

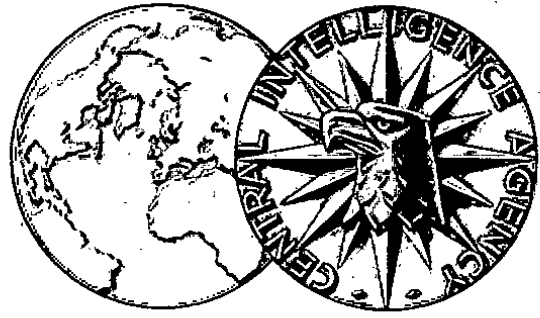
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H I G H L I G H T S

Kremlin optimism concerning the Soviet power position in the world is reflected both in the tone of the recent pre-election speeches and in current Soviet tactics in Germany. This increased confidence appears to be based on a Kremlin estimate that the "consolidated" peoples democracies are gaining strength, on recent Soviet atomic achievements, and on the Communist victory in the Far East (see page 5). In Germany, this confidence has recently been evidenced by an uncompromising designation of the East German regime as the sole focal point of German unity and by Soviet insistence upon making political progress toward the establishment of a Peoples Democracy in East Germany (see page 13). The USSR is unlikely at present to go so far as to conclude a separate peace treaty with the East German Government unless the Western Powers make a separate agreement with West Germany.

Prospects appear to be decreasing at present that India and Pakistan will come to armed conflict over the Bengal situation (see page 8). Although the area will continue to be a source of disturbance, both sides appear to be fully aware of the grave military and political consequences which would result from armed hostilities. Meanwhile, Prime Minister Nehru's conduct of India's affairs appears to be meeting with strong opposition both within and without the Government (see page 7). Shaken in his hope that his leadership would be accepted both in India and throughout Asia, Nehru may eventually be persuaded by his powerful political opposition to adopt a more realistic and possible pro-Western policy.

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WESTERN EUROPE

NATO Prospects Some strengthening of the still embryonic North Atlantic Treaty Organization (NATO) may soon take place as a result of the widespread desire, at both public and governmental levels, for greater Western unity in the face of increased Soviet aggressiveness. UK Foreign Minister Bevin, for example, feels that immediate consideration should be given to creating a more effective and coordinated organization. Most European countries strongly favor strengthening the NATO as a means both of committing the US more fully to support of Western Europe and of assuring the continuation of US military and even economic aid.

The trend will probably be toward the use of the NATO as the focal point for stressing the close inter-relationship within the Atlantic community and its common interests in the cold war. The sphere of NATO activities could be readily expanded from primarily military to political and economic cooperation. The high-level NAT Council, composed of the foreign ministers of NAT signatory nations, will probably be used increasingly as a forum for coordination of Western cold war policies; and new groups may be formed within the NATO to deal with common problems.

GERMANY

Trade Control Evasion Western attempts to control trade between West Germany and the East German republic (GDR) are being evaded by West German industrial interests, who simply fail to channel transactions through the interzonal trade office. Although

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SECRET**GERMANY**

the moratorium on licenses for steel shipments to the Soviet zone is in force, a brisk trade, estimated to be more than the value of the trade agreement in this category, is being carried on through private arrangements with the GDR. For example, the moratorium has not deterred West German steel interests from granting a private credit account of at least 15 million deutsche marks to the GDR, and manufacturers are reportedly underbidding each other in efforts to obtain steel orders from the Soviet zone. A major reason for this evasion of trade controls seems to be the manufacturers' desire to develop and expand existing markets in the GDR and the Soviet bloc countries. Markets for the bulk of all West German steel shipments to the GDR could have been found outside the Soviet orbit.

At present there seems to be no desire on the part of the West German government authorities to put a halt to these extra-legal transactions. The continuation of this trade control evasion will contribute to the weakening of other controls over strategic goods moving to the east and will also remove a strong Western bargaining point for dealing with the USSR on matters concerning access to Berlin.

FRANCE

Tension Eased The danger of government collapse has been temporarily reduced by the passage of the anti-sabotage bill and the gradual subsiding of the current strike wave. Although Communist threats to spread social disorder and to sabotage MDAP have momentarily unified the government, controversial

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SECRET**FRANCE**

domestic issues will soon arise in Parliament and probably cause renewed disagreement among the members of the present coalition. The Communist threat has made the Socialists and Radical Socialists reluctant to be responsible for the fall of the government, but their recent defection from the Cabinet has left Bidault with an unstable minority government. Moreover, the conditional support given Bidault by the Socialists could lead to a political crisis without warning. The Radical Socialists could also refuse to support the government on a wage-price issue, but the party will probably hesitate to take this step prior to the reform of the present electoral law.

BELGIUM

Leopold Issue The critical split in the Belgian Cabinet and the sharp dissension in Parliament resulting from King Leopold's failure to receive a substantial majority in the recent "popular consultation" will make a final settlement of the Leopold issue most difficult. Although 57 percent of the total vote favored Leopold's return, he was decisively defeated in Brussels and in the highly important industrial Walloon provinces. In addition to strong Socialist and Communist opposition, certain Catholic and Liberal Ministers within the Government are against the King's return. If Premier Eyskens' resigns as he has threatened to do if Leopold returns, the pro-Leopold forces would have extreme difficulty in forming a stable Cabinet. Although the easiest solution would be for Leopold to abdicate voluntarily, the King's stand has been unyielding during the past five years of bitter controversy and he will probably be most reluctant to abdicate during the present controversy.

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

Cold War The tone of pre-election speeches of Politburo members indicates a hardening of the Kremlin's attitude toward the West. The Soviet attitude is apparently based on the Kremlin's estimate of the increased strength of the "consolidated" peoples democracies, Soviet atomic achievements, and the tremendously changed situation in the Far East. The Kremlin is also apparently convinced that the "economic crisis" which it believes began in the US in October 1948 is growing steadily worse. Molotov stated in his speech that the fate of peoples is being determined in the first place by the economic development of the state and that the economy of the US is rolling toward a precipice. The pre-election speeches also indicate that the USSR will continue to exploit any weakness in the Western economies in order to hasten the day of Western economic collapse. Moreover, as the Soviet orbit economies become stronger, the USSR will prosecute the cold war with increased vigor.

Farm Control Further measures to increase the Soviet war potential by securing complete state control over agriculture may be instituted soon. The most important Soviet measures will probably bring about drastic reductions in private use of the land and individual ownership of livestock. The results of increased state control over land and livestock would assure a better supply of food to the industrial population and armed forces by forcing Soviet farmers to spend virtually all their time on collective farm production.

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SECRET**GREECE**

Centrist Coalition The proposed centrist coalition government under the 63-year old Republican revolutionary hero, General Plastiras, is encountering persistent opposition from rightist circles. Apparently assured of the support of some 55-60 percent of the new Parliament, the three center leaders (Venizelos, Papandreou, and Plastiras) have agreed on a moderate program which specifically recognizes the constitutional position of the Crown and promises a continuation of a firm pro-Western and anti-Communist policy. These guarantees, however, have not modified rightist and Palace objections to Plastiras. The King has already made unsuccessful attempts to enlist US support in splitting the new centrist bloc, and he may well try to delay the appointment of a Plastiras government as long as possible in the hope that the center bloc can be at least weakened, if not broken up, in the meantime. Although eventually the King would probably be forced to name a Plastiras government, the new centrist coalition would remain vulnerable to opposition pressures.

The wage-price issue, which might well furnish the government's first real test in view of the recent sharp rise in inflationary tendencies, provides a particularly good opportunity for a joint onslaught on the government by the right wing, which dominates the top trade union leadership, and the ultra-leftists in the Chamber. The failure of a centrist government under this or any other of the numerous post-election stresses would almost certainly leave Greece without any other workable governmental combination within the present Parliament. New elections would then be an imminent probability, this time under a majority system of voting so that a "strong" government could more easily be formed.

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SECRET**N E A R E A S T - A F R I C A****INDIA - PAKISTAN**

Nehru Under Fire Prime Minister Nehru's conduct of India's affairs is encountering strong opposition from both within and without the government. Deputy Prime Minister Patel, supported by a majority of the Cabinet, has become sharply critical of several major aspects of current Indian policy, reportedly charging that Nehru has: (1) tossed away the potential benefits of closer ties with the US and UK in the unrealistic hope that India might achieve lasting friendship with Communist China and the USSR as well; (2) failed to make a sufficiently determined effort to come to terms with Pakistan; and (3) frightened away foreign and domestic investors with the spectre of socialism at a time when India has urgent need of private investments above and beyond the funds the government itself can obtain. Meanwhile, Nehru is being pressed to take a more belligerent attitude toward Pakistan by extremist anti-Moslem elements, notably in West Bengal and among the Sikh and Punjabi refugees.

This double attack on Nehru's policies has undoubtedly shaken his hope that his leadership would be accepted within India and throughout Asia. His current mood is apparently one of frustration and indecision: although he privately concedes Patel's contention that India has no real friends, he stubbornly refuses to change his foreign policy, and although he asserts that capital has nothing to fear from his government, he fails to support legislation which would make those assurances convincing.

The fact that a powerful group in the Cabinet favors a more realistic policy, a view which evidently stems from the sober fears of the business community about continuing

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SECRET**INDIA - PAKISTAN**

political and economic tension, shows promise that a more stable and more pro-Western India may develop. Until Nehru can be persuaded to come to terms with Patel's group, however, the present intra-governmental dissension will dissipate the energies of India's leaders and will make the government more vulnerable to pressure from those opposing any compromise with Pakistan.

Bengal Situation The possibility of armed conflict between India and Pakistan over the Bengal situation seems to be decreasing for the moment. Although India has sent additional troops into the Calcutta area, the Indian Government is thoroughly aware of the grave military and international consequences which an invasion of Pakistan would entail. Pakistan, for its part, realizes that it would have little chance of winning any war with India.

The situation in East and West Bengal, however, will remain a source of continued disturbances. Overpopulation, the existence of large religious minorities in both provinces, and the effects of economic warfare between India and Pakistan provide a strong basis for social unrest. In addition, the Bengalis are a people noted for a volatile temperament and predisposition toward violence. Thus far, the persecution of Hindus in West Bengal has apparently been more widespread than the maltreatment of the Moslem minority across the border, and resentment is strongest among the West Bengal Hindus. The principal danger, consequently, is that new anti-Hindu outbreaks in East Pakistan may not only provoke retaliation in West Bengal but also enable the Bengali leaders and various reactionary Hindu groups to bring strong pressure for

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INDIA - PAKISTAN

intervention on the part of the Indian Government. A number of West Bengali groups would welcome such an opportunity to press for action for the re-incorporation of East Bengal into India.

FRENCH NORTH AFRICA

Pro-US Sentiment Increased French sensitivity to any indication of US influence on Arab activities is becoming more apparent as North African nationalists make outspoken bids for US support. The French feel that the US attitude toward North African colonial countries is unrealistic and that the Atlantic Charter has encouraged unrealizable ambitions among North African natives. The North Africans, for their part, believe the US policy of avoiding friction with the French does not take into consideration the importance of the Arab attitude in case of war with the East. Arab nationalists say that they are not yet committed to either the West or the Soviet sphere and that they are open to persuasion by concrete examples of US friendship.

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F A R E A S T

INDOCHINA

Ho's Orientation Although Moscow-trained Ho Chi Minh has never been proven to be either a Tito-like nationalist or a Moscow-dominated Communist, recent developments may indicate his subservience to the Kremlin. Broadcasts from the Ho-controlled radio in Indochina have reportedly attacked Tito and failed to mention the diplomatic recognition extended by the Yugoslav Government to the Ho regime. French authorities have also reported that Ho is on his way to Peiping and Moscow to sign treaties of alliance with Mao Tse Tung and Stalin. Ho's brief flirtation with Yugoslavia regarding recognition may have been the result of a mistake by his Bangkok representative, who made the initial approach to Tito along with a general invitation to all nations.

KOREA

Election Issue President Rhee's supporters in the Korean National Assembly have defeated a strong movement to reduce the powers of the executive and establish a "responsible Cabinet." The move to reduce executive powers began with the conservative, wealthy, and relatively talented Hankook-Democratic Party but drew support from all factions in the Assembly, which has been increasingly critical of administration inefficiency and police intimidation. Little cooperation can now be expected between the Assembly and the President until after the next Assembly elections, scheduled for late spring. It is apparent that, despite this victory, Rhee has lost much of his former strong support in the Assembly. If Rhee permits a "free atmosphere" during the coming elections, the Hankooks may well win sufficient seats to reintroduce and pass the disputed bill.

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SECRET**WESTERN HEMISPHERE****THE CARIBBEAN**

Improved Stability Prospects for greater stability in the Caribbean have improved, as a result of the report and recommendations of the Organization of American States (OAS) investigating committee, which has been studying the far-reaching and complex factors contributing to unrest in that area. Although ill feeling still exists among the Caribbean countries--the Dominican Republic, for example, has reportedly threatened to break relations with Cuba--the work of the committee has already alleviated tension. If the Council of the OAS, as expected, approves the recommendations, a further contribution toward restoring tranquility to the Caribbean will be made. Three of the four countries involved in the controversies which gave rise to the investigation, Cuba, the Dominican Republic, and Guatemala, were found to have been implicated in activities aimed at unseating other governments. The fact that the committee's frank report and recommendations are to be made public should have a salutary effect on the governments concerned and will probably cause them to hesitate in the future before indulging in hostile activities against their neighbors.

GUATEMALA

Anti-US Feeling Acceptance by Colonel Jacobo Arbenz of extreme leftist labor and political support in his campaign for the presidency will immediately increase the influence of pro-Communist and anti-US elements in Guatemala. Recent nationalist anti-US agitation

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GUATEMALA

which has already damaged US prestige includes attacks against the US-sponsored Institute of Inter-American Affairs and the calculated insult to the US at the recent Caribbean Olympic Games. This growing anti-US sentiment, which may become a threat to US interests in the area, will be further aggravated by the recent leftist alignment of Arbenz, whose political commitments will provide anti-US and pro-Communist agitators with a measure of protection during the forthcoming presidential campaign.

CUBA

Communist Strength The Communists, whose political isolation during recent years had limited their influence in Cuba, have now considerably improved their political position through their recent alignment with moderate conservative parties in support of the Grau-Batista candidate for mayor of Havana. This alignment may even result in victory for some minor Communist candidates, and the Communist Party will almost certainly gain votes. Even more important, by using the electoral campaign for propaganda purposes, the Communists will probably be able to win support on certain key issues from their temporary allies.

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SECRET**CURRENT SOVIET TACTICS IN GERMANY**

Current Soviet tactics in Germany reflect both the Kremlin's growing optimism regarding its improved world power position and its increased confidence in gaining eventual control over all of Germany on Soviet terms. These tactics are characterized by an uncompromising designation of the East German regime as the sole focal point of German unity and by Soviet insistence upon political progress toward the establishment of a Peoples Democracy in East Germany. This Soviet attitude is evident in: (1) the demand for absolute acceptance of the National Front policy of German unity through friendship with the USSR; (2) consistent reiteration by East German political officials that the Oder-Neisse boundary is permanent, and their acceptance of the recent Polish decision to evict the German minority; and (3) the purge of the bourgeois parties in East Germany. The USSR is unlikely to change its present tactics as long as the Kremlin does not foresee participation of West Germany in an effective political and military Western bloc.

The USSR is unlikely to conclude a separate peace treaty with the East German Government (GDR) in the near future unless the Western Powers sign a separate peace agreement with West Germany. The USSR could, however, take action short of a formal peace treaty, such as a declared termination of the state of war. Any advantages accruing to the USSR from a separate peace treaty at this time would be limited to propaganda and the enhancement of the prestige of the National Front and the GDR. Moreover, the conclusion by the USSR of a separate treaty with East Germany would weaken the Soviet claim,

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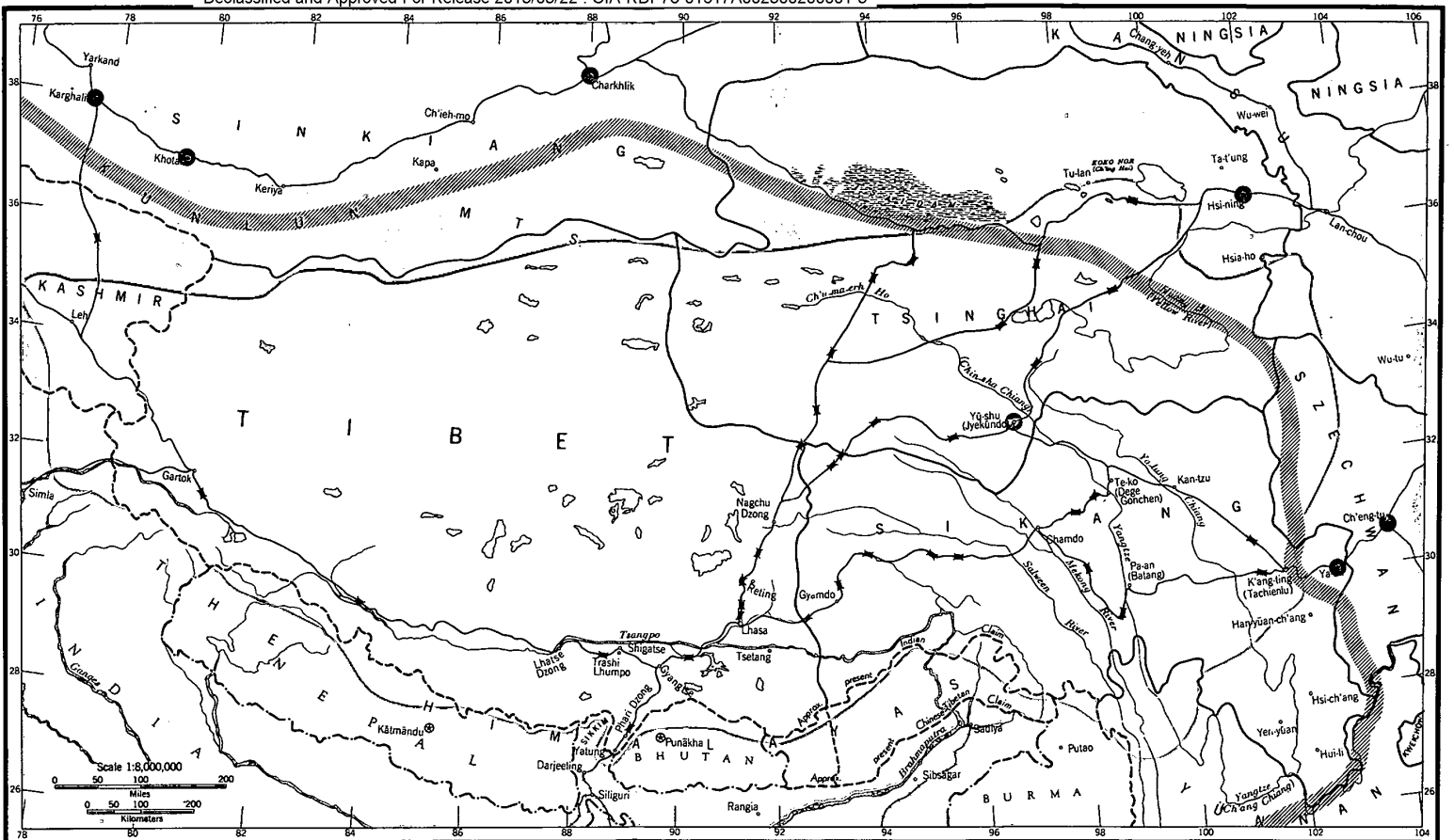
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based on the Yalta and Potsdam agreements, to a voice in West Germany and the Ruhr. The Kremlin may also be reluctant to conclude a separate peace treaty in the belief that it would lead to the alignment of West Germany with a Western political and military bloc.

Continuation of present Soviet tactics in Germany will lead to further political consolidation in East Germany resulting, for all practical purposes, in a one-party system by the time of the scheduled October 1950 elections. At the same time, continued efforts will be made to expand and strengthen the East German internal security force. The USSR is unlikely to undertake actual troop withdrawal or rectification of the Oder-Neisse line, in order to enhance Soviet-Communist appeal in Germany. The current Soviet attitude toward the German problem, combined with continued harassing actions in Berlin, also reduces the likelihood of an early Soviet offer to reopen Four Power negotiations on Germany. The city of Berlin will remain a "special situation" for the USSR and will probably be subjected to increased economic and political pressure in the near future.

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TIBET

- International Boundary
- - - International Boundary, undefined or in dispute
- - - Chinese-designated Provincial Boundary
- ▨ Approximate Line of Communist Advance
- Routes and roads (selected)
- ▭ Ethnographic Boundary of Tibet
- Reportedly occupied by Communists
- Railroad (selected)

⌘ Pass

SECRET**TIBET INVASION PROSPECTS**

Chinese Communist possession of the two most favorable "jumping off" points, in Sikang and Tsinghai, for the invasion and occupation of Tibet increases the possibility that Communist forces may invade Tibet in the near future. General Chu Teh, Commanding General of the Chinese Communist Forces, has already called on the people of these two regions to assist the Communist army in its "liberation" of Tibet.

Any march to Lhasa, the seat of Tibetan governmental and religious authority, however, would be a slow and difficult journey. Even starting from either Sikang or Tsinghai, the Communists must still travel over 1,000 miles of rugged terrain inhabited by natives who may prove hostile. Location of water and pasturage controls the length of a day's march; the harsh climate and great distances also make the movement of large forces difficult and hazardous. The necessity for obtaining food and renewing pack animals at various staging points in the area and the possibility that native suppliers at the staging points might desert their posts further complicate the invaders' problem. Of the few established routes from China to Outer Tibet, the most southerly crosses some exceptionally difficult terrain but passes through comparatively populated regions and contains staging points better stocked than those of the northern routes. The northern routes cross the eastern reaches of the high Chang Tang plateau, a desert region where only occasional bands of Mongol and Tibetan nomads are found and where food, pasturage, and even potable water are scarce. By either northern or southern routes, the journey normally requires from two to four

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months. In addition to the logistic problems facing a sizable military force in this region, the country is so poor that a large percentage of the troops' daily rations would have to be brought along. In view of difficulties of terrain and logistics, a relatively small and compact invasion force would seem to offer the Chinese Communists the best chance for a successful expedition to Lhasa.

To counter a Communist invasion, Lhasa can muster a 10,000 to 15,000-man army and may be able to call up as many as 20,000 additional men with some degree of military training. The Tibetan army, however, is an antiquated body equipped with old British light weapons, and it lacks cohesion, modern training, and experienced leadership. Moreover, Tibet must rely on India for replenishing its inadequate materiel, and its army can only absorb limited amounts. Despite the great defensive advantages offered by terrain, the Tibetans will probably be unable to halt a determined invasion by Communist forces. The only real resistance prospect of the Tibetans thus appears to lie in the area's potentialities for guerrilla action. If Lhasa can mobilize the armed tribesmen of the east and northeast for a guerrilla campaign in conjunction with Tibetan army resistance, Communist invasion efforts would be both costly and time-consuming.

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