

Exhibit 2712

Def. Doc. No. 1695

TELEGRAM RECEIVED

REB

From Moscow

Dated August 11, 1938

Rec'd 1:50 p.m.

Secretary of State,

Washington.

August 10, 3 p.m.

According to the published accounts of the proceedings of the opening joint session of the Supreme Soviet which took place yesterday evening and which was devoted to the budget, the only reference to the Far Eastern controversy was made by the Commissar for Finance Zverev in presenting the military items of the budget. He stated that "the Japanese military in recent days has made a number of provocative attacks on Soviet territory in the neighborhood of Lake Khasan. The penetration of regular Japanese units onto Soviet territory is an attempt of the Japanese military to drag Japan into a war with the Soviet Union. The Soviet Union resolutely and logically carries out a policy of peace exposing the rapacious policy of the Fascist states".

Total expenditures under the consolidated State budget for 1938 as reported by Zverev at this session amounted to 123 thousand 684 million rubles; excess of revenue over expenditures is estimated at one thousand 500 million rubles.

The principal increases of expenditures under the State budget not including the local budgets are as follows in compliance last year's State budget.

(One) The Peoples Commissariats for the Army and Navy by nine thousand 563 million rubles or 54.7 per cent.

(Two) The Peoples Commissariats for Internal Affairs by one thousand 325 million rubles or 54.2.

(Three) Administration and Judicial Institutions by 777,000,000 rubles or 39.7 per cent.

(Four) Social and Cultural Welfare by one thousand 633 million rubles or 27.7 per cent.

(Five) Financing of the National Economy by seven thousand 879 million rubles or 20%.

Zverev emphasized the fact that exceptional increases of expenditures for defence purposes are being made by the capitalist countries particularly by the "Fascist states" and in pointing out that Soviet policy is directed "not only toward the defence of the Soviet land but also of the workers of all countries" declares that the increased appropriations for Soviet defence will still further strengthen the power of the mother land so that "woe will be to him who endeavors to test the strength of Soviet arms".

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No. 9614

UNITED STATES OF AMERICA

Department of State

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I CERTIFY That the document hereunto annexed is a true copy from the files of this Department.

(Seal) In testimony whereof, I, George C. Marshall, Secretary of State, have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the Acting Authentication Officer of the said Department, at the city of Washington, in the District of Columbia, this twenty-third day of January, 1947.

George C. Marshall
Secretary of State

By B. E. Cash
Acting Authentication Officer
Department of State

-1-

-2-