to consult the Soviet Union before taking any action under the Montreux Convention. The Ambassador gained the impression that Stalin was seeking to enlist British support to achieve his objective. Sir Stafford was extremely outspoken in his criticism of previous British statesmanship and diplomacy as well as the internal régime.

59 For correspondence concerning the invasion of France by Germany and the collapse of French resistance, see pp. 217 ff.
in England. He said that even now, although certain important and
needed changes had been made since the formation of the Churchill
Cabinet, the retention of Chamberlain and other diehards con-
tinued to operate as a brake on the fullest development of Britain's
war effort.

In conclusion the Ambassador admitted to me quite frankly that
he was extremely [gloomy] and disappointed as a result of his efforts
in Moscow and felt that he had accomplished virtually nothing since
his arrival. He said that he had reached the very definite conclusion
following his conversation with Stalin and his contact with other
Soviet officials that any alteration of Soviet policy toward Germany
would only occur when the military power of Germany had been
sufficiently impaired to obviate the possibility of a German invasion
of Russia and that consequently any hope of even indirect Soviet
assistance in the immediate future would depend on the ability of
Great Britain to withstand the German attack and by so doing to
seriously impair German military power.

STEINHARDT

741.61/899: Telegram

The Secretary of State to the Ambassador in the Soviet Union
(Steinhardt)

WASHINGTON, September 25, 1940—8 p. m.

586. Information contained in your 1202 of September 22, 6 p. m.,
appreciated. The British Ambassador apparently has been misin-
formed by his Foreign Office. This Government has never requested
or suggested that the British Government refuse to release the gold.
In response to queries from members of the British Embassy, members
of the Department on several occasions have endeavored to explain
the position of the American Government in this regard. They
have made it clear, however, that since the international situation
of Great Britain is quite different from that of the United States each
country must feel free in situations of this kind to adopt such policies
as it may deem most likely to serve its interests. This information is
for your own personal use and background.

Hull

The government formed by Winston S. Churchill as Prime Minister and
Minister of Defence took office on May 10, 1940.
Neville Chamberlain was Prime Minister until May 10, 1940, remaining as
Lord President of the Council in the Churchill Cabinet until his resignation on
October 3, 1940.
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 2, 1940—10 a.m.

[Received 4:21 p.m.]

1262. The British Ambassador called on me this afternoon by appointment to discuss the possible consequences of the German-Italian-Japanese alliance. He said that he feared that the Soviet Government would shortly be compelled to join the alliance or take a position inconsistent with the Soviet-German pact. He said he was convinced that a drive would shortly be made by Germany to bring about a Soviet-Japanese rapprochement and that it was in his opinion essential that a counterdrive be instituted by Great Britain which would be more effective if supported by the United States. He then elaborated his point of view by saying that as he saw it the main contribution that Great Britain could make at the present time would be the reopening of the Burma Road. He said that during the past two months he had been urging his Government to reopen the Burma Road and also to authorize him to discuss this subject with the Soviet authorities but that his Foreign Office up to the present had refused to sanction any such course. He now anticipated, however, that he would shortly receive instructions to discuss this subject with the Soviet authorities and he felt that it would be highly desirable for the United States to lend its assistance in effect to dissuade the Soviet Union from entering into any alliance with Japan.

He added, however, that it was his intention to discuss the matter in the course of the next day or two with the Chinese Ambassador and that he was hopeful that simultaneous approaches by the United States, Great Britain and China might have the effect desired on the Soviet Government.

From the nature of the Ambassador’s remarks and his statement that he had sent copies of his recent telegrams to the British Ambassador in Washington, I judge that the Department will shortly hear from the British Ambassador on this general subject. I refrained from expressing any opinion concerning the Ambassador’s suggestion and made it clear to him that I could do no more than report his observations to my Government, pointing out to him that I was not competent to take any action of [the] kind suggested, however in-

26 The three power pact of assistance signed at Berlin on September 27, 1940, League of Nations Treaty Series, vol. cccv, p. 386.
27 Treaty of nonaggression signed at Moscow on August 23, 1939; for text, with secret additional protocol, see Documents on German Foreign Policy, 1918–1945, series D, vol. vii, pp. 245–247.
28 Shao Li-tzu.
29 See memorandum by the Secretary of State, September 30, vol. iv, p. 159.
formal, without specific instructions from the Department. A separate telegram 25 will follow this one in which I am undertaking to summarize the present position here and in so doing comment on the British Ambassador’s suggestion.

STEINHARDT

763.9411/93 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 2, 1940—7 p.m.
[Received October 4—10:55 a.m.]

1268. My 1262, October 2, 10 a.m. In connection with the suggestion of the British Ambassador, reported in my telegram under reference, I believe that the following observations of the present position of the Soviet Union may be of interest to the Department.

As I have reported and insofar as it is possible to assess such a development in Moscow embodied in recent connected indications, German policy toward the Soviet Union is in the process of change. These indications are the German-Italian guaranty of Rumania 26 without prior consultation with the Soviet Union, the German-Finnish agreement concerning the passage of German troops through Finland 27 and more recently the conclusion again without prior consultation with the Soviet Union of the German-Italian-Japanese pact.

Although not possible on the basis of information available in Moscow to determine the lengths to which this apparent change in German policy may be carried, it is, however, important to note that the recent diplomatic events referred to above, whatever their portent for the future, have unquestionably introduced an element of discord into Soviet-German relations and have been entirely subordinated to German initiative, in no way provoked by any positive Soviet action or change of policy. On the contrary these German diplomatic moves have taken place at a time when the Soviet Government was giving every indication of its intention faithfully to adhere to its various agreements with Germany and had publicly, on the occasion of the anniversary of the Soviet-German nonaggression pact, given the most direct and outspoken public affirmation of this intention which has been made in the past year.

To this should be added the fact that despite these diplomatic moves on the part of Germany which even members of the German Embassy

25 Infra.
26 See telegram No. 3827, August 30, 11 p.m., from the Chargé in Germany, p. 502.
27 See telegram No. 416, September 26, 1 p.m., from the Minister in Finland, regarding the German-Finnish exchange of notes on September 22, 1940, p. 347.
here frankly admit in private are incompatible with the spirit of the
Soviet-German agreements of last year the Soviet Union has not
insofar as I am aware been aroused to any retaliatory action nor has
it chosen to give public expression to the resentment which it pre-
sumably feels and thereby has indicated that Soviet policy is still
basically motivated by an intense desire to avoid involvement in the
European war which in view of geographic factors means avoidance of
war with the Axis Powers. The tripartite pact between Germany,
Italy and Japan can only have accentuated rather than diminished
the Soviet fear of an armed conflict with Germany and as a result
thereof the Soviet Union is now faced with a real possibility of war
on two fronts.

In consequence of the foregoing it is difficult to envisage any con-
cession made ostensibly to the Soviet Union in respect of the opening
of the Burma Road or for that matter any concession in the Far East
which would have a material bearing on the general course of Soviet
policy, as the greatest potential threat to the Soviet Union remains
the possibility of an attack by the German Army in the west.

The fundamental error of Allied, and subsequently British, diplo-
macy in respect of the Soviet Union has been that it has at all times
been directed toward attempting to persuade the Soviet Union to
undertake positive action which if not leading immediately to an
armed conflict with Germany would at least involve the real risk of
such a contingency. On the other hand up to the present time German
policy has been directed toward assuring the neutrality of the Soviet
Union and the adoption by that country of a passive role in the present
war. This, in my opinion, is the explanation of why British diplo-
macy has thus far failed and German diplomacy succeeded in their
respective approaches to the Soviet Union.

From the point of view of the Kremlin, I am persuaded that the
Soviet Union now will look into the following contingencies: Either
the change in German policy referred to above is limited to a desire
to impede further Soviet expansion in the west and at the same time
assure Germany of means of pressure on the Soviet Union for in-
creased economic assistance in anticipation of a long war and does
not presage an armed attack; or Germany and Italy in conjunction
with Japan are definitely planning offensive military action against
the Soviet Union. In the event that the first alternative is correct
it is most unlikely that the Soviet Union will through any serious
negotiations or agreement with Great Britain provoke the very event
which its entire policy is designed to prevent, namely, involvement
in war against the Axis Powers. Should the second alternative prove
correct I assume that the Kremlin realizes that in the event of an
attack by Germany the Soviet Union would automatically become an
ally of Great Britain even without prior understanding.
Having defined present Soviet policy as I understand it to avoid involvement in the war it seems obvious that the longer the Soviet Union can defer an armed attack by Germany and Japan with both of these nations engaged in major wars elsewhere the greater becomes the prospect for a successful resistance. The only discernible advantage to the Soviet Union that might accrue as the result of a prior agreement with Great Britain in anticipation of a German-Japanese attack would be in its relationship to the possibility of a separate peace. I believe the Soviet Russian Government would attach little value to a prior agreement with Great Britain as a guaranty against a negotiated British-German peace at the expense of the Soviet Union.

It is of course impossible for me in Moscow to assess with any degree of accuracy the real intentions of Germany vis-à-vis the Soviet Union at the present time. However, I can assert with reasonable assurance that, as in the past, the initiative lies with Germany. Soviet policy will, in a large measure, be determined by the future attitude and actions of Germany. In my opinion the Soviet Union will endeavor to retain its present policy of neutrality although as previously reported it might not be adverse to a bilateral agreement with Japan probably along the lines of the Soviet-German pact of non-aggression. The Soviet Union will, however, in my opinion endeavor to resist openly joining the Italian-German-Japanese alliance and will only do so as a result of extreme pressure backed by the threat of military force on the part of Germany.

STEINHARDT

741.61/901: Telegram

The Ambassador in the Soviet Union, (Steinhardt) to the Secretary of State

Moscow, October 5, 1940—6 p.m. [Received 11:34 p.m.]

1293. The British Ambassador called on me this morning to acquaint me with the subject of a conversation which he had with Molotov. He had called on Molotov to inform him of the decision of the British Government to reopen the Burma Road on October 17. The Ambassador read me his telegrams to the British Foreign Office reporting his conversations with Molotov, the substance of which may be briefly summarized as follows:

At the Ambassador’s request Molotov had reaffirmed that the Soviet Union had a common interest with Great Britain in continued Chinese resistance to Japanese aggression although at first Molotov endeavored to minimize the effect of the reopening of the Burma Road.
and in so doing had displayed to the Ambassador’s astonishment the fact that he [thought] the Burma Road was a railroad; but upon being enlightened by the Ambassador that it was not a railroad but a well constructed motor highway capable of transporting 600 tons per day, had recognized that the Burma Road as a medium of furnishing supplies to China was superior in every respect to the route via Sinkiang. In reply to a request from the Ambassador, however, for additional Soviet supplies to China to be sent via Rangoon, Molotov was noncommittal. The Ambassador then dwelt at great length on the desire of the British Government to adopt a strong position vis-à-vis Japan in the Far East as the result of the German-Italian-Japanese alliance but only provided the British Government was assured of the wholehearted support of the United States in the Far East which in turn to some extent would be affected by the position of the Soviet Union. The Ambassador expressed to Molotov the view that the present southward course of Japanese aggression would not remove a future threat to the Soviet Union and Soviet interests on the continent of Asia which a powerful Japan would present and added that in the event the Soviet Union were to conclude a pact with Japan designed to direct Japanese activities to the south and away from the Soviet Union any such agreement would unquestionably affect the United States to the extent that should Japanese aggression at some time in the future be directed toward the Soviet Union it was not likely that the United States would feel called upon to take a strong position against Japan.

The Ambassador, on the basis of his exposition of the situation in the Far East, expressed the opinion to Molotov that the Soviet Union should consult and cooperate with Great Britain and the United States at the present time in respect of Far Eastern matters. Molotov replied that inasmuch as Great Britain and the United States on the one hand and the Soviet Union on the other have been unable to agree on minor and relatively unimportant matters he did not see how they could find any basis of agreement on questions of major policy in the Far East. Despite the noncommittal nature of his reply, Molotov gave the Ambassador the impression that the Soviet Government would welcome an opportunity to eliminate minor controversies existing between the Soviet Union on the one hand and Great Britain on the other if we could clear the way for the policies in the Far East. The Ambassador added orally to me that Molotov had appeared quite nervous when he referred to the subject of consultation with the British Government and had appeared obviously relieved when the Ambassador had said that he referred primarily to the question of increased assistance to China.

The Ambassador then reverted to his previous argument (see my telegram No. 1262, October 2, 10 a. m.) that since the Soviet Union,
in his opinion, would shortly be under extreme German pressure to reach an agreement with Japan it was important that Great Britain and the United States take steps to counteract this pressure.

From the Ambassador's detailed account of his conversation with Molotov I received the distinct impression that he had throughout spoken of a joint move on the part of Great Britain and the United States and while I appreciated his frankness I was somewhat surprised by the facile convictions which he had expressed to Molotov in respect of the present and future policy of the United States in the Far East. The Ambassador in conclusion informed me that a full account of his conversation with Molotov had been sent to the British Ambassador in Washington who will presumably discuss the matter with the Department.

STEINHARDT

741.61/603: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 23, 1940—4 p. m.
[Received October 24—9:05 a. m.]

1393. For the President, the Secretary and the Under Secretary. My 1390, October 22, 5 p. m.\(^2\) The British Ambassador told me last night that having been unable to obtain an appointment with Molotov he had seen Vishinski yesterday afternoon who had offered no explanation of the failure of Molotov to receive the Ambassador. The Ambassador said that he had prefaced the submission of the proposals contained in his instructions by informing Vishinski that Great Britain was now confident of ultimate victory particularly as the most powerful industrial country in the world, the United States, was coming more and more to the aid of Great Britain. Vishinski brought out comments on this statement by inquiring of the Ambassador what the Diplomatic Corps in Moscow was saying with reference to recent diplomatic "maneuvers," to which Cripps replied that it was the consensus of opinion in diplomatic circles that a Soviet-Japanese pact would be signed shortly after the arrival of the new Japanese Ambassador,\(^3\) to which Vishinski replied "reports of such a pact are perhaps greatly exaggerated." Cripps told me that from Vishinski's reply he had deduced that some form of Soviet-Japanese pact would be signed but that it might well be more limited in scope than had previously been expected.\(^3\) Cripps then outlined to Vishinski the

\(^{2}\) Post, p. 667.
\(^{3}\) Lt. Gen. (retired) Yoshitsugu Tatekawa.
\(^{3}\) A neutrality pact between Japan and the Soviet Union was signed at Moscow on April 13, 1941; for text, see Department of State Bulletin, April 29, 1941, p. 812.
proposals which he had been authorized by his Government to make as follows:

That the British Government would bind itself in writing (1) to conclude no peace without consulting the Soviet Union; (2) to conclude no anti-Soviet agreement with any third nation; (3) to give definite assurances that no attack would be made by Great Britain against Baku or Batum; and (4) to conclude a commercial agreement with the Soviet Union for the delivery by Great Britain of rubber, tin and other commodities required by the Soviet Union.

In reply to my inquiry Cripps stated that the British Government would not require guarantees from the Soviet Union that the commodities referred to in number (4) above or their equivalents would not be reexported to Germany since in conformity with the recent declarations of avoiding any appearance of suspicion in its relations with the Soviet Union, his Government has informed him that the acceptance of the proposals of the British Government as a whole would eliminate the probability of reexport.

In return for the foregoing proposals the British Government would require (1) that the Soviet Union observe genuine neutrality in the present war between Germany and Great Britain; (2) that in the event of the involvement of Turkey or Iran or both in war with the Axis Powers the Soviet Union would adopt a policy of benevolent neutrality toward these countries; (3) that there should be no cessation of aid to and support of China; and (4) that subsequent to the conclusion of the commercial agreement referred to above and at a propitious time in the future a nonaggression pact should be concluded between Great Britain and the Soviet Union.

The Ambassador informed me that after he had set forth the foregoing proposals to Vishinski, the latter had asked him whether these proposals and terms had been communicated by the British Government to the Government of the United States, to which Cripps had replied in the affirmative.

With further reference to Soviet-Japanese relations, Cripps took occasion to tell Vishinski that a Soviet-Japanese pact which contained the implication of cessation of Soviet aid to China would probably result in the collapse of China’s resistance, in which event the Japanese armies on the continent of Asia would be “free for other purposes”.

The Ambassador told me that he had given Vishinski renewed assurances that there would be no publicity emanating from Great Britain concerning the proposals which he had just submitted on behalf of his Government or any negotiations resulting therefrom.

*Information about these proposals and terms was given to the United States by the British Chargé, N. M. Butler, in a conversation on October 18, 1940, with Under Secretary of State Welles.*
In conclusion the Ambassador said that Vishinski on the whole, except for his question as to whether the Government of the United States had been informed of the British proposals, had been entirely non-committal and had merely promised to submit the proposals to his Government.

STEINHARDT

741.61/902 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 23, 1940—7 p. m.

[Received 9:25 p. m.]

1394. My 1393, October 23, 4 p. m. The refusal of Molotov to see the British Ambassador and his reception by Vyshinski lead me to believe that the Soviet Government at least for the time being has adopted a policy of having Molotov deal with the Axis Powers and Vyshinski with Great Britain. I regard this policy [as] due to a desire not to compromise Molotov in his relations with the German Ambassador and to avoid placing him in the position of conducting two contradictory and inconsistent conversations or negotiations. This view is supported by the fact that at the time the Soviet Government protested to the German Ambassador concerning the exclusion of the Soviet Union from the Danube Commission the protest was made by Vyshinski and not by Molotov. The foregoing view would also explain the difficulties which I am encountering in obtaining an interview with Molotov and the suggestion of his secretary that I should see Lozovsky.

STEINHARDT

641.6131/217 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, October 24, 1940—6 p. m.

[Received October 25—3:25 a. m.]

1408. A member of the British Embassy who has been intimately connected with trade negotiations between Great Britain and the Soviet Union last night furnished the following details in the strictest confidence:

Last June the British Embassy submitted to the Soviet authorities a list of the commodities which, in the opinion of the British Government, might constitute the basis for a trade agreement. The Soviet

* Regarding this protest, see telegrams No. 1156 and No. 1157, September 13, from the Chargé in the Soviet Union, p. 607.
Government replied proposing separate barter arrangements for the exchange of one commodity against another. This counterproposal was rejected by the British Ambassador who insisted that all of the commodities to be exchanged be incorporated in a single agreement. Subsequently the Soviet authorities appeared to acquiesce in the British view and on October 16, in the course of a discussion of other matters, Mikoyan told the Ambassador that the Soviet Government was prepared to acquire wool, jute, rubber and tin in exchange for chrome ore, flax, lumber, lubricating oil and rifles. Although the British had previously indicated the amounts of these and other items which they were prepared to exchange, Mikoyan has at no time specified either the amounts desired by the Soviet Government or the amounts the Soviet Government was prepared to offer in return.

My informant refrained from disclosing the British figures other than to state that they had incorporated an offer to purchase 70,000 tons of lubricating oils and 40,000 tons of chrome ore and added that the British had little hope of obtaining more than 10,000 tons of lubricating oils. He stated that when the question had been put to Mikoyan as to whether the Soviet authorities would be able to provide ammunition with the rifles, the latter had replied that as the possibility of selling rifles to Great Britain had only recently occurred to him the question of ammunition had not been given any consideration as yet. In conclusion my informant observed that he did not regard the negotiations as proceeding satisfactorily although he considered the apparent willingness of the Soviet authorities to discuss a general agreement covering commodities as somewhat encouraging.

I am of the opinion that the failure of the Soviet authorities to refer to specific quantities in the course of conversations which have extended over a period of more than 4 months and Mikoyan’s comment respecting ammunition constitute a strong indication that these negotiations have not yet been taken very seriously by the Soviet Government.

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741.61/903: Telegram

The Secretary of State to the Ambassador in the Soviet Union (Steinhardt)

WASHINGTON, October 25, 1940—5 p. m.

691. Your 1890, October 22, 5 p. m.,* and 1393, October 23, 4 p. m. For your strictly confidential information, this Government does not

* Post, p. 687,
share the view that an agreement, if reached, between Japan and the
Soviet Union at this time would "probably bring about a collapse of
Chinese resistance." You may in your discretion so inform your
British colleague.

HULL

741.6/905: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary
of State

Moscow, October 28, 1940—7 p.m.
[Received 11:44 p.m.]

1433. My 1398, October 23, 4 p.m. The British Ambassador in-
formed me today that Vyshinski had asked him to come to the Foreign
Office on Saturday 37 and had stated that the proposals submitted by
the British Government were "fundamental" and regarded by the
Soviet Government as of such importance that it wished to have two
of the British proposals clarified. The first point as to which Vyshin-
ski desired clarification related to the proposed agreement by the
British Government to consult the Soviet Government at the end of
the war, qualified however, by a paragraph to the effect that such
consultation would not mean that the British Government would
consider itself bound a priori to accept the point of view of the Soviet
Government. The second point as to which Vyshinski desired clari-
fication related to the proposed undertaking by the British Govern-
ment not to enter at the end of the war into any anti-Soviet agree-
ment with other countries and apparently arose from difficulties in
translation. At this point the Ambassador showed me the original
draft which contains the provisions as outlined in my telegram under
reference with an additional paragraph whereunder the British Gov-
ernment proposes to give de facto recognition to the Soviet acquisition
of the three Baltic States, Eastern Poland, Bessarabia and Bukowina
pending the consultations provided for at the end of the war. In
examining the text of the proposals with Cripps he invited my at-
tention to the paragraph concerning which Vyshinski had asked clari-
fication and stated that he had opposed the inclusion thereof as
meaningless and legalistic, since, as he pointed out, an agreement to
consult does not obligate or even imply acceptance in advance of the
point of view of the other power but that his Foreign Office had
insisted thereon. He remarked that it was just such a legalistic and
distrustful attitude that he had attempted to avoid in dealing with
the Soviet Government at the present time. The Ambassador con-

37 October 26.
tinued that he felt he had satisfactorily explained any ambiguity concerning the two proposals but that nonetheless Vyshinski had specifically requested him to submit the Soviet inquiries to the British Government and obtain a clarification from the Foreign Office by telegram. Cripps expressed to me his opinion that the insistence on confirmation from the British Government was due to the Soviet belief that the proposals as submitted represented Cripps’ personal desiderata and to a desire to avoid any possibility that the British Government might assert at some time in the future that Cripps had exceeded his instructions. He said this impression was supported by Vyshinski’s statement when he handed him the original document that the Soviet Government was aware that the Ambassador had long sought an agreement of this character. In conclusion the Ambassador stated that he was not at all clear as to whether the Soviet request for clarification was merely a device to gain time, or whether it indicated a favorable attitude toward the proposals but he felt that in any event and whatever the outcome they were receiving real consideration. He added that he had informed Vyshinski that at the present time the British Government recognizes that the Soviet Government is in no position to take any step which would even appear to be incompatible with its agreements with Germany but believes it possible to establish an understanding with the Soviet Government which could perhaps be made effective at some time in the future.

STEINHARDT

861.6383/833

Memorandum of Conversation, by the Assistant Chief of the Division of European Affairs (Henderson)

[WASHINGTON,] November 2, 1940.

Mr. A. D. Marris, First Secretary of the British Embassy, came in to see me this morning for the purpose of giving me the attached memorandum58 which he said outlined the present British policy with regard to oil. Mr. Marris remarked that the British Government was beginning to feel some concern at the amount of oil which was going forward to the Soviet Union. The Embassy was of the opinion that if oil shipments should continue to the Soviet Union at the present pace, it would be wise for some steps to be taken to curtail shipments. The British concern with respect to lubricating oil was even greater than with regard to gasoline. It was hoped that the American Government could find some way of preventing large quantities of lubricating oil from going to Vladivostok.

58 Not printed.
Mr. Marris also stated that the British Government also hoped that some way could be found to prevent machinery and equipment from getting into the hands of the Soviet Government which would tend to increase Soviet oil production. His Government believed in a long range view of the matter. Equipment which might result in increased Soviet oil production two or three years from now might play an important role in strengthening Germany and German-controlled continental Europe against Great Britain.

Mr. Marris said that the memorandum and his oral statements were of a preliminary character. The Embassy would approach the Department again perhaps in the future in case continued Soviet purchases of oil and oil products should give it cause for still more grave concern. In the meantime it was hoped that the American Government would be considering ways and means of preventing important increases of exports of oil and oil products to the Soviet Union.

I thanked Mr. Marris for the information furnished and said that he could be sure that his statements would be given appropriate consideration in the Department. I added that the problems connected with our trade with the Soviet Union were by no means simple. The attitude displayed in this regard by the British Government reflected some of the complications of the situation. On the one hand, British officials were approaching us from time to time suggesting that we take steps to improve our relations with the Soviet Union and that we make use of improved relations for the purpose of endeavoring to persuade the Soviet Government from taking certain steps in Europe and Asia which might be prejudicial to Great Britain and the democratic powers. On the other hand, we were receiving at intervals intimations from the British Government to the effect that it would be helpful if we could prevent certain commodities from being exported to the Soviet Union. The Soviet Government was, of course, using the desire shown by the British Government and the American Government to improve relations as a lever to obtain special consideration in trade matters. It would be difficult to make much progress in improving relations with the Soviet Union if we should continue not only to adhere to present restrictions on exports to that country but would take steps to curtail other exports. I said that the suggestions contained in the memorandum, which he had made to me orally, seemed to me to be somewhat in contradiction to the policies which Sir Stafford Cripps was preaching and following in Moscow and which apparently had the support of the British Government.

59 For correspondence on efforts to alleviate the difficulties affecting relations between the United States and the Soviet Union, see vol. III, pp. 244 ff.
Moscow, November 4, 1940.
[Received November 4-3:30 p.m.]

1479. An announcement of the Commissariat for Foreign Affairs published in the Soviet press this morning states that on October 29th the British Ambassador in Moscow transmitted a note to the People’s Commissar for Foreign Affairs in which the British Government protested against the decision of the Soviet Government concerning the creation of a new Danube Commission and the participation of representatives of the Soviet Government in the conversations in Budapest [Bucharest?] with representatives of Germany, Italy and Rumania. The announcement states that in its note the British Government declared that since it considered the actions of the Soviet Government as a violation of neutrality the British Government could not recognize any agreements which might violate existing treaties and that it must reserve all its rights in the matter. The announcement continues that on November 2nd the Assistant Commissar for Foreign Affairs Vyshinski received the British Ambassador and handed him in the name of the Soviet Government a note

“in which the Government of the Soviet Union declares that it is forced to recognize as incorrect the assertion of the British Government to the effect that the recognition by the Soviet Government of the necessity of creating a new Danube Commission and the participation of the Soviet Union in the conversations with Bucharest constitute a violation of neutrality. The formation of a Danube Commission with the participation of the Soviet Union and also of the states bordering on the Danube or close to the Danube constitutes the reestablishment of justice which was violated by the Versailles 40 and other treaties by virtue of which the Soviet Union was eliminated from the composition of not only the International but also of the European Danube Commissions. 41

The Danube Commission must naturally be composed of the representatives of the states bordering on the Danube or closely connected with the Danube or utilizing the Danube as a channel for trade (for example Italy).

It is understandable that Great Britain separated from the Danube by thousands of kilometers cannot be counted among the number of such states. It is also understandable that the question of the composition of the Danube Commission has no relation whatsoever to the

41 See footnotes 93 and 94, pp. 500 and 501, respectively.
question of neutrality. In view of the foregoing the Soviet Government is unable to entertain the protest declared by the British Government in its note of October 29th.”

STEINHARDT

870.811/221: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 4, 1940—4 p.m.
[Received 10 p.m.]

1482. The publication of the Soviet rejection of the British protest concerning Soviet participation in the new Danube Commission and especially the gratuitous statement contained therein of primary British responsibility for the “injustice” of excluding the Soviet Union from the former Commission is of interest as perhaps reflecting the Soviet attitude toward the British proposals reported in my 1393, October 23, 4 p.m. It is unlikely that were the Soviet Union seriously contemplating the acceptance of these proposals that the British protest concerning the Danube Commission would have been selected as an opportunity to give publicity to an anti-British statement.

I am not clear as to why the British Government chose to protest the Soviet action as a breach of neutrality when a legal question involving treaty rights would appear to have been the ground of protest and it is probable that the introduction of this element of neutrality was particularly distasteful to the Soviet Government by Great Britain.

STEINHARDT

741.61/907: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 9, 1940—4 p.m.
[Received November 9—2 p.m.]

1507. My 1393, October 23, 4 p.m. The British Ambassador told me last night that he had heard nothing further from the Soviet Foreign Office concerning the proposals which he had [submitted] on October 2 and that at his last interview with Vyshinski the latter had been extremely noncommittal. The Ambassador, who appeared very discouraged, indicated that he had almost given up hope of a favorable reaction to the British proposals at the present time.

STEINHARDT
761.62/792: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 13, 1940—noon.
[Received November 13—11:40 a.m.]

1524. I am informed in strict confidence by a member of the British Embassy that the British Ambassador sought and obtained an interview with Vyshinski on November 11 in order to discuss with him the effects on Soviet-British relations of Molotov's visit to Berlin. According to my informant the Ambassador made no attempt to conceal from Vyshinski his displeasure at the visit and inquired of Vyshinski whether it was to be regarded as the reply of the Soviet Government to the various proposals both political and economic which had been made by the Ambassador during recent weeks. The Ambassador challenged what he termed "the peculiar Soviet interpretation of the word neutrality" pointing out in this connection that it was hardly a neutral act for the Soviet Commissar for Foreign Affairs to have been accessible to the Axis Ambassadors during the past month while at the same time refusing to receive the British Ambassador. The Ambassador told Vyshinski that in the face of the visit of Molotov to Berlin it was difficult for him to escape the conclusion that the Soviet Government was not interested in improving Soviet-British relations. According to my informant Cripps stated in conclusion that the British offer to consult the Soviet Government in respect of any peace settlement following the war could not be held open indefinitely and warned Vyshinski that should no reply be received the British Government would consider its offer withdrawn, adding that Britain was certain of victory in the war and following victory would remember which nations had been friendly or hostile during the progress of the war and would act accordingly. My informant said that Vyshinski had appeared to be somewhat disturbed at the Ambassador's remarks and in reply had referred to the number of unsettled problems existing between Great Britain and the Soviet Union, particularly the question of Baltic gold and ships.

STEINHARDT

*42 Molotov visited Berlin November 12–14, 1940.*
The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 17, 1940—4 p. m. [Received 5:40 p. m.]

1568. For the President, the Secretary, and the Under Secretary. In the course of a conversation with the British Ambassador, I referred to the announcement yesterday morning by the British Broadcasting Corporation of the proposals submitted by the British Government to the Soviet Government [over] 3 weeks ago (reported in my 1393, October 23, 4 p. m.) and the failure of the latter to make any reply thereto, and inquired of him how this public announcement could be reconciled with the assurances given by him to the Soviet Government that the negotiations would be kept strictly confidential. The Ambassador stated that he had not been informed of the intention to publicize the British proposals and that he had immediately protested to his Foreign Office. He displayed deep resentment at the action taken in London. He received the explanation that the disclosure had been made by the Soviet Ambassador in London to Frederick Kuh, an American correspondent, and had found its way through this channel to the B. B. C. and he assumed that the failure of subsequent broadcasts to carry the same announcement resulted from action by the Foreign Office in response to his protest. He said that this was the second flagrant breach in London of assurances regarding nonpublicity given by him to high Soviet officials and that he now regarded his position as untenable, but that if he were to leave Moscow at this time, the Germans would boast that they had “driven the British Ambassador out of Moscow”. When I pointed out to him that the consequences of the publicity might be the opposite of what he feared, since the Soviet Government would unquestionably regard the publicity as having been the studied act of the British Government, and might well construe it to be designed to give notice to the Soviet Government of a stiffening of the British attitude, the Ambassador stated that unfortunately he had already sent a letter to Vyshinski “explaining” how the publicity had occurred.

In his anger at the position in which he has been placed, the Ambassador intimated that he was suspicious of “sabotage” in the British Foreign Office, saying that there were individuals in the British Government who were so hostile to the Soviet Union that they would prefer to risk the Empire rather than permit a rapprochement to take place. I pointed out that in the present instance the publicity appeared to have emanated from the Soviet Embassy and that the For-
eign Office consequently could not be blamed. Cripps replied that even so, the Foreign Office had failed in its duty to supervise the announcements of the British Broadcasting Corporation.

The Ambassador said that he assumed the Soviet Government would now find it necessary to make some form of public reply to the British proposals and that he feared the reply would be of an “unpleasant” nature. When I suggested that the Soviet Government might regard the B. B. C. announcement as tantamount to a withdrawal of the proposals to which no reply was necessary, the Ambassador, to my surprise, said that it was his intention “in a week or so” to insist upon a reply. He added that while he was considering withdrawing his proposals for a trade agreement, he had never regarded a political understanding as a prerequisite for the conclusion of a trade agreement.

The Ambassador said he was entirely uninformed as to what has taken place at the meeting between Molotov and Hitler, but that he was under the impression that some political understanding had been arrived at. When I suggested to him that any understanding arrived at in Berlin might have been more economic than political, he intimated that he attached less importance to Soviet economic assistance to Germany than to a political agreement in view of the efficacy of the British blockade. On the other hand, he told me that British shipping losses had recently averaged 200,000 tons per week which he regarded as extremely grave.

STEINHARDT

741.61/909: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 23, 1940—6 p.m.
[Received 7:32 p.m.]

1601. A member of the British Embassy has stated in confidence that the recent call of the British Ambassador on Vyshinski had not dealt with the general subject of the British proposals (reported in my No. 1393, October 23, 4 p. m.) but had been primarily for the purpose of informing the Soviet Government that the Baltic ships which heretofore had been considered as under sequestration had now been requisitioned by the British Government and consequently would be available for use by the British authorities. My informant further stated that although in conformity with Halifax’s statement in the House of Lords on November 21 concerning the British proposals to the Soviet Union, these proposals would not be withdrawn,

it was very doubtful if any reply other than perhaps mere acknowledgment would be received from the Soviet Government. With reference to Halifax's statement in the House of Lords, it is of interest that no reference thereto has thus far appeared in the Soviet press.

STEINHARDT

741.61/910 : Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, November 27, 1940—7 p. m.

[Received 7:16 p. m.]

1630. My 1601, November 23, 6 p. m. The British Ambassador informed me today that he had received no reply to the British proposals submitted by him over a month ago to Vyshinski and that he was no less of the opinion that no reply would be received. Cripps added that since the interview reported in my telegram under reference he has had no further talks with Vyshinski or anyone in the Foreign Office and that he had decided as a matter of tactics not to press the subject for the time being especially as he feels that his position has been seriously prejudiced as a result of the publication by the British Broadcasting Corporation of the British terms, which he had solemnly assured Vyshinski would not be made public. The Ambassador today was more inclined to direct his charge of "sabotage" against the British Broadcasting Corporation rather than his Foreign Office since he said that almost all "leaks" in regard to Soviet-British relations had been given currency by that organization. In this general connection he informed me that he had sent several strong telegrams to the British Foreign Office concerning the fantastic report put [out] by the British Radio of my alleged visit to Sofia.

The Ambassador said that he had heard reports which indicate that certain Soviet airplane factories were working day and night producing planes for export to Germany.

In respect of the recent visit of the Secretary General of the Soviet Foreign Office to Sofia, 44 Cripps is inclined to the view that the Soviet Government intervened diplomatically with the object of preventing Bulgaria from joining the Axis. He also told me that according to his information King Boris had gone to Berlin 45 to ask Hitler not to

44 Concerning the visit of Arkady Alexandrovich Sevolev to Sofia on November 25, see telegrams No. 188 and No. 189, December 18, from the Minister in Bulgaria, p. 537.

45 Regarding the visit of King Boris to Berlin on November 17, see telegram No. 165, November 21, 4 p. m., from the Minister in Bulgaria, p. 529.
compel Bulgaria to join the tripartite pact at the present time because of the possible consequences that such adherence might produce in the Balkans especially in the relations between Bulgaria and Turkey.

STEINHARDT

741.6/915: Telegram

The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State

Moscow, December 16, 1940—6 p.m.
[Received 6:13 p.m.]

1737. The British Ambassador told me today that he has not seen any of the officials of the Commissariat for Foreign Affairs “for nearly a month”; that he has adopted a policy of “aloofness” and that the British Government is now “shutting down” on Soviet imports. He expects that as a result of this policy the Soviet Government will within a reasonable period of time approach him on the subject of the resumption of trade negotiations. He said he had finally become convinced that the Soviet authorities are more amenable to retaliatory action than to the customary diplomatic methods.

STEINHARDT

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"The Charge in London, Herschel V. Johnson, had reported in his telegram No. 3913, December 7, 11 p.m., that during an interview on December 5, with Lord Halifax, the Secretary of State for Foreign Affairs, "he expressed some encouragement at the development of British relations with Russia and, said he, they were not going too badly and that the sum of all their reports indicates Hitler got little if anything out of the visit of Molotov to Berlin." (740.0011 European War 1939/7044)