GERMANY

Embassy Moscow considers that while a proposal for the withdrawal of all occupation troops from Germany must still be very appealing to the Soviets, it does not appear likely that Moscow will formally advance such a proposition at this time. Since Soviet-Communist propaganda has been playing the withdrawal theme for almost a year now without greatly increasing the popularity of its cause, it would appear that little more could be gained for the Soviet cause by a formal presentation of this proposal to the other occupying powers. Furthermore, the possible effect of such a move on the Soviet satellites and on the Communist cause in France and Italy, as well as the necessity for maintaining a strong position as long as the blockade of Berlin continues, would be further deterrents.

Our delegation in Paris reports that the six neutral members of the Security Council are now working on a resolution concerning the Berlin case for possible presentation at today's meeting which provides for: (1) the removal of all Soviet restrictions on transportation and trade in Berlin, (2) acceptance of the Soviet currency under a system of quadripartite control to be worked out by the four powers within one month, and (3) the resuming of negotiations in the Council of Foreign Ministers on all questions concerning Germany. It is understood to be the intent of this resolution that these three steps would be taken in order and not simultaneously.