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INTELLIGENCE SUMMARY

For Week Ending
19 May 1948

Vol. III No. 19

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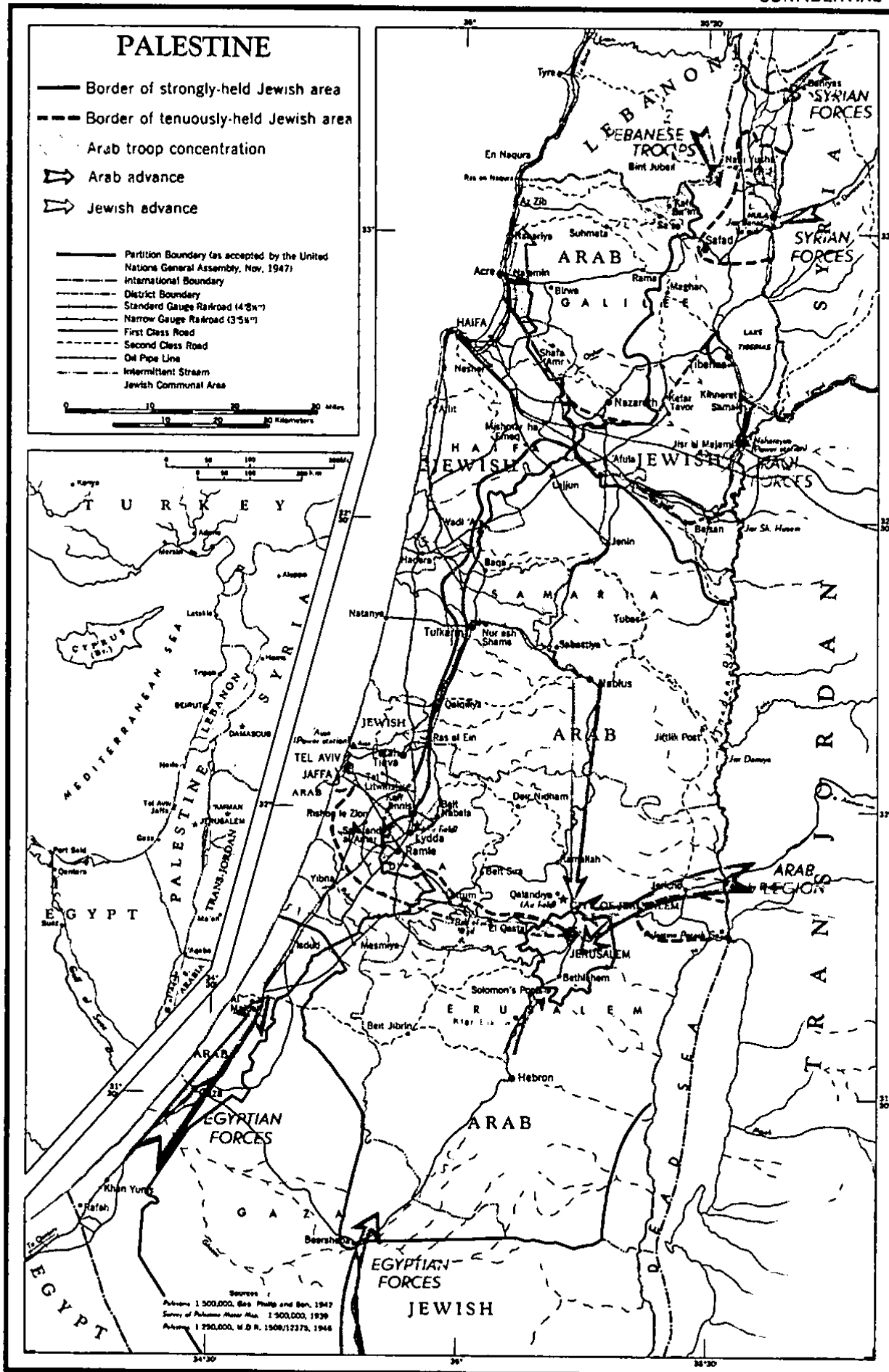
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Vol. III No. 39

INTELLIGENCE SUMMARY

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GENERAL

Arab determination strengthened: US recognition of Israel has made more remote the chance of an Arab-Jewish truce. The Jews will interpret US recognition as a guarantee of Israel's independence and the diplomatic preface to US support in materiel and possibly in troops. The Arab governments, already committed to the destruction of Zionism, may out of desperation launch full-scale attacks before the Jews can reap the benefits of outside military aid.

The aggressiveness of the Arab forces committed to invasion leads to the conclusion that they plan more than an occupation of the Arab areas of Palestine. The 10,000 Egyptian troops (some of whom have already entered Palestine) near the Palestine-Egyptian border are probably sufficient to seal off the whole of southern Palestine. Some of these troops together with the volunteer Arab Liberation Army and the Arab Legion are probably capable of blockading Jerusalem. The 8,000 Iraqi, Syrian, and Lebanese troops, supported by additional volunteers, will attempt to clear Galilee of the Jews. It is too early to predict whether the Arab armies will attack the Jews in their remaining corridor along the coast between Tel Aviv and Haifa.

The outcome of these various campaigns will vitally affect all the Arab states, the fortunes of whose governments are intimately interwoven with the fortunes of their respective armies. The Arab armies are in Palestine today because there would have been serious civil disturbances if they had not been sent. So long as Israel exists, they can never be withdrawn; and if they are defeated, the Arab governments will fall. The political upheavals which will almost certainly result from Arab military defeats in Palestine will vitally affect US interests in the Near East. Whatever power relationships develop from the chaos, US political, educational, oil, and transportation interests will be seriously jeopardized.

GREECE

Apparent guerrilla manpower shortage: The guerrilla response to the Greek Army's current offensive has made guerrilla intentions for the near future obscure. Instead of attacking in a manner designed to prevent the army from effectively concentrating, the guerrillas have

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met the army challenge lethargically. Although scattered foraging and terrorist attacks have continued throughout Greece, there has been a general withdrawal north and west toward the Grammos area, where strong defensive positions are apparently in preparation. These tactics can scarcely be the result of the recently reported disagreement among Communist leaders inasmuch as there has been insufficient time for the dissension to make itself felt on the operational level. Moreover, the guerrillas have plenty of arms and ammunition. The most likely explanation is that for the first time Markos is faced with a manpower shortage and thus has found it advisable to withdraw for the present to more advantageous territory near the northern borders.

TURKEY

Dissatisfaction over ECA allotment: A certain mistiness in US-Turkish relations is becoming discernible over the question of Economic Cooperation Administration (ECA) credits. The ECA credit for Turkey currently under consideration amounts to \$5 million (or at most \$10 million) in the first quarter of the program, with no indication that additional credits will follow. The Turkish Government, viewing this amount as wholly inadequate, finds it hard to understand the apparently inconsistent policy of generosity in providing aid for Turkish military needs and an unexpected parsimony in credits for economic projects. Furthermore, the Turks feel that larger credits would enable Turkey to contribute effectively to European recovery while the small proposed sums would not. Relations are not going to be strained, however, beyond the point of causing a feeling of puzzled and somewhat resentful embarrassment in Turkey. There will be no change in Turkey's paramount policy of adhering to its friendship with the United States and of resisting Soviet pressure.

IRAN

Continued rivalry between Shah and Qavam: The political situation in Iran is confused. Although former Prime Minister Qavam is reportedly planning an extended rest on his country estate and therefore may not immediately make a definitive bid for power, his strength seems to be increasing despite public demonstrations against him and the antagonism of army and court circles. He is trying to assemble a coalition in the Majlis which would give him a controlling majority and make him prime minister without having to depend on the support of Seyyid Zia, a former prime minister who is widely distrusted in Iran and considered to be a "British stooge." Concurrently the Shah is attempting to increase his control over the legislative branch of the government. A bill has

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recently been introduced in the Majlis to authorize the formation of a Senate, half of whose 60 members would be appointed by the Shah. Although Qavam reportedly declared in a recent talk with the Shah that, if he were returned to office, he would implement any legislative program which the Shah might draw up, lasting cooperation between the two men can hardly be expected because of strong personal and political differences. Despite the Shah's opposition, however, Qavam would probably be swept into office if a crisis should develop in Iran's domestic or foreign affairs.

INDIA-PAKISTAN

Friction between India and Hyderabad: The increasing tension between India and Hyderabad suggests the possibility that India may have decided to let matters slide with regard to Kashmir while it forces Hyderabad into the Union of India. Hyderabad's refusal to accede to India is backed by a "standstill" agreement signed by the two governments, but India is now reported to have issued an ultimatum to the Nizam implying that Indian troops will occupy his territory if he does not halt border raids from Hyderabad by 24 May. These raids, for the most part, have been made either by outraged Moslems, in retaliation for similar raids instigated by India's ruling Congress Party, or by the Nizam's police, in pursuit of Congress-encouraged Communists fleeing into Madras after depredations in Hyderabad. It is thus possible that the Nizam will be both unwilling and unable to comply with India's demands and that India does not expect him to do so.

Owing to the ammunition shortages which confront the Nizam's forces, the Indian Army is believed capable of occupying Hyderabad without effective opposition, although bloody communal rioting would take place within the state. The great danger is that such rioting might spread, starting a disastrous cycle of retaliation throughout the subcontinent which would eventually ~~involve~~^{INVOLVE} the governments of both dominions. A secondary danger is that forcible overthrow of the Nizam's government might enable the Communists to gain control of that important area of India.

The Kashmir dispute: The Kashmir dispute remains in suspense, with the Security Council proposals still rejected by both sides. Despite bellicose activities on the part of both dominions, neither government is believed to want war, and a compromise may yet be possible. The US is urging that the SC's Kashmir Commission proceed to India without delay.

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