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OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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NEAR EAST/AFRICA DIVISION

Vol. IV No. 48

INTELLIGENCE SUMMARY

For Week Ending
7 December 1949

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NEAR EAST/AFRICA INTELLIGENCE SUMMARY

GREECE

KKE winter plans: The Greek Communist Party (KKE) is apparently taking steps to implement its announced shift from military to economic and political activity. Following close upon recent reports of armed commissar-led squads engaged in sporadic sabotage and terrorism while spreading "enlightenment," seeking recruits, and raiding villages for food and supplies, a new directive broadcast on 25 November by the Free Greece radio laid down the lines KKE followers are to pursue in trying to transform the purely economic strike campaign recently undertaken by the anti-Communist Confederation of Greek Workers into an organized political weapon.

KKE can expect few substantial early gains from its new tactics in view of the generally anti-Communist sentiment of Greek labor, the ability of the Greek armed forces to keep guerrilla remnants off balance, and the currently good morale of the Greek people, but there are certain weaknesses in the Greek situation which will contribute to the KKE potential during the coming winter. Government ineptitude in dealing with labor's wage demands has already increased the possibility of a general strike, which would undermine the stability of both the government and the economy and create opportunities for Communist exploitation. Winter weather is beginning to hamper army operations and will thus aid the efforts of the commissar-led guerrilla squads. In addition, the government's program of releasing former Communists and ex-fellow travellers from confinement after a period of rehabilitation will contribute to the reservoir of potential KKE recruits. KKE's exploitation of these various factors may begin to show results by spring, possibly in time to disturb Greek election plans, while generally increasing the instability on which Greek Communism thrives.

TURKEY

Possible reduction of budgetary deficit: The expected deficit in Turkey's forthcoming budget (possibly in excess of \$50 million, or about ten percent of the total budgeted expenditures) may be reduced if the Turks succeed in their current efforts to arrange for the use of ECA counterpart funds for this purpose. Such an arrangement would permit the Turkish Government to apply accrued counterpart funds to specific

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projects for which the government itself had been compelled to allocate money, thus contributing to the budgetary deficit. ECA may agree to the proposed effort to reduce the expected deficit if the counterpart funds are to be applied to specific projects as indicated; it is unlikely, however, to agree to any general allocation of these funds for debt reduction or to lessen the deficit, and will probably urge some financial relief through postponement of certain projects which have not yet been afforded ECA support. The Turkish Government's financial difficulties may be eased if and when final approval is given to a proposal, already agreed up on by the National Advisory Council in Washington, that for the first time a large part (\$16 million or more than one fourth) of the ECA aid to Turkey for the year 1949/50 be allocated as a grant.

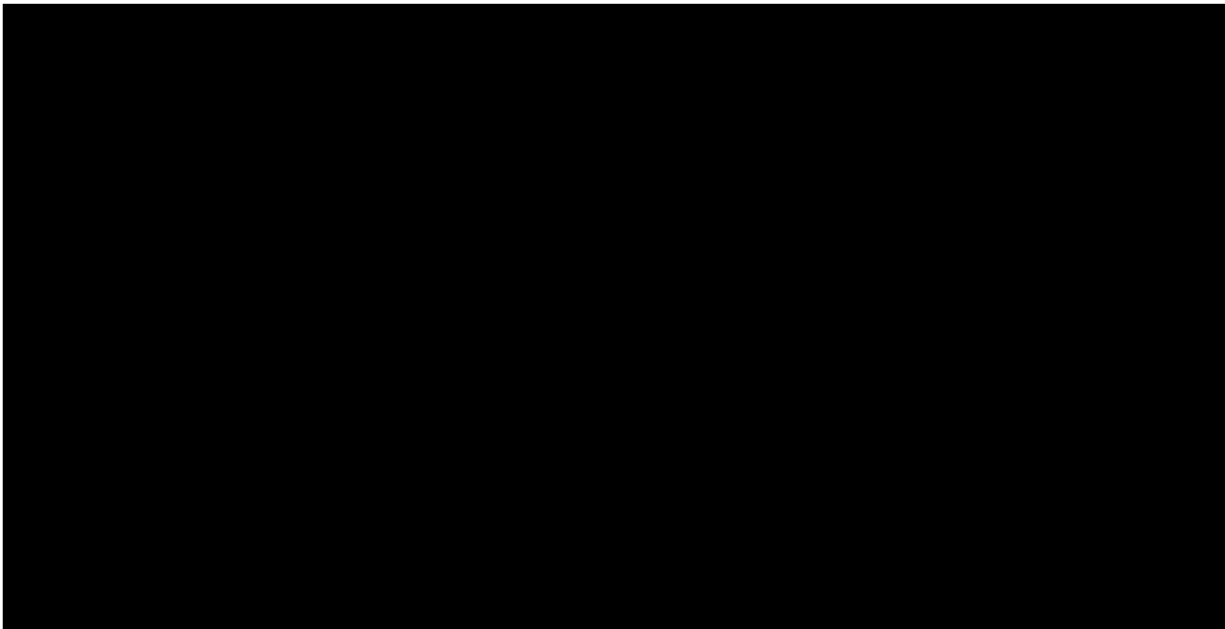
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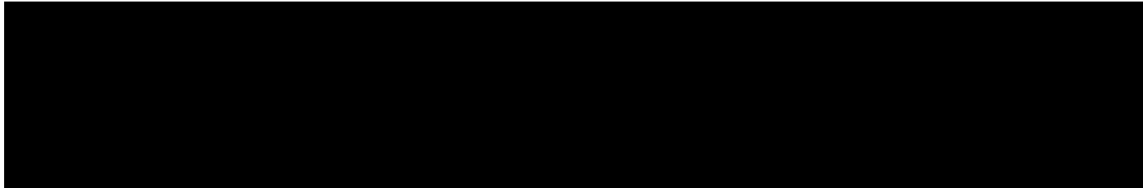


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IRAN

Economic distress: Governmental inertia is largely to blame for the current deterioration of living conditions in various sections of Iran, notably Azerbaijan. Although the government has imported considerable quantities of wheat and initiated a number of work relief projects in order to cope with the widespread crop failure and the increased unemployment which lay at the root of the present problem, the effort to relieve the distressed areas has bogged down in detail because of official lassitude, corruption, and incompetence, both in Tehran and in the provinces. With some 4,000 refugees from Azerbaijan now in Tehran and others arriving at a reported rate of 400 daily, top Iranian officials are expressing considerable concern over the situation. However, until the Shah returns later this month, no one is likely to take the drastic action required to prevent conditions from becoming even worse, thus aggravating the widespread discontent manifested during the recent elections. (The USSR, which as yet has unexpectedly made little propaganda use of its wheat shipments to Iran, may be waiting for just such a deterioration of the situation, which would add additional force to its blasts against the Iranian Government.) Prompt action is especially needed because the coming of winter will not only force suspension of the relief construction program but will also slow up the distribution of wheat.

NOTED IN BRIEF

Agitation in Cyprus for union (enosis) with Greek persists, notwithstanding

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toward the enosis demonstrations recently staged for his benefit in Nicosia. Cyprus officials, also trying to ignore the existence of the movement, have finally succeeded in fostering the formation of a Cyprus Socialist Party, which they hope will lead the rather mythical "considerable body of moderate opinion" into cooperation with the Colonial Government's plans for limited self-government. Such efforts, however,

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will probably only arouse pro-enosis Greek Cypriots to new heights of endeavor, as may be indicated by the recent decision of the Cyprus Bimercny Council (leader of the nationalist Greek Cypriot faction) to sponsor an island-wide plebiscite on the enosis question.

* * *

The cost to Turkey of its armed forces for the coming fiscal year, according to the government's budget proposals, will be about the same as for the current year inasmuch as the Assembly is unlikely to demand any significant cuts in proposed expenditures for national defense. Although there was a little grumbling during last year's budget debates on the subject, efforts to cut proposed expenditures for defense are regarded as unpatriotic. The appropriations will probably be approved just about as the government wishes.

* * *

Turkish demands that the US drop some warning atomic tokens on Siberia, as voiced in the semi-official Ankara ULUS, do not necessarily reflect official views. Although the editor of ULUS is the chief government mouth-piece in the Turkish press, he is not officially recognized as such and, in any event, is generally allowed to speak his mind against the "Bolshevik tyranny." If the Turkish Government really desired such US action, it could say so privately and off-the-record through established diplomatic channels.

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The Government of Ethiopia provided an object lesson for aspiring diplomats the other day when the dean of the diplomatic corps in Addis

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Abaza, Daniel W. Lascelles, Companion of the Order of St. Michael and St. George and His Britannic Majesty's Ambassador Plenipotentiary and Envoy Extraordinary to the Court of the Negus, was apprehended while walking in the country without his identity card and held in jail for ten hours on charges of being a suspicious character. A fluent linguist (he speaks Arabic, Persian and Russian), Mr. Lascelles added to his troubles by protesting his innocence in Amharic--an ill-advised move which made his story of being an ambassador more suspect than ever. Evidently the moral is that diplomats--at least in emergencies--should stick to their mother tongue.

The persistence of border incidents along the Soviet-Iranian frontier, which has recently become troubled again after some weeks of relative quiet, has finally provoked a demarche on the part of the Iranian Government. According to Prime Minister Saed, he has proposed to the Soviets that either: (1) a mixed frontier commission be set up to settle disputes; or (2) the questions involved be settled by arbitration. Saed declares that if the USSR fails to reply within a month (at which time the offer will be repeated) Iran plans to refer the entire file of documents on the subject to the UN Security Council.