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CENTRAL INTELLIGENCE GROUP AGENCY

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WASHINGTON 25, D. C.

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30 June 1948

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Current Situation in Berlin

Information has been received that a conference was held in Karlshorst on 28 June 1948 between Russian officials, headed by Marshal Sokolovsky, and German members of the German industrial committee. Sokolovsky opened the conference by asking the German industrialists what influence on the Eastern Zone of Germany would exist because of the blockades from the Western Zone.

A German representative stated that being out off from the West meant a complete stoppage of production in sugar refineries for lack of 50,000 meters of steel piping on order in the Western Zones; it almost meant a complete closing down of canneries since the entire raw material was received from the West; and a certain discontinuance of the Baltic fishing fleet within a short time because of lack of machinery parts. Sokolovsky evidenced a great consternation at this statement, replying that the Russians had been led to believe the East could be independent of the West. The German member then stated that the heavy industries, particularly the steel mills in Hennigsdorf, could not produce without the West and that other heavy industries in the Eastern Zone would be equally affected. The Russians appeared greatly shocked, and a Russian General, in charge of trade and supply, said, "We had no idea of this situation; Russia is suffering from heavy droughts and is counting on German food supplies this year. Food supplies must be maintained, come what may. If we had known this, we would not have gone so far."

During the meeting Sokolovsky stated that three possibilities were available:

- a. Start a war.
- b. Lift travel restrictions on Berlin.
- c. Leave entire Berlin to West, giving them the rail line.

After the meeting Tul'kov, who was also present, said that war was impossible due to bad harvest prospects and that lifting travel restrictions would make the Russians lose face. The third possibility was that the West would have to feed all of Berlin and would have more on their hands than they bargained for. He stated that 2,000 tons of food would

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be needed daily to sustain the Germans in the Western sectors, but he thought the Western Powers could feed their zones by extensive import of concentrated foods.

(The above information has been disseminated to Mr. Murphy and General Walsh in Berlin and to the Armed Services and State Department in Washington. Its evaluation is: the source is very reliable and the content is possibly true.)

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