DEPARTMENT OF STATE
OFFICE OF THE SECRETARY
WASHINGTON

DECEMBER 17, 1948

SUBJECT OF TELEGRAM

The Netherlands government has sent a reply to the recent letter from Indonesian President Sukarno in which the Foreign Office frankly describes as "truly the last possible move from the Netherlands side". The Dutch Foreign Minister has further informed our Embassy that he can keep the situation "in hand" within the Dutch government only until Sunday, and the Embassy notes other evidences of the sharp cleavage within the government and even rumors of preparations of military action in Indonesia. The Dutch reply points toward immediate Republican participation in the interim government, and indicates that the Dutch intend to proceed with this government in any case and that they do not envisage the resumption of negotiations through the Good Offices Committee.

Meanwhile we have informed the Dutch representatives here in Washington that unless this new reply is accompanied by explanations that the Netherlands government intends to leave the door open for further negotiations, the text can hardly be interpreted as other than a rigid restatement of the previous Dutch position which leaves little perceptible leeway for negotiations.

Berlin

We have indicated to our representatives in London, Paris and Berlin that in our view work done by the experts on the hypothesis of a split city is most unlikely to be fruitful, since a single currency for two Berlins appears quite impractical. Moreover, we feel that any action on the hypothesis of a unified Berlin is becoming more and more unrealistic, since every indication of the past few weeks suggests that the Soviets intend to effect the complete schism of Berlin. As a result we feel the western experts should not negotiate actively or bargain with the experts of the six neutral Security Council members between now and the December 30 deadline for the neutrals' report.