CONSIDERING COMBINED INTERESTS SOVIETS AND EAST GERMANS, BELIEVE CESSATION REFUGEE FLOW ONE OF PRIMARY COMMUNIST OBJECTIVES IN THEIR HANDLING BERLIN PROBLEM. THIS NOT ONLY FOR ECONOMIC REASONS BUT ALSO CHALLENGE IT CONSTITUTES TO COMMUNIST PROPAGANDA LINE. DEPT WILL RECALL STUBBORN COMMUNIST RESISTANCE AT TIME KOREAN SETTLEMENT TO ARRANGEMENTS ALLOW ANYONE OPT AGAINST COMMUNIST "PARADISE." BELIEVE SOVIETS HAVE BEEN RELUCTANT SANCTION UNILATERAL ACTION LARGELY BECAUSE OF UNWILLINGNESS ADVISER WEAKEN THEIR POSITION, LACK OF LEGAL BASIS, AND WEAKENING THEIR POSITION ON BERLIN SETTLEMENT.

IN ANY SETTLEMENT BERLIN PROBLEM WILL BE EXTREMELY DIFFICULT IF NOT IMPOSSIBLE OBTAIN SOVIET AND EAST GERMAN AGREEMENT TO ANY ARRANGEMENT WHICH DOES NOT CLOSE ESCAPE HATCH. IF THIS IS TO BE DONE SEEMS TO ME BETTER THAT THEY BEAR FULL RESPONSIBILITY RATHER THAN OUR AGREING EVEN INDIRECTLY TO SUCH STEP. SHOULD COMMIES DECIDE TAKE THIS STEP, UNLIKELY COUNTERMEASURES COULD BE SUCCESSFUL AND BELIEVE WE SHOULD BE CAREFUL NOT TO INITIATE COUNTERMEASURES WHICH WE MIGHT LATER HAVE TO ABANDON, SINCE I GATHER THAT EXCEPT FOR DANGER OF BUILDING UP PRESSURE FOR EXPLOSION BOTH WE AND WEST GERMANS CONSIDER IT TO OUR LONG-RANGE ADVANTAGE THAT POTENTIAL REFUGEES REMAIN EAST GERMANY, UNILATERAL EAST GERMAN ACTION HAS MANY ADVANTAGES FOR US. WOULD DOUBT
SECRET

2-258, JULY 24, 1 P.M. FROM: MOSCOW

THAT DANGER OF EXPLOSION GREATER FROM STOPPING REFUGEES THAN FROM DETERIORATION ECONOMIC CONDITIONS BY CONTINUATION EXODUS TRAINED MANPOWER.

IF BERLIN DEVELOPMENTS GO TO POINT OF SEPARATE TREATY FAR BETTER FOR US THAT EAST GERMANS CLOSE BERLIN SECTOR BORDER THAN THAT THEY ATTEMPT INTERFERE WITH OUR ACCESS BY AIR. THEREFORE ON BALANCE BELIEVE WE SHOULD REFRAIN FROM GIVING IMPRESSION WE WOULD TAKE STRONG COUNTERMEASURES IF THEY CLOSE HATCH. MY GUESS IS HOWEVER THAT SOVIETS WILL INITIATE EARLY MOVE FOR NEGOTIATIONS WHICH SHOULD HAVE EFFECT REDUCING REFUGEE PROBLEM TO TOLERABLE PROPORTIONS.

THOMPSON

HL