March 4, 1947

SUMMARY OF THE SITUATION

HUNGARY We are proposing joint US, UK and Soviet examination of the Hungarian political situation since we feel the intervention of Soviet occupation authorities in the conspiracy case has precluded the possibility of a local settlement and threatens to render impossible the functioning of democratic processes in Hungary. Schonfeld is to make clear our opposition to the Soviet action.

Greece The Greek Charge has presented the Department with a formal request for the "financial and other assistance" necessary to enable the Greek Government to purchase supplies of food and clothing and to enable the military and civil establishments to restore order within the country.

Germany Ambassador Murphy is informed that we disapprove in principle of the recruitment of Germans into the armed forces of the United Nations or of any other powers. We hope that a settlement of this problem may be reached at the Mosow Conference.

Italy We estimate the following emergency relief needs abroad following the end of the USSRRA program: Austria, $140 million; Greece, $76 million; Hungary, $40 million; Italy, $150 million; Poland, $126 million; and Trieste (on a tentative basis), $20 million. It is also felt that China may need $50 million in relief later in the year. It is believed that further relief would be unnecessary with the possible exception of Austria.