

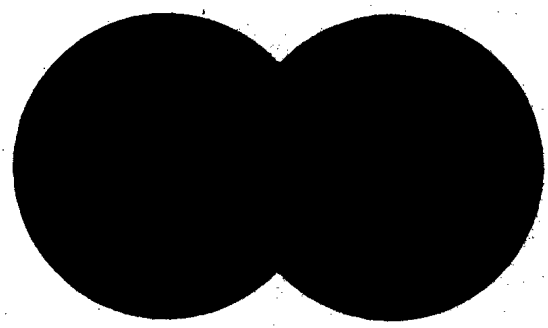
*JJ*

~~SECRET~~

Copy No. 66

0250201

# WEEKLY SUMMARY



Number 17

**10 SEP 1948**

Document No. 001

NO CHANGE in Class.

**DECLASSIFIED**

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1703

Date: 01/02/78 By: 021

*F-17*

## CENTRAL INTELLIGENCE AGENCY

~~SECRET~~

1. This publication contains current intelligence exclusively and therefore has not been coordinated with the intelligence organizations of the departments of State, Army, Navy, and Air Force.
2. This copy may be either retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency.

**WARNING**

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, 50 U.S.C., 31 and 32, as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

~~SECRET~~

C O N T E N T S

	Page
HIGHLIGHTS.....	1
WESTERN EUROPE.....	2
EASTERN EUROPE.....	5
NEAR EAST - AFRICA.....	8
FAR EAST.....	11
WESTERN HEMISPHERE.....	13

~~SECRET~~

**SECRET**

**H I G H L I G H T S**

**With no end of the blockade of Berlin yet in sight, the USSR began during the past week to intensify its efforts to destroy the present Berlin city government (see page 5). Through the intimidation of non-Communist officials and the use of controlled popular violence, the Soviet Union intends to anticipate the outcome of the current four-power negotiations by making western power occupation of Berlin dependent, in any event, upon Soviet "tolerance" in Berlin. Elsewhere in eastern Europe, the USSR was confronted with a "nationalist" rebellion in the Polish Communist Party which was contained by the pro-Cominform group (see page 6).**

**Prolongation of the political crisis in France appears to be increasing the possibility that General De Gaulle will be swept into office by popular election sometime in the next few months (see page 2). As the French people view the present scene of economic instability, political cleavages, and mutual distrust, they are increasingly likely to turn to the leader who has consistently symbolized the strong executive.**

**The problem of the disposition of Italy's colonies was highlighted during the past week by the Soviet Union's last-minute request for a Council of Foreign Ministers meeting to discuss the colonies. Although the coming CFM meeting probably will reach no agreement in the time remaining before 15 September, a unified US-British-French policy for presentation at the Paris General Assembly meeting now appears likely and may make it possible to achieve some solution there (see page 8).**

**- 1 -**

**SECRET**

## SECRET

## WESTERN EUROPE

Growing tensions between the western powers and the USSR may produce a bitter "battle of words" during the Paris meeting of the UN General Assembly. Placed on the defensive by increasingly effective US aid to western Europe, the USSR will probably lash out with a major propaganda offensive designed to shake the confidence of western European and Asiatic peoples in the intentions of the US and to contrast aggressive US imperialism with the Soviet will for peace. The USSR will charge that the US is attempting to enslave western Europe through the European recovery program and integrate western Germany into western Europe. Besides demanding Soviet participation in a solution of the overall German problem on the basis of the Warsaw Communiqué, the USSR will probably attack the disposition of the Italian colonies, western colonial imperialism in the Near and Far East, failure to reduce armaments, and UN failure to achieve international control of atomic energy. By attacking aggressively on the points of greatest western vulnerability, the USSR probably hopes to divert world opinion from its own aggressive designs and Soviet obstructionism in the UN.

## FRANCE

General De Gaulle's chances of being swept into office by a popular election in the next few months appear to be increasing as the French political situation continues to deteriorate. The inability of the French government to stabilize prices and wages during August, when food supplies and industrial production reached their postwar peak, was caused largely by the unwillingness of the various elements in France to work together for recovery under the leadership of the present centrist coalition. By withholding production from the market, industrialists, merchants, peasants, and middlemen have prevented France from capitalizing upon a distinctly

**SECRET****FRANCE**

promising economic situation. Because of ideological cleavages and mutual distrust, the stage is being set for the return of France's "strong man." In the midst of current talk of self-dissolution by Assembly members, De Gaulle's position in the eyes of the French electorate is further strengthened by his record of the past two years in consistently demanding a stronger executive.

**GERMANY**

The deteriorating wage-price balance in western Germany is providing the Communists with their best postwar opportunity for fostering widespread strikes in key industries. The powerful Bavarian Metal Workers' Union, in which the Communist Party is strongly represented, is to decide by 11 September whether to hold a general strike in demand of a 30% wage increase. Either the strike or the wage increase would cause serious long-range repercussions throughout the western German economy. A strike, which would be sanctioned by the trade unions, would probably spread to other Laender and affect many vital industries. A wage increase would undoubtedly lead to similar demands from other industries and would have the usual spiraling inflationary effect throughout the western zones.

**UNITED KINGDOM**

The recently-concluded RAF defense exercise, "Dagger," (in which USAF B-29's stationed in Great Britain participated) reflects the change in British defense policy which was inaugurated less than a year ago. As late as December 1947, the government's over-all policy was designed to cut military expenditures drastically and to reduce most of its air defense facilities to a maintenance basis. General deterioration in the international situation, however, has forced the government to review its previous estimates of air strength and to give a

**SECRET**

**SECRET**

**UNITED KINGDOM**

priority to air defense second only to research and development. This change in policy has resulted in: (1) re-activation of the air-raid precaution and the control and reporting systems; (2) equipment of all UK-based operational fighter squadrons and one reserve squadron with jet aircraft; and (3) recommendation for increased production of anti-aircraft ammunition.

**SWEDEN**

Sweden's continued isolationism is demonstrated by the issues placed before the voters prior to the Swedish general elections set for mid-September. Political speakers are discussing Sweden's financial crisis almost to the exclusion of international and foreign policy problems. Because of its continued adverse balance of trade, Sweden has become since June a debtor nation. As a result, economic difficulties and the party's previous errors will probably necessitate changes in the Cabinet, even though the Social Democrats will undoubtedly remain Sweden's strongest political party. If the economic situation deteriorates rapidly, the election gains of Liberals and Agrarians may bring about the formation of a coalition government.

**SECRET****E A S T E R N E U R O P E****SOVIET UNION**

In the midst of the four-power negotiations in Berlin, the USSR is making determined efforts to destroy the present city government and to replace it with a Communist-dominated administration subject to the will of the Kremlin. These tactics are apparently intended to lay the ground work for eventual absorption of Berlin into the economy of eastern Germany. Intimidation and arrest of western sector police and non-Communist city officials, intensified anti-western propaganda, and strong efforts to smash the legally-elected Berlin government are all part of this campaign. These Soviet actions in Berlin clearly indicate their determination to increase western dependence upon Soviet "tolerance" regardless of the outcome of the current negotiations. The establishment of a Soviet-sponsored east mark as the only currency in Berlin and the recent steps taken by Soviet authorities to assure their eventual control over Berlin's political and economic administration will increase Soviet potentialities for imposing additional restrictions at a later date and eventually forcing the western powers out of Berlin.

Security measures on Soviet railroads have recently been tightened but there have not been any major transportation dislocations that would result from large-scale military shipments preliminary to an offensive. However, the new security measures, requiring dispatchers to transmit loading manifests in code and preventing foreign personnel from observing marshalling yards, may be a prelude to highly secretive rail shipments throughout the USSR. Railway rolling stock recently observed in the vicinity of Moscow includes armored locomotives, anti-aircraft wagons, and large flatcars suitable for heavy military loads.



**SECRET****SOVIET UNION**

Soviet domestic propaganda has maintained its silence concerning the four-power negotiations in Berlin. In Germany, the Communist-dominated press and radio tried in various ways to undermine the prestige of the western nations and to create uncertainty and confusion among western-sector Germans.

**POLAND**

Recent conflict within the Polish Communist Party, as revealed by Wladyslaw Gomulka's removal as a Polish Communist Party leader, represents another rebellion by a nationalistic faction within Satellite Communist parties against Moscow-enforced discipline when the interests of the nation are concerned. The Polish situation might have resulted in another Tito-rift except for the presence of 125,000 Soviet soldiers within Poland, the fact that Poland borders the USSR, and the fact that Poland's Communist Party was a "three-man" show. Great efforts were made within the party to patch up the differences with Gomulka and his public recantation quickly presented an unbroken front to the world. Despite his recantation and his retention as First Vice-Premier and Minister of Recovered Territories, Gomulka is not long for Polish political life.

**YUGOSLAVIA**

Tito's latest effort to rally the Yugoslav people to his support, by demanding that Ivan Subasic (Croatian Peasant Party Leader) enter the government, may lead eventually to a coalition government for Yugoslavia. Because Tito has apparently abandoned all hope of compromise with the Kremlin and is doubtful of the ability of the Yugoslav Communist Party to provide a stable government without Moscow support, he may attempt to include several non-Communist elements in a coalition-type government.

**SECRET**

**SECRET**

**YUGOSLAVIA**

**Participation in the government by Subasic would substantially improve the regime's position and may foreshadow reconciliation with other peasant groups as well as some type of rapprochement with the west. Such overtures to the peasants might also be prompted by Tito's desire to counterbalance the attempts of the Kremlin to consolidate control over all nationalistic peasant groups throughout the Satellites.**

- 7 -

**SECRET**

SECRET

## NEAR EAST - AFRICA

## ITALIAN COLONIES

A joint US-British-French policy for disposition of the Italian colonies in the UN General Assembly this fall has been brought nearer to realization by a recent French compromise proposal. The French propose: Italian trusteeship for Somaliland; partition of Eritrea, with the southern part going to Ethiopia and the disposition of the northern part being postponed for one year; and British trusteeship over Cyrenaica and French trusteeship over Fezzan, postponing disposition of Tripolitania for one year and envisioning eventual Italian trusteeship. The UK and France favor this proposal because of their desire to line up any votes Italy can win for support of UK trusteeship for Cyrenaica and of French control of Fezzan. However, the US and the UK insist that any support for eventual Italian trusteeship of Tripolitania be conditioned upon Italian ability to bear administrative responsibilities and peaceful acceptance of Italian trusteeship by the native populations.

The effectiveness of any UN trusteeships over the Italian colonies will ultimately depend, in large part, upon the attitude of the native populations toward the power given control. The prospect of British trusteeship over Cyrenaica should not cause difficulties, since Sayid Idris, the powerful Senussi leader of the Arab majority there, would operate closely with the British in any event. However, the return of Italian Somaliland to its former masters, as currently contemplated by all four members of the Council of Foreign Ministers, would probably cause serious rioting by the Somali Youth League, the dominant organization of the large Moslem majority. The projected cession to Ethiopia of portions of southern Eritrea (with decision on the remainder postponed) may also lead to outbreaks on the part of anti-Ethiopian Moslems. The fear that Tripolitania might be returned to Italy has already agitated Tripolitania's politically-conscious Arab majority. In the hope of forestalling this move,

- 8 -

SECRET

**SECRET**

**ITALIAN COLONIES**

the Tripolitanian political parties might attempt either to ally with Cyrenaica's Sayid Idris regime in a united Libya or to set up an independent government of their own.

**INDIA - PAKISTAN**

After some two months of patient negotiations, the UN Kashmir Commission appears to be back where it started in its attempts to settle the Kashmir dispute. Although Pakistan has now joined India in nominally accepting the Commission's cease-fire proposals, the many conditions attached to the Pakistani acceptance virtually nullify it. Thus, even in the preliminary matter of halting active hostilities, the Commission presumably must undertake a new round of difficult negotiations. The independence being shown by the partisans of the two dominions in Kashmir is another troublesome aspect. Sheikh Abdulla, Prime Minister of the Indian-supported Kashmir Government, is showing new interest in obtaining independence for his state. Meanwhile, the head of the "Azad Kashmir Government," set up by pro-Pakistan Moslem tribesmen, is insisting that he be consulted by the Commission in any attempt to settle the Kashmir issue.

**PALESTINE**

Arab solidarity is again being threatened by the Grand Mufti's aspirations in Palestine. The Mufti reportedly hopes to establish an army under the control of his Arab Higher Committee for Palestine. Such an army, operating independently of the armies of the Arab League states, would seriously hamper both the military activities of those states and their achievement of a unified command. Moreover, if the influence of the Arab Higher Committee is increased among Palestinian Arabs, the civil administration of the Arab areas would be

- 9 -

**SECRET**

**SECRET**

**PALESTINE**

**disrupted and the areas thereby exposed to Jewish penetration. The Mufti would probably become a rallying point for Arab extremists. Already the incendiary Moslem Brotherhood in Egypt has indicated that it would support an army composed of Palestinian Arabs and a government built around the Arab Higher Committee.**

**SOUTH AFRICA**

**Military training in South Africa has become a political football. The Malan administration is attempting to use the program to obtain full Afrikaans control in the armed forces. The opposition, both in the army and in parliament, insists on retaining British orientation. Added to the existing social unrest created by the Government's moves to implement its program of racial segregation, continuation of the military controversy will probably reduce efficiency and morale throughout the armed services.**

**SECRET****BURMA**

statehood in a loose federation. Premier Thakin Nu has agreed to the establishment of a committee to hasten settlement of Karen demands, and, if they support the government after exacting as many concessions as possible, the Karens could use such support for bargaining purposes in the future.

**KOREA**

A Soviet withdrawal of occupation troops from Korea sometime in the near future may be indicated by the pattern of recent events. Such a withdrawal will be made for its propaganda value and in the full conviction that the North Korean People's Army will remain subservient to the Kremlin. The Soviet Union has already succeeded in: (1) organizing a Soviet-type government; (2) creating and training a "peoples" army; (3) enacting "social reforms"; and (4) securing police control of the populace. The withdrawal of substantial Soviet forces from north Korea combined with the "efficiency" of the 25 August election in north Korea (conducted to give the appearance of complete collaboration between North and South Korea), could be used by the USSR as strong diplomatic and propaganda arguments during the forthcoming session of the UN in Paris.

**PHILIPPINES**

The Philippine Government will probably resume strong military action against the Hukbalahap following adverse public reaction to Huk Leader Taruc's recent statements. Taruc, an avowed Communist, has generally been considered strongly nationalistic, but, if judged by his recent remarks urging Philippine support of Soviet policy in Asia, he has now broken completely with Philippine government policy and aligned himself with Russia.

**SECRET**

SECRET

WESTERN HEMISPHERE

PARAGUAY

In expressing apprehension over imminent Argentine aggression, Paraguay has recently become the third Latin American country to call such fears to the attention of the US. In substantiation of his alarm, Paraguayan President Gonzalez alleges that Argentine troops are massing along the Paraguayan and Uruguayan borders. However, Gonzalez' expression of fear probably represents also a well-timed effort to consolidate his political forces and to win the sympathy of Latin American nations and of the US.

BOLIVIA

Present indications are that the Bolivian Government may declare a state of siege and deport leaders of the Revolutionary Left Party and the Nationalist Revolutionary Movement in an effort to suppress opposition to the present administration. President Hertzog is reportedly discouraged concerning his inability to govern the country democratically and to deal effectively with recent strikes. Meanwhile, the opposition parties have become stronger and have shown themselves capable of concerted action in the chamber of deputies. It is likely, therefore, that if the Government resorts to repressive measures, the present delicate situation may be further aggravated and new disorders may follow.

- 13 -

SECRET

~~SECRET~~**DISTRIBUTION**

1. . . . . The President
2. . . . . Secretary of State
3. . . . . Chief of Staff to Commander in Chief
4. . . . . Secretary of Defense
5. . . . . Secretary of the Army
6. . . . . Secretary of the Navy
7. . . . . Secretary of the Air Force
8. . . . . Chairman, National Security Resources Board
9. . . . . Executive Secretary, National Security Council
10. . . . . Assistant Secretary of Navy for Air
11. . . . . Chief of Staff, U.S. Army
- 12,13,14. . . . Chief of Naval Operations
- 15,16,17. . . . Chief of Staff, U.S. Air Force
18. . . . . Director of Plans and Operations, General Staff, U.S. Army
19. . . . . Deputy Chief of Staff (Operations) U.S. Air Force
20. . . . . Deputy Chief of Naval Operations (Operations)
21. . . . . Director of Plans and Operations, U.S. Air Force
- 22,23,24. . . . Special Assistant to Secretary of State, Research &  
Intelligence
- 25,26,27,28,29. Director of Intelligence, General Staff, U.S. Army
- 30,31,32,33,34. Chief of Naval Intelligence
- 35,36,37,38,39. Director of Intelligence, U.S. Air Force
40. . . . . Director of Security and Intelligence, Atomic Energy Comm.
41. . . . . Executive Secretary, Military Liaison Committee, Atomic  
Energy Commission
- 42,43,44,45,46. Chief, Acquisition & Distribution Division, OICD, Dept. State
47. . . . . Director, Federal Bureau of Investigation
48. . . . . Secretary, Joint Chiefs of Staff
49. . . . . Chief, Policy Planning Staff, Dept. State
50. . . . . Secretary of State (Attention: Chief, Policy Reports Staff)
51. . . . . Deputy Director, Joint Intelligence Group, Joint Staff
- 52,53. . . . . Secretary, Joint Intelligence Group, Joint Staff
54. . . . . U.S. Air Force Representative on Joint Strategic  
Survey Committee
- 55,56. . . . . Secretary, State-Army-Navy-Air Coordinating Committee

~~SECRET~~



~~SECRET~~